


Chapter 2

A Total Enterprise Resource Planning (ERP) System for Enhanced Vocational Education Management in Saudi Arabia


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ABSTRACT

The Kingdom of Saudi Arabia (KSA) has heavily relied on foreign workers and has a significant shortage of skilled indigenous workers. Vocational colleges are vital in providing demand-led labour, quickly reducing over-reliance on foreign workers. Within an increasingly tighter fiscal climate, it is axiomatic that vocational colleges need to operate at optimum efficiency and effectiveness in Saudi Arabia. An enterprise resource planning (ERP) system enables organisations to operate at higher efficiency and effectiveness levels. This chapter addresses the question “What ERP system solution is best suited for vocational colleges in Saudi Arabia, enabling them

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to operate with enhanced efficiency and effectiveness?” Using a problem-solving methodology, namely design science research (DSR), the researchers have developed, implemented, and evaluated an ERP system within this context using a motivation case study. The research findings revealed that the ERP system functionality was 91% suitable from the organisation’s perspective and had a global mean score of 55.07 for user satisfaction.

INTRODUCTION

The economy of Saudi Arabia is undoubtedly robust and stable, but one cannot deny its high dependencies on oil and foreign workforce (Al-Turki, 2011). In late 2015, Saudi Arabia’s economy encountered significant fiscal challenges primarily caused by the decline in oil prices (Saudi Fiscal Balance Program Balanced Budget, 2018). Oil production accounted for 87% of the country’s total revenue. It was anticipated that the country would fall into a chronic fiscal imbalance if the government did not instigate urgent fiscal reforms (Alsweilem, 2015). Consequently, the government introduced a fiscal program with the primary objective of achieving a balance by 2020 by diversifying revenue sources. Expatriate dependent tax and value-added tax (VAT) were introduced as part of the government fiscal reforms (Alsweilem, 2015; Maceda, 2017). The introduction of taxes as a means to increase non-oil revenue has caused a financial burden on the private sector which was highly dependent on expatriate (expat) workers accounting for 75% of the Saudi labour market (*Labor market statistics Q4 2020*, 2020). These government measures have adversely affected the cost of living for many expatriates who, for decades, had enjoyed tax-free salaries. As a result, it was reported that an estimated 2.5 million expatriates would leave Saudi Arabia (Maceda, 2017). This implies that there should be sufficient skilled indigenous Saudi labour readily available to enter the job market and take up the responsibilities once held by expats.

Investment by the Saudi Government in the education of the indigenous population to develop skills and knowledge has been considerable (Aldossari, 2020). The education sector received the highest share of the 2020 annual budget, contributing to 18% of the total budgeted public spending (Kingdom of Saudi Arabia Budget Report, 2019). Alongside this, the government also provides free general, technical, and higher education to Saudi Nationals, along with monthly financial incentives for some general education and vocational training, including free transportation services for female students (Calvert & Al-Shetaiwi, 2002). The government of Saudi Arabia also recognised the pivotal role of vocational colleges in Saudi Arabia in boosting the employability skills of Saudi Nationals to prepare them for work

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