

Procedural Guide on

The Decision to Localize Sales Professions

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Procedural Guide on the Decision to Localize Sales Professions

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1. Introduction and Purpose of Guide

As the Ministry of Human Resources and Social Development (HRSD) is keen on providing simulative, productive and stable employment opportunities for both male and female citizens across the Kingdom, increasing their engagement in the labor market, and as per the HRSD's direction to localize sectors and target activities and professions in accordance with the objectives of Vision 2030, and with reference to the Ministerial Decision No. (141713) dated (11/09/1444 AH) on Localization of the Sales Professions to enable national cadres to get employment opportunities in private sector.

Whereas this Decision is deemed one of the localization decisions on which the HRSD has worked in cooperation and partnership with the relevant government and supervisory authorities to provide an appropriate and stimulative work environment for national human resources, expanding the partnership with the private sector in line with the Localization Strategy for Human Capital Development and enhancing the contribution to the economic system. This Localization Decision shall not be deemed an alternative or contrary to the HRSD's previous localization decisions.

The Decision takes into account the circumstances of labor market in the targeted professions and the number of jobseekers, as well as the status of the private sector and its uptake for human cadres.

This Guide explains the details of the Decision on Localization of the Sales Professions, including the targeted activities and professions, general conditions and support programs provided by the human resources and social development system, in addition to answers to the FAQs.

2. Definitions

Sales Professions	It means the sales professions targeted herein in accordance with the Ministerial Decision on Localization of the Sales Professions registered in the database of the Ministry of Human Resources and Social Development and the General Organization for Social Insurances
Localization Decision	It means the decision of the Minister of Human Resources and Social Development regarding the Localization of the Sales Professions.
Localization Ratios	It means the ratio of the number of Saudi workers (in the specified professions) in the enterprise to the total number of workers, whether Saudis or non-Saudis (in the specified professions) in the same enterprise.
Targeted Enterprises	It is every legal entity registered in the records of the Ministry of Human Resources and Social Development for which five (5) employees or more work in sales professions.

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Grace Period	It is the period between the date of publication of the Ministerial Decision and the application date thereof. During this period, the enterprise can work to correct its situation to reach its target.
Support and Employment	It means the support and employment programs provided by the human resources system to stimulate and support the sector.

3. General Conditions of Localization Decision

3.1. Binding Ratios

The Localization Decision applies by 15% to the Sales Professions targeted in the below table in the enterprises for which five (5) employees or more work in sales professions.

3.2. Targeted Professions

Profession Code	Profession
122104	Sales manager
142001	Retail sales manager
243106	Trade specialist
243109	Sales specialist
142003	Wholesale manager
243401	Information and communication technology equipment sales specialist
332201	Salesperson
332401	Future commodity broker
332402	Commodity broker

3.3. The Localization Decision and Binding Ratios

This Decision applies to the private sector enterprises operating in the Saudi market for which five (5) employees or more work in sales professions according to the profession codes determined thereof. In the event that professions are targeted in previous or subsequent decisions at different ratios in line with the labor market changes and needs, then the higher localization ratio will be applied.

3.4. The Calculation Mechanism of Localization Ratios

The following shall be taken into account in applying the decision:

1. The Decision applies only to workers in the targeted professions stipulated in the schedule.
2. The Decision does not contradict with the enterprises' ratios in Nitaqat.

The following example shows the calculation mechanism of localization ratios:

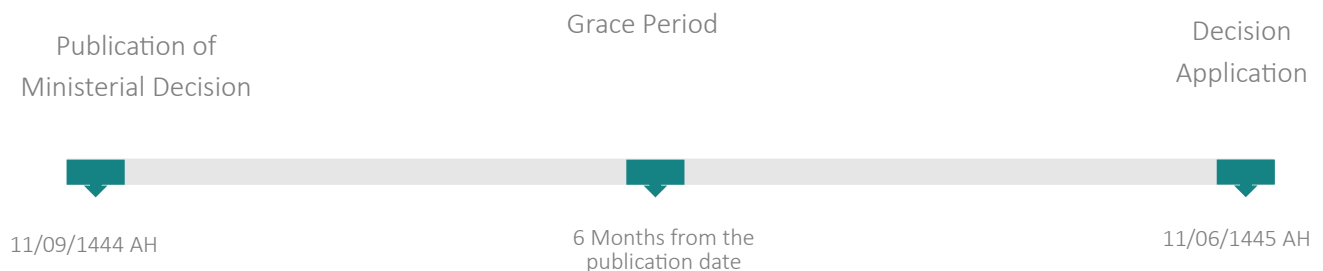
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Total number of employees of the enterprise	500
Total number of employees in the targeted professions	80
Total number of Saudi employees in the targeted professions	6
Applying localization ratio (15%)	(Total number of employees in the targeted professions × Localization ratio) = $80 \times 15\% = 12$ Saudi employees
The required number of the enterprise	12 (required) – 6 (current number) = 6 Saudi employees The enterprise shall recruit 6 Saudi employees in the targeted professions The enterprise shall consider the achieved ratio in case of replacement or new recruitment

When calculating the ratio of 15% of the total employees in the sales professions, the output shall be rounded to the nearest number (0.49 or less shall be rounded to zero while 0.5 or higher shall be rounded to 1).

3.5. Decision Application Date and Grace Period

It is the period between the date of issuance of the Ministerial Decision and the commencement of applying the ratios. During such period, the Enterprise may work on what enables it to achieve localization ratios to reach its target. The penalties stipulated in this Guide and legal penalties will be applied after the grace period expires on all Enterprises that do not comply with the localization ratio.



4. Support and Employment Programs

A set of incentives and support will be provided to support private sector enterprises in recruiting Saudis, including the following programs:

1. Supporting the recruitment and search for suitable workers
2. Supporting the necessary training and qualification processes

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3. Supporting the recruitment process and job stability
4. The priority of benefiting from all localization support programs available at the system
5. Support and employment programs through the human resources and social development system

5. Penalties Enforcement Mechanism and Legal Procedures

If the Enterprise does not comply with the localization decision and procedural guide, or assigns any of the tasks of those localized professions – except excluded professions – to a non-Saudi worker directly or indirectly under any job title of excluded professions, the work licensing will be suspended in accordance with the provisions of Article Thirty-five of the Labor Law, and the penalties stipulated in the Ministerial Decision No. 92768 dated on 05/ 05/1443 AH as amended will be imposed.

Required Action	Measures
Change of profession from	Suspension
Change of profession to	As per profession change measures
Transfer of service to Enterprise	Suspension
Transfer of service from Enterprise	As per profession change measures
Work permits	Suspension
Recruitment	Suspension

6. Frequently Asked Questions (FAQs)

Is the Decision on Localization applied in conjunction with Nitaqat?

Yes, the Localization Decision is applied to the targeted professions, as well as the legally stipulated penalties, regardless of the enterprise range in Nitaqat, i.e. the enterprise range in Nitaqat shall not impact the calculation of localization ration for targeted professions.

Is the Decision applied to the job titles only or to the worker's actual work?

The Decision is applied to the job titles and the worker's actual work.

Does this Decision contradict with any of the localization decisions in the regions?

This decision is integrated with the decisions mentioned regarding the localization of activities according to the memorandums of understanding with the emirates of the regions that were signed and according to the dates contained therein. In the event of a discrepancy in the localization ratios, the higher ratio shall be applied.

Will the localization ratio be amended in the future?

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Ministry of Human Resources and Social Development (HRSD) works on reducing unemployment and contributing to provide suitable jobs for the Saudi citizens through many initiatives to be launched. To this end, HRSD periodically reviews the required localization ratios by counting the number of graduates and jobseekers and market uptake to ensure the automatic engagement of the graduate into the labor market.



For further information, please visit

www.hrsd.gov.sa