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**EMPLOYMENT CONDITIONS FOR SUSTAINABLE ECONOMIC
GROWTH AND INTERNATIONAL RELATIONSHIP**

/Sub-Title: Experiences from Saudi Arabia/

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CONTENTS

- 1. INTRODUCTION** 4
- 2. MATERIAL AND METHODS** 11
 - 2.1 Correlations and coefficient among EU-28 and some economies of MENA regions ... 11
 - 2.2 Clustering the economies based on the variances of SPSS system..... 13
- 3. RESULTS AND DISCUSSION**..... 19
 - 3.1 Sustainable economic growth of the EU and it concerns the balance of payment** . 19
 - 3.2 Employment conditions of the EU** 20
 - 3.3 Labour productivity growth for the economic development** 22
 - 3.4 Some aspects of economic conditions of Middle East Region** 24
 - 3.5 Employment conditions in Middle East Region** 25
 - 3.6 Economic structure changes in Saudi Arabia**..... 26
 - 3.7 Energy resources in Saudi Arabia at the beginning of 2010s**..... 27
 - 3.8 Human resource management in Saudi Arabia** 29
- 4. CONCLUSIONS AND SUGGESTIONS** 31
 - 4.1 Some conclusions 31
 - 4.2 New scientific results 35
- 5. SUMMARY**..... 37
- 6. PUBLICATION LIST OF AUTHOR** 38

1. INTRODUCTION

Since the great Depression in 1930s the world economy faced its most deep crises started in 2008. Since the beginning of the crisis there is a lot of research to review and analyze the relationship of economic and financial crisis and the sustainable development. The effects of the crisis on the societies and economies and the responses to challenges are different by countries or group of them. This research gives some contribution to the previous research results on this field by making comparison the EU-28 countries and some economies of the MENA (Middle East and North Africa) including Saudi Arabia. Research is focusing mainly on the labour market and the international economic relationship.

The dissertation analyses the main economic conditions of the EU from points of view of emphasizing the employment, human resource management at EU-28 level. The different unemployment levels of EU member states stimulated the increasing gap between member states in GDP per capita, which was from 44% to 271% of the EU-28 average at the beginning of 2011. The unemployment rate of EU-27 increased from 6,7% in 2000 to 8,8% in 2010 based on the internal market conditions and influences of the world economic crisis after 2008. The human resource management has several problems in EU-28, for example the highly level of unemployment, less skilled level of employees, the unemployment rate is very highly in almost the entire EU even in case of youth under 25 year between 21,0-22,3% in 2010-2011. The data are collected mainly from the Eurostat, ILO, IMF, EIA (Energy Information Agency) and some national sources and yearly books issued by the national statistical offices in MENA regions' countries including the research of the Dissertation. For example the national statistical offices in MENA regions can be mentioned reports of Ministry of Economy and Planning in Saudi Arabia, in Riya, National Bank of Saudi Arabia (NBSA) and Saudi Arabian Monetary Agency.

The general main aims of the research can be summarised that

- .- analyse the employment conditions in EU-28 and some economies of the MENA (Middle East and North Africa) including Saudi Arabia;
- .- analyse the structure of employment conditions based on the age, masculine and feminine and economic sectors emphasizing national economic role of main sectors;

- .- determine reasons of the unemployment in Saudi Arabia and in the world economy including first EU-28;
- .- compare the employment and unemployment conditions of Saudi Arabia with one of the international conditions; Also analyse the share of the foreign guest workers on national labour market in Saudi Arabia.

The Dissertation emphasizes the economic conditions of the EU-28 and its effects on the social-economic conditions of MENA regions. These research objects are important, because EU-28 plays leading role in the world economy and should follow the competitive economic conditions of the EU-28 by developing the advanced technology and techniques. Also the EU-28 should create employment conditions based on the economic structure concerning shares of different economic sectors of GDP. The differences of performances of EU-28 member states should be eliminated continuously by supporting the less developed EU-member states, increasing jobs to decrease the unemployment rate and less favourable economic regions or areas, also increase the skilled level of employees to easierly adapt new technology. The economic and social strategies can be developed and created based on knowing the clear economic conditions even by statistical data.

The EU-28 has considerable effects on economic conditions of neighbour economies surrounding areas of EU-28, mostly countries of Middle East and North-Africa (MENA). In order to determine the economic connections with MENA regions is for need to get overviewing for the economic conditions of MENA regions in some similar research fields of EU-28 economic sectors and employment conditions. Therefore the Dissertation focuses on analysing the economic-social – employment conditions of these regions emphasizing some important Arab countries, for example Saudi Arabia and their possibility of the economic prosperity.

Also the study analyses the economic growth from point of view of competitiveness for Saudi Arabia in the world trade based on the export-oriented economic development by lower price and using advanced technology.

In the Dissertation the aim is at analysing the capital outflow of Middle East Region and its reasons emphasizing some difficulties of measure for absorption capacity either in EU-28 or in some economies of MENA regions. Naturally the aim of the research to analyse economic conditions by the SWOT and SPSS analysing systems and the developing economic trends of

GDP growth, employment issue, consumer price index, trade, social protection, risk poverty and governments debts in EU-28 and some economies of MENA regions.

In spite that the economic crisis has started since the beginning of the 2008, some EU member states are also pressed by crises at present. The study analyses the changing financial conditions of EU at the beginning of 2010 and difficulties of the EU, for example current account deficit, which was 17,2 billion euro in the second half of 2011 based on the increasing gap between both of EU-28 and EU-17 (EA) member state groups. Negative balance of external trade in main product of EU-28 non-seasonally was -130,9 billion euro by the end of September 2011, which stimulated to increase the EU-28 current account deficit.

Analyse the influences of world economic conditions on the changing EU-28 balance of trade in goods and services. The possible solutions for decreasing -30 billion Euro deficit of EU-28 balance of trade in goods need for restructuring export and import, and by through of this decreasing negative balance of foreign trade in goods, this can decrease the state debt at EU-28 level, based on the statistical data were described by Eurostat. The world economic crises impacted on the financial conditions of the EU and create longer time economic difficulties for some EU member states. In spite that the economic crisis has started since the beginning of the 2008, some member states are also pressed by crises at present.

By the structure of the SPSS the study mainly focuses on the compare among EU-28 member states and naturally tries the compare among EU-28 and MENA-4 countries, in Middle-East and North-Africa, namely Turkey, Saudi Arabia, Egypt and Algeria. Naturally the eight variances above mentioned provide good possibility to analyse differences among the economies, but MENA-4 countries have complete different economic growing rates from EU-28, for example the one-side economic structure, strongly dependence of Saudi Arabia from crude oil export revenues, less organized economic leadership in these countries.

Based on the different topics of the dissertation and analysing them there are some hypothesis, which determine the main directions in the analyses. **Hypothesis** including several declarations to be proofed, which are follows:

1. **Hypothesis.** The world economic crisis and financial crisis has effect on the national economies but in different rate and form. According to four dimensions of sustainable

development the economic and social issues have got more attention, namely GDP growth rate, balance of foreign trade, balance of payment, unemployment rate. The *diversified economic growth* can ensure more advanced technologies and highly skilled *human resources*, because diversified economic growth becomes base for the highly value added products, therefore the deeply *specialization* is for the industrial production by the general economic development. *Employment issues* can be analysed at levels of *national labour forces (NLF)* and *foreign guest labour forces (FGLF)*. During the period of economic growth and the economic prosperity the number of the FGLF increases mostly in Middle East and Saudi Arabia. But the decline of the economic growth in general the level of employed NLF is not so fluctuating either in developing economic trends or crisis period.

2. **Hypothesis.** Volatility of the fossil fuel prices and their trends have negative effect on exporting countries. In the world market the *real price level of the fossil energy resources* is continuously decreasing in its future trends, when its nominal price level can increase. Naturally the highly level of nominal price level belonging to fossil energy resources contributes to extend using other, for example *rational renewable energy resources*, finally to decrease leading role of fossil energy resources. The *balance of foreign exchange rate* is going wrong for *economies exporting fossil energy resources*. This means that the *nominal price level of imported products increases more than the nominal price level of exported domestic products*. The exported products are not highly value added products than imported products including the machines, technical equipment and chemical materials.
3. **Hypothesis.** The foreign trade among the Middle East economies and EU member states is very intensive, therefore *the strong mutual dependence is between two country groups, namely developed and developing economies*, in spite that the one side dependence of developing countries is dominate in their economic connects with highly developed economies. When the GDPVol2014 (GDP volume) has increasing growing rate and accompanying with decreasing UnEmploy2014 growing rate in EU-28 member states, and these economic conditions can be contradict to one of Saudi Arabia.

4. **Hypothesis.** The main challenges in the sustainable development are structural changes, the diversification of economy, which require changes in labour market, for example skill, education and regulation. It is proofed, that the developing trend of UnEmploy2014 follows the developing trend of RisPov2014 in case of the EU-28, and also this is not as same as in Saudi Arabia. It is proofed that the GovDebt2014 and SocProt2014 can be strongly affected by GDPVol2014, UnEmploy2014 and RisPov2014 they have common strong influences on the economic growth of the EU-28. Also it is proofed that the developing trend of the GovDebt2014 is somehow can be the same trend with one of SocProt2014 in case of EU-28. This means that when the SocProt2014 increased, resulted the increase of the GovDebt2014 in EU-28. It is proofed that the clustering for EU-28 and MENA-4 generally emphasizes the similarities for majority of the EU-28 and the main differences between EU-28 and Saudi Arabia in their economic conditions. It is proofed that in spite that the economic growing rate of the MENA-4 can be considerable, but it does not mean to create the diversified economic structure in these economies.

The case study emphasizes some economic trends of Middle East region comparably with Saudi economy, in directing to try setting up diversified economic structure. The Saudi Arabian Government focuses on increasing the national economic growth by the decreasing the foreign direct investments abroad. This means to increase the growth of GDP by through of extending national – local investments focusing on the developing the mining and service sectors accompanying with water management at the same time. Plans decided that the increasing rate of annual growth could be 4-5% till the end of 2010.

Also petroleum sector could increase its growth annual averagely by 2,5-3,0%, while the increasing growth of value added products generated by the non oil mining sector would be by 30% till the beginning of 2010s. According to official report of Government that state mining company realised about 7 billion dollar US valued investments, which led Saudi Arabia to be leader of phosphate fertilizers, alumina and aluminium by the end of 2010 based on SWOT analysis.

In Middle East Region the unemployment rate was decreasing by 1% from 11,2 in 2005 and to 10,2 in 2008 and then it has stagnated at level of 10,3% for three year period of 2008-2011 (see Table-4-5-2, ILO, 2010, the data estimated in 2011). The unemployment rate was the

highest in cases of youth generation and women; large gap between male and female employment ratios, also increasing supports for SME-s to extent their employment. The vulnerable employment and working poverty are considerable. Vulnerable employment was at level of all workers about of 2009-2010 years. In general the unemployment rate was at lowest level, namely 5,8% in 2007, before the year of crisis, 2008, but 6,1% in 2008 and 8,4% in 2009 in highly developed countries, but in Middle East the lowest level of unemployment rate was 10,2% in 2008, and almost their unemployment rate did not change so much, as 10,3% in 2009, and about 10,3% in 2010 in this region (see Table-4-5-2, ILO, 2010).

This means, that the economic crisis started originally in 2007 in highly developed countries, and its influences only arrived the some parts of world economy, for example Middle East later by one year. But in this region the unemployment rate has not changed so much, not more than 1% by for period of 2000-2010. In North–Africa the largest difference in unemployment rate, because this has decreased by 4,2% for period of 2000-2009 (see Table-4-5-2, ILO, 2010). This shows that in the other parts of the Arab world, namely that the North – Africa was more dependent on the world economic crisis than Middle East in the first decade of 2000s. (JEL Code: J24)

2. MATERIAL AND METHODS

The international literature emphasized the sustainable economic growth concerning their perspectives. The economic growth surfaced with the world economic crisis based on the several economic difficulties, for example price income of fossil energy resources, sometimes cheap industrial products from developing economies and cheap human resource, as input-price including in prices of imported products can be competitive on single market of EU-27, which can lead to increase negative EU-27 balance of trade in goods. (Montiel, 2003; and see Table 4-1-1; EUROSTAT, 2011a; EUROSTAT, 2011b).

2.1 Correlations and coefficient among EU-28 and some economies of MENA regions

The solution for economic difficulties is either strong state based on the positive current account balance with less intervention actions or increasing economic role of trans-national corporations for economic growth, technology transfer and possibly increasing export of EU-27 in goods and services (Csaba, L, 2006, p. 159; Szentes, T, 2002).

The *objects of the dissertation* emphasizes the importance and the developing trends the economic growth in EU and Middle East, for example GDP growth, balance trade, export and import structure also the correlation and coefficient of these different economic variances of EU-28 and some economies of MENA regions. The economic growth should connect with the comparative and competitive advantages accompanying with innovation process. Naturally there are some other inputs of the production process as employment conditions and capital flow across borders of different economies of the world, which also these one concern economic conditions of Middle East Region. The employment conditions are very multi-side issues including structure of employment and unemployment in age, masculine and famine, skilled workers or managers of companies. The study emphasizes the difference among the poor or poverty employees at national or international levels, which can make influences on the human resource management at firm level and labour force market at national economic level in Middle East Region. The gross domestic product (GDP), which measures the total value of all goods and services produced in an economy. There is a strong empirical

relationship between the size of a country's economy and the volume of both its imports and its exports.

The *educational activities* have very highly effects on the labour force market of national economies either in EU member states and economies of Middle East Region to direction to innovation improvement. The skilled level and educational activities for employees determine the labour productivity, which leads to increase the stronger *competitive advantages* for nations from point of view of technological development. Naturally the salary level of employees also affects the *comparative advantages* of different economies in the world economy. The skilled workers can be adequate to use the more advanced technology, or otherwise the companies and transnational corporations cannot remain their competitive advantages in the world economy. The transnational corporations can stimulate the development of the world economy by their owned advanced technology as top level to remain their principle and dominance for the possible future economic growth. Therefore the role of transnational corporations is basic importance for the world economic growth (see in detailed in OECD, 2006; and OECD, 2012a; OECD, 2012b).

Also the *transnational corporations* have important role to extend the highly developed technology for the all of the world economy by means of *Foreign Direct Investments (FDI)* out of the mother countries based on the establishing their subsidiaries in other countries. The FDI system is the best possibility for the transnational corporations to extend their advanced technologies mostly provided and created by themselves (Park – Lippoldt, 2008; Zéman et al, 2014).

Naturally some developing countries, for example crude oil exporting economies including Saudi Arabia have possibility to create FDI system by their owned over plus capital capacity resulted by the considerable price income coming from crude oil selling. This over plus capital capacity of theirs cannot be used successfully in their national economies; which therefore they have to outflow from their national economies to other regions and countries of the world economy to find possible profitable investment. In this case for example these developing countries and Saudi Arabia don't export advanced technologies, but only over plus capital resources, by which they can buy or purchase advanced technologies within their owned FDI system. Sometimes these economies owning over plus capital resources can only buy shares of any transnational corporations, which can provide the adequate profitable

possibility more than in their countries. The dissertation can show and describe this FDI establishing process from side of developing countries including the Arab economies (see detailed international experiences in Oe La Torre et al, 2006; and Stiglitz, 2010).

The dissertation analyses the *price level fluctuating of the fossil energy resources*, which can make influences on the supply-demand of energy resources and which is affected by supply-demand changes in world market. Naturally the world market price level of fossil energy resources stimulates or decreases the export-import volume of fossil energy resources in the foreign trade among the energy resource exporting or energy resource importing economies. The energy resource export-import volumes even by their value make considerable influences on changing export and import structure of considered economies. This means, that not only the volume of the energy resources can play the role in changing structure of export and import, but the price of main products, for example the fossil energy resources including crude oil's one. Also the price of crude oil can determine the value of export and import structure, as OECD data can extend economic growth (OECD, 2012a; OECD, 2012b; OECD-IEA, 2008).

2.2 Clustering the economies based on the variances of SPSS system

Therefore it can be declared that the price level of crude oil and demands of importing countries for this one determine the structure of import and export, or often the balance of foreign trade of economies. If the price level of energy resources increases by so much level, this can create the negative balance of foreign trade for any country. Naturally the positive balance of the foreign trade can stimulate a considerable economic growth, for example in case of Saudi Arabia, which can be followed in the dissertation. As the energy resources can play considerable role in the economic growth of any economy, these can play to create different conditions for the balance of foreign trade or balance of payment for any country in direction to either negative balance or positive balance (see more detailed information in OECD-IEA, 2008, 2010; and Pack, 2000; Pack – Saggi, 2006).

Within the SPSS system the study focuses on the correlations, principal analyses, total variance, factor analyses and cluster analyse based on setting up based on the Dendrogram using Ward Linkage by Rescaled distance cluster combine. The analyses were based on

different sources of the international data base of Eurostat in EU-28 and UN ILO. Also some national data sources were used from different national institutions, mostly from Saudi Arabia.

The Dissertation analyses the correlations by SPSS (Special Program for Social Sciences) analyse among the EU-28 and some economies in European Neighbourhood Policy region in main 8 different statistical fields, as components between 2005-2014: These statistical fields are namely Total unemployment rate in % (UnEmploy2014); GDP and main components – volumes (GDPVol2014); HICP - inflation rate (HICP: Harmonised index of consumer prices, HICPan2014); General government gross debt (GovDebt2014); Expenditure on social protection (SocProt2014); Lifelong learning in %, Total (LLearn2014)); People at risk of poverty or social exclusion by age and sex (RiskPov2014); Real GDP per capita, growth rate and totals (GDPCap2014). The analyse contents some correlation compares among EU-28 member states and some other countries out of the EU, for example Turkey, Saudi Arabia, Egypt and Algeria, but this two last one are included in European Neighbourhood Policy region, which contents some other Arab countries surrounding area belonging to the EU-28. The analyses extend from 2005 until 2014 based on data coming from Eurostat and different national statistical reports. Also the statistical data is valid for EU-28 from 2005, at present, but some statistical matrix provides data for EU-27, which will be mentioned in the Dissertation

The analyse uses statistical data of Eurostat calculated based on the growth rate in percent from 2005 to 2014, and calculate the growth rate share of 2014 in growth rate of 2005. In all cases the growth rate of 2005 is 100% and the growth rate of 2014 is as comparing share of the 2005 growth rate. These growing trends can be followed easier in all cases analysed in this case study. Also in some cases the statistical data are not given as value, but just only growth rate, for example inflation, by other name as Harmonised index of consumer prices (HICP). This large considerable data analysed by SPSS needs for completely unified analyse system. The growth rate can be increasing, less increasing or falling in this analyse.

During the research and analyses the compare was among the EU-28 member states, therefore it was important that the SPSS system does not include the data of Turkey, Saudi Arabia, Algeria and Egypt, as MENA-4 countries with data of EU-28, because data of these MENA-4 countries could have changed the complete economic overview of the EU-28 and also these

data made wrong the average value and matrix of the EU-28 in direction to the developing level of less developed economies. Naturally the cluster analyse can provide possibility for comparing the performance of EU-28 and performance of MENA-4 countries (Middle East and North Africa), as Turkey, Egypt, Algeria and Saudi Arabia. In spite that Turkey is sub-member state of the EU, in this research Turkey is not calculated with the EU-28.

The dissertation is also focusing on the statistical analysis using basic data about the GDP growth, employment issues, youth employment and unemployment, foreign guest labour forces, price levels of fossil energy resources and renewable energy resources, Purchase Power Parity for price and income levels, foreign trade and foreign exchange trade, export-import structure. The Foreign Direct Investment is realised by the companies of Saudi Arabia to EU member states, because the Saudi Arabia and the other economies of Middle East Region have a very low level of absorption capacity to adapt advanced technologies imported from highly developed economies. The absorption capacity is very low because of in backwardness is very considerable in several fields, which are as follows:

- .- technological development;
- .- less skilled employees;
- .- regional, domestic and local markets are very narrow;
- .- domestic markets are very large in point of view of geographical measures with large distant among local markets and town-markets, which results considerable expensive and costly transports;
- .- infrastructure mostly absent or not advanced;
- .- information network and market information are mostly absent.

All of these conditions are generally adapted for the economic situations of developing countries including economies of Middle East including Saudi Arabia.

According to the international authors the relationship by showing the correspondence between the size of different European economies-specifically, America's 15 most important Western European trading partners in 2008-and those countries' trade with the United States in that year. On the horizontal axis is each country's GDP, expressed as a percentage of the total GDP of the European Union; on the vertical axis is each country's share of the total trade of the United States with the EU. As we can see, the scatter of points clustered around the dotted 45-degree line-that is, each country's share of U.S. trade with Europe was roughly

equal to that country's share of Western European GDP. Germany has a large economy, accounting for 21 percent of Western European GDP; it also accounts 19,9 percent of U.S. trade with the region. Sweden has a much smaller economy, accounting for only 2,7 percent of European GDP; correspondingly, it accounts for only 3 percent of U.S.-Europe trade. (U.S. Department of Commerce, European Commission).

An equation such as is known as *gravity model of world trade*. The reason for the name is the analogy to Newton's law of gravity: Just as the gravitational attraction between any two objects is proportional to the product of their masses and diminishes with distance, the trade between any two countries is, other things equal, proportional to the product of their GDPs and diminishes with distance.

This equation says that the three things that determine the volume of trade between two countries are the size of the two countries' GDPs and the distance between the countries, without specifically assuming that trade is proportional to the product of the two GDPs and inversely proportional to distance. Instead, a , b , and c are chosen to fit the actual data as closely as possible. If a , b , and c were all equal to 1, Equation (2-2) would be the same as Equation (2-1). In fact, estimates of ten find that (2-1) is a pretty good approximation (see more detailed in Thomas, 2008).

In the case of both the Netherlands and Belgium, geography and transport costs probably explain their large trade with the United States. Both countries are located near the mouth of the Rhine, Western Europe's longest river, which runs past the Ruhr, Germany's industrial heartland. So the Netherlands and Belgium have traditionally been the point of entry to much of North-Western Europe; Rotterdam in the Netherlands is the most important port in Europe, as measured by the tonnage handled, and Antwerp in Belgium ranks second. The large trade of Belgium and the Netherlands suggests, in other words, an important role of transport costs and geography in determining the volume of trade. The importance of these factors is clear when we turn to a broader example of trade data (gravity theory see Head, 2010; World Bank, 1995; and World Bank, 2008a; World Bank, 2008b).

The reason is that international trade produces this increase in world output is that it allows each country to specialize in producing the good in which it has a comparative advantage. A country has a comparative advantage in producing a good if the opportunity cost of producing

that good in terms of other goods is lower in that country than it is in other countries (Hausmann et al., 2005; World Bank, 2008b).

In this example, Colombia has a comparative advantage in winter roses and the United States has a comparative advantage in computers. The standard of living can be increased in both places if Colombia produces roses for the U.S. market, while the United States produces computers for the Colombian market. We therefore have an essential insight about comparative advantage and international trade: Trade between two countries can benefit both countries if each country exports the goods in which it has a comparative advantage (also see in World Bank, 2013b and World Bank, 2013c). This approach, in which international trade is solely due to international differences in the productivity of labour, is known as the *Ricardian model*. By this model to answer these questions, we must be much more explicit in our analysis. In this chapter we will develop a model of international trade originally proposed by the British economist David Ricardo, who introduced the concept of comparative advantage in the early 19th century (Ricardo, David, 1817).

To introduce the role of comparative advantage in determining the pattern of international trade, we begin by imagining that we are dealing with an economy-which we call Home-that has only one factor of production. We imagine that only two goods, wine and cheese, are produced. The technology of Home's economy can be summarized by labour productivity in each industry, expressed in terms of the unit labour requirement, the number of hours of labour required to produce a pound of cheese or a gallon of wine. For example, it might require one hour of labour to produce a pound of cheese, two hours to produce a gallon of wine. Notice, by the way, that we are defining unit labour requirements as the inverse of productivity-the more cheese or wine a worker can produce in an hour, the lower the unit labour requirement. For future reference, we define the unit labour requirements in wine and cheese production, respectively. The economy's total resources are defined as L , the total labour supply.

It is always tempting to suppose that the ability to export a good depends on your country having an absolute advantage in productivity. But an absolute productivity advantage over other countries in producing a good is neither a necessary nor a sufficient condition for having a comparative advantage in that good. In our one-factor model, the reason that an absolute productivity advantage in an industry is neither necessary nor sufficient to yield competitive

advantage is clear: The competitive advantage of an industry depends not only on its productivity relative to the foreign industry, but also on the domestic wage rate relative to the foreign wage rate. A country's wage rate, in turn, depends on relative productivity in its other industries. In our numerical example, Foreign is less efficient than Home in the manufacture of wine, but it is at an even greater relative productivity disadvantage in cheese. Because labour income makes up around two-thirds of GNP in the European Union and the hardships of unemployment are so severe, the low labour mobility between and within EU countries implies that the economic stability loss from euro zone membership could be high. Evidence that such losses may turn out to be costly indeed is provided by the persistently high unemployment rates in some euro zone countries. Furthermore, divergent economic performance under the uniform monetary policy of the ECB suggests that euro zone countries have been subject to asymmetric shocks.

The European Union's current combination of rapid capital migration with limited labour migration may actually raise the cost of adjusting to product market shocks without exchange rate changes. If the Netherlands suffers an unfavourable shift in output demand, for example, Dutch capital can flee abroad, leaving even more unemployed Dutch workers behind than if government regulations were to bottle the capital up within national borders. Severe and persistent regional depressions could result, worsened by the likelihood that the relatively few workers who do successfully emigrate would be precisely those who are most skilled, reliable, and enterprising. Given that labour remains relatively immobile within Europe, the European Union's success in liberalizing its capital flows may have worked perversely to worsen the economic stability loss due to the process of monetary unification. This possibility is another example of the theory of the second best, which implies that liberalization of one market (the capital market) can reduce the efficiency of EU economies if another market (the labour market) continues to function poorly (Baldwin, 2006; Armstrong – Kotler, 2011).

3. RESULTS AND DISCUSSION

3.1 Sustainable economic growth of the EU and it concerns the balance of payment

The changing economic conditions of EU have been moderately at low level, which were proofed by data of *EU-27 current account balance* about between deficit -18,1 and -18,7 billion Euro since the middle of 2010, but the beginning of 2011 the EU-27 current account balance has sharply been decreasing to the level of deficit -35,2 billion Euro. The favour economic conditions of the EU-27 their current account balance has increased to the level of less deficit -17,2 billion Euro in Q3/2011. This negative trend of the EU-27 current account balance was mostly resulted by the considerable negative EU-27 balance of trade in goods, which was about deficit -30 billion Euro in 2010, and in the following year in 2011 the trend of EU-27 balance of trade in goods was less favourable than in 2010, namely this was deficit -47,5 billion Euro in the Q1/2011 and this trend was also below the level of deficit -40 billion Euro. Only in the Q3/2011, there was a better deficit namely -34,5 billion Euro, even less than in Q3/2010 (EUROSTAT, 2011). The EU-27 current account balance could be at better level, than one of EU-27 balance of trade in goods, because the EU-27 balance of trade in services was quite better than the first one. Since the beginning of the Q3/2010 the EU-27 balance of trade in services has decreased moderately from 22,6 and then to 20,9 billion Euro in Q4/2010 and to 17 billion Euro in the Q1/2011. After that in spite that the economic growth was moderate the EU-27 balance of trade in services sharply increased to the level of 28,9 billion Euro in Q2/2011, and then only less decrease occurred to 25,1 billion of the EU-27 balance of trade in services in Q3/2011 (see Figure-4.1.1). Almost the same trend of EU-27 balance of trade in goods and EU-27 balance of trade in services were going on during 2012.

Because the EU-27 current account balance has been at very low level only for two quarters, namely in Q1/2011 and Q2/2011 at the first half of 2011 and EU-27 balance of trade in services could have been almost over the 20 billion Euro in Q2/2011 and Q3/2011, the EU-27 current account balance as in % of GDP was about -1% of GDP or between -0,5% and -1% in EU-27 at zero line of the Figure-4-1-1. This trend also was going on mostly in 2012 (see Figure-4-1-1). Naturally this moderately negative EU-27 current account balance in GDP could not eliminate or delete the considerable and sometimes increasing gap between member

states in GDP per capita, which was from 44% to 271% of the EU-27 average by the beginning of 2011 (EUROSTAT, 2011).

According to data base the *EU-17 EA, Euro area, current account balance* was considerable favourable generally than the *EU-27 current account balance*. In *EU-17 current account balance* has started to be negative by -7,1 billion euro since Q3/2010, which became positive by 3,4 billion euro in Q4/2010, much better than in EU-27, where this was -18,7 billion euro in the same time. Naturally the unfavourable world economic conditions affected by US economic decline, both of regions, EU-27 and EU-17 the current account balance was deep in Q1 and Q2/2011, but in EU-27 this was much deeper -35,2 billion euro, while the EU-17 current account balance has become better consequently form -30,2 to -11,7 billion euro for the period of Q1-Q3/2011 (see Table-4-1-1 and Table-4-1-2).

Finally it can be mentioned that the EU-27 balance of trade in goods has been negative for the last years, which could increase EU-27 current account deficit leading to devalue the common currency Euro, but the internal EU-27 trade in goods is very strongly considerable, namely over 60% either in export or in import. Also the EU-27 balance of trade in services has continuously been very active for long time, which balances not too considerable negative balance of EU-27 trade in goods (see Table-4-1-2). This foreign trade deficit of EU-27 in goods is resulted by not the EU economic weakness, but the EU's one side dependence on foreign imported fossil energy resource and the cheap Chinese light industrial products. The fossil energy import does not impact on the employment issue in EU, but cheap Chinese light industrial products make dangerous for the light industry of EU and its employment conditions (see Table-4-1-2).

3.2 Employment conditions of the EU

The chapter analyses the main economic conditions of the EU from points of view of emphasizing employment issues, GDP per capita and AIC (Actual Individual Consumption) per capita. The world economic crisis presses mostly Mediterranean member states of EU-27, for example Italy, Greek, Spain and Portugal, where the unemployment rate was 22,3% in Spain, 21% in Greek, 22-23% in Portugal, 8,6% in Italy, but mainly in south part of Italy the unemployment rate was 20-21% in the first half of 2012 (EUROSTAT, 2012a).

In EU-27 the unemployment rate has sharply increased from level of 6,1% since the beginning of 2008, beginning of the world economic crisis to 8,8% till the end of 2010, after that this increased to 9,8% by the end of 2011 (ILO, 2011, EUROSTAT, 2012b; IMF, 2010a). The case study analyses the impacts of the world economic crisis on the unemployment rate in EU-27. Some experts emphasized that unemployment rate can be decreased in EU by through of increasing investment activities of foreign direct investments and supports given by foreign corporations and the EU common regional policy.

The unemployment rate sharply increased even in Mediterranean regions of the EU and other part of the highly developed world, for example USA and Canada, Japan, Australia. The other difficulty on the labour market is extending part-time employment in stead of full time employment, which can be resulted in narrowing purchasing power standard (PPS), (IMF, 2010b). The solution for economic difficulties are to increase the jobs to decrease unemployment rate of EU-27, even decrease the youth unemployment rate, increase level of skill and knowledge for managers and employees. The increasing employment rate impacts for increasing the purchase power standard, which increases the single market demands. The study uses the SWOT analysis based on the employment issue to discover reasons for increasing unemployment rate emphasizing the youth unemployment conditions in EU-27, after the world economic crisis and the possible solutions by stimulating investment activities. The EU-27 would like to use more private capital of EU and foreign capital from China, US and Middle East Arab countries within Foreign Direct Investment (FDI) scheme.

There are two kinds of indicator figures, namely the GDP per capita and Actual Individual Consumption (AIC) per capita, which can also determine differences among member states from point of view of consumption. The GDP per capita as a general figure concerns the all produced products and services averagely per capita, which is not real consumption in fact. But the other one, namely AIC is exact data to determine the real consumption per capita and also to reflect the real economic conditions of inhabitant based on the purchasing power standard (PPS) – (see Table-4-2-1).

There is a considerable world-wide side competition among new emerging economies and former developed economies to obtain more share of the world market. Also the competition became stronger among economies and firms, transnational corporations and small and medium scale enterprises in field of developing and obtaining innovation and R&D

(Research&Development) process. *The cheaper labour force can not ensure long-term competition on the world market. Increasing population of the world economy can grow the labour force demands and unemployment rate on the world market, finally the poorness. Also in spite that the high level of unemployment can decrease the inflation growing trends, the less level of employment decreases PPS per capita finally selling products on the market.*

In consequence of the increasing population of the world economy, the consumption increases at level of national economics, firms and house holds or family units, which can leads to increasing state debt based on the emerging spiral later on with decreasing consumption of population. Also the increasing state debt results heavy personal and profit tax burdens on tax payers, as named consumers, therefore the production and consumption decrease and the producers should decrease the export of the EU-27. The regional development can be implemented by through of decreasing gap among developed levels of different regions based on the increasing employment level. The governments should also help the small and medium enterprises (SMEs) to create better and more favourable work separation among the SMEs and corporations owning and using high-tech and research-development (R&D) based on education and financial supports.

3.3 Labour productivity growth for the economic development

The object of the case-study focuses on the RLP (*real labour productivity*) per hour worked in EU-27 for the period of 2000- 2010. Generally the real labour productivity affects the changing of the economic structure relevant to market conditions. The real labour productivity growth per hour worked can provide the marginal competitiveness either for any economy or for any firm, or transnational corporation. The study analyses the *correlations* between the real labour productivity conditions and GDP or general growth of economies based on the *statistical analysing methods* from point of view of *macro economic level*. The study makes analyses among member states in EU-27 in field of comparing the real labour productivity growth per hour worked based on using statistical data coming from *IMF (International Monetary Found)* and Eurostat.

In case of *Germany* it can be seen that the highest developed economy could also realise less GDP growth in spite of higher growth of RLP, for example 2% of RLP growth, 0,8% GDP growth in 1996, 2,3% of RLP growth, 1,7% GDP growth in 1997, 2,5% of RLP growth, 1,5%

GDP growth in 2001, 0,9% of RLP growth, -0,4% GDP growth in 2003. The reason of this contradiction was resulted by decreasing trend and fall of US economy. Even less *RLP growth rate can result considerable competitiveness on the world market for highly developed member states of EU*, which leads to increase large significant *export value* for member states. The *export oriented strategy* of companies is very useful to increase the *price incomes* also by through of *export increase* to create higher level of real labour productivity growth.

The world economic crisis affected the economic development of the highest developed economies of EU-27 and by through of these strongest EU member states also affected other less developed member states of EU. The EU-27 could not avoid of the world economic crisis, because this was started by US, as the first foreign economic partner of EU-27. *The RLP growth can not affect automatically on the real GDP growth rate volume, because influences of RLP are determined by the foreign economic contacts and foreign trade of the EU-27*, which can consequently realise results of the RLP growth for GDP growth. The spirit of the RLP growth is the *development of innovation*. In general it can be declared that the *world economic crisis of 2008-2009 caused significant economic decrease of EU-27 in fields of RLP and GDP growth*. The world economic crisis affected the economic development of the highest developed economies of EU-27 and by through of these strongest EU member states also affected other less developed member states of EU. The EU-27 could not avoid the world economic crisis, because this was started by US, as the first foreign economic partner of EU-27. This world economic crisis was first bank- financial crisis, which extended to other economic sectors and the employment conditions.

The RLP growth can not affect automatically on the real GDP growth rate volume, because influences of RLP are determined by the foreign economic contacts and foreign trade of the EU-27, which can consequently realise results of the RLP growth for GDP growth. The spirit of the RLP growth is the *development of innovation*, as the final basic element for the competitiveness of EU member states on the world market. In spite that increasing unemployment rate in EU also after the world economic crisis, the EU can remain its competitiveness because of increasing of its RLP growth (Table-4-3-2).

3.4 Some aspects of economic conditions of Middle East Region

Middle East region is very famous and important for petrol export for the world market. In spite that this region has very considerable connection with the world market, this region could not almost be isolated from the negative impacts of the world economic crisis. The study analyses the employment issue concerning the impacts of global crisis on its changes in countries of Middle East region.

The regional economic growth was 3,6% in 2010, comparably it was 4,8% in 2008, and annual average growth was 6,0% during the pre-crisis period between 2003 and 2008. Also the economic growth made influences on the employment issues. The *economic growth of ME region (Middle East) in GDP* has annually averagely been closed to 6,0% for the pre-crisis period between 2003 and 2007, but this growth decreased to level of 4,8% in 2008, and lowest level of growth was 1,3% in 2009 in consequence of the world economic crisis. Fortunately the favourable economic growth started to increase to level of 3,6% in 2010 comparably to 1,3% in 2008 (IMF, 2010a; IMF, 2010b; see Table-4-5-1).

The estimation of IMF the further economic growth could be more favourable because of the possible increasing world economic activity by 4,8% in 2010, which stimulates crude oil mining sector production to supply the world market. In spite that the Developed Economies and European Union had a very sharply declined in their GDP namely 0,3% in 2008 and -3,4% in 2008, these economies could realise about 2-3% growth after two year crisis period, which was enough for Middle East region to increase their economic growth based on the increasing petrol demand on the world market. At present in middle of 2010s the crude oil price stopped at moderately lower level price, because crude oil market became relatively full.

Also the world economic growth had favourable economic conditions resulted by increasing trend of economic activities of East Asia including China with 7,8% in 2008 and 7,0% in 2009 and South Asia including India with 5,9% in 2008 and 5,5% in 2009. In spite of decline occurred in other parts of the world economy, these Asian regions kept a quite highly level of growth rate with increasing consumption of crude oil, which stimulated the oil exporting countries to increase soon their petrol production. China continuously became more increasing petrol importing economy (IMF, 2010a).

Some economic sectors should be developed in Middle East region and Saudi Arabia, which directly provide jobs for local population based on increasing their skill level to keep the competitiveness conditions against foreign employees. Also the national *Arab employees* should be employed previously first, and after that the foreigner. This economic growth can lead to create wider *diversified economic structure*, which can be more flexible for the changing demands of the world market. The other economic difficulty of Middle East is that *balance of foreign trade*, which is mostly negative for non crude oil exporting economies, and the other crude oil economies has foreign trade depending on one side export structure mainly based on the crude oil energy resources.

3.5 Employment conditions in Middle East Region

The case study analyses the employment issue by comparing its conditions before economic global crisis and after that in Middle East region, and also using SWOT analyses for covering the economic-social relations. The possible solutions are needed for decreasing youth-age, female unemployment, increasing the skills of workers and labour productivity growth rates. There is a problem, that the value added production and the vertically integrated product channel can not often provide jobs and increasing level of employment in Middle East. The more efficient work by using advanced technology resulted in less number of employees. Some experts emphasize the favourable conditions for the vertically integrated product channel and export oriented strategy, which focuses on using efficient labour force and not to increase level of employment in any way.

In general the unemployment rate was at lowest level, namely 5,8% in 2007, before the year of crisis, 2008, but 6,1% in 2008 and 8,4% in 2009 in highly developed countries, but in Middle East the lowest level of unemployment rate was 10,2% in 2008, and almost their unemployment rate did not change so much, as 10,3% in 2009, and about 10,3% in 2010 in this region. This means, that the economic crisis started originally in 2007 in highly developed countries, and its influences only arrived the some parts of world economy, for example Middle East later by one year. But in this region the unemployment rate has not changed so much more than 1% by for period of 2000-2010 (see ILO, 2010b). In North – Africa the largest difference in unemployment rate has been changed maximum by 4,5% for

period of 2000-2010. This shows that in the other parts of the Arab world, namely in the North – Africa the employment was more vulnerable and dependence on the world economic crisis than Middle East in the first decade of 2000s. In general there is a large gap between males, females and youth employment ratio in Middle East and North-Africa, also not enough supports for SME-s to extent their employment. The solution that this gap should be decreased and increase the support for small and medium scale enterprises to increase the employment possibilities for wider social groups including women and youth under 25 year old. The solution of employment issue needs for important financial resources providing considerable infrastructure investments in order to create wide-side educational and logistic systems. The logistic system ensures the technical and physical background of product channel for highly developed transport network, mining sector and manufacturing industries. The educational system can ensure the increasing educated level of labour force in Middle East and North Africa, in order that the efficiency of labour force can be realised and to be competitive. The educational system is not unified in countries of Middle East.

3.6 Economic structure changes in Saudi Arabia

The mining and quarrying sector provided jobs for 1,78% of all employees in 2000 and 1,6% of them in middle of 2000s in Saudi Arabia. In the same time the mineral products had 88,3% share of all export of Saudi Arabia in 2000-2002 and 88,0% of all export by middle 2000s in million riyals. This means that the export price income after selling crude oils and other mining products ensured 2354 riyal per employee of this sector in 2000-2002 and 4357,4 riyal per employee of this sector in middle 2000s. In general in Saudi Arabia the *mining sector based on the crude oil withdraw could be efficient* and productive, because of the high world market price can provide enough highly export-price income for the country with using less number of employees in this sector than in the other one. Less than 2% of all employees produced 88% of all export of Saudi Arabia in 2000s. Even the share of employees in the mining and quarrying sector has decreased since 2000s, but its share of export value remained at almost same level in Saudi Arabia. Even the share of employees in the mining and quarrying sector has decreased since 2000s, but its share of export value remained at almost same level in Saudi Arabia. The Saudi Arabia should develop the manufacturing industries in order to *produce highly value added products* leading to higher export price income, than to sell only crude oil to the world market. Also manufacturing value added production helps

Saudi Arabia to become diversified economy less sensitive from effects of the world economy.

The import volume is generally very considerable for volume of demands of the domestic Saudi market, but for the volume of export capacity is very favourable. Also the domestic market volume generally is not so large comparably for other large economies' one. The considerable import volume is resulted by unfavourable economic structure based on the non diversified economic structure, which stimulates continuously highly level of import in fields of different kinds of products, for example electrical machines, equipments, tools; transport equipment and spare parts, base metal and articles of base metal, also chemical products.

In general it can be declared that the as much as the export value was higher than the value of import the Saudi Government could use over plus crude oil export price incomes to cover costs of: 1- reconstructing highly developed infrastructure network for the industrial production, civil social life; 2- social-family supports, increasing standard of life for people of Saudi Arabia; 3- Foreign Direct Investments (FDI) provided by the Saudi Government and national corporations abroad, including bank deposits into international banks.

On the hand also the highly costly administration, governmental office network should be covered by the over plus crude oil export price incomes, which kind of costs can be titled as inproductive, but important service sector. This service sector can provides large amount of people of the Saudi economy. On the other hand the FDIs invested by Saudi corporations are often very successful and effective, because these investments were realised mostly in highly developed economies, as US, European Union and some other important economies, as Switzerland and Japan.

3.7 Energy resources in Saudi Arabia at the beginning of 2010s

The energy strategy of Saudi Arabia can set up to increase its energy supply and secure the future investments at national economic level. This strategy can also be strengthened on the changing energy consumption structure of the USA. In USA primary energy consumption was 75 708 364 billion of Btu, in which the share of petroleum and natural gas was 46% and 30% in 1973, and their share was 62% of primary energy consumption, as totally 99 872 921 billion of Btu by the end of 2010. The MENA region has important considerable petroleum and gas resources of the world economy, their share of the world net oil export was about

37%, of which Saudi Arabia provide 43,8% by the middle of 2000. The study analyses how the importance of fossil energy resources can be strengthened in spite that the renewal energy resources have started to introduced in energy consumption of the world economy. The energy strategy of Saudi Arabia can set up to increase its energy supply and secure the future investments at national economic level. This strategy can also be strengthened by the changing energy consumption structure of the USA. The study analyses how the importance of fossil energy resources can be strengthened in spite that the renewal energy resources have started to introduced in energy consumption of the world economy.

The Saudi Arab leaders want to increase importance of the strategic value added product production for example refining the crud oil in Saudi Arabia, which can be sold in USA, where the refining capacity is at very low concerning the demand level of fossil and petrol energy resources. In USA the refining capacity was about only 81,4% in 2007, but some times when natural catastrophe happened, for example Hurricans Rita and Katrina caused decreasing the refining capacity by 23% less, which means that almost less than half of demanded crud oil (EIA, 2008). This strategic conception of Saudi Arabia needs for restructuring the production structure meeting better for the demands of the world economy including highly developed economies. Also to ensure the increasing supply of fossil energy resources and securing this supply need more investment activities in the Saudi Kingdom either to increase the value added products in fossil energy sector or in non-fossil energy resource sector in order to diversify the economic structure to supply more industrial products for households. This diversified structure of economy provides more jobs and more products for domestic consumers and possible export.

The Saudi Arabia should follow a new energy using system based on renewal energy resources in stead of fossil one. The renewal energy resources are environment friendly and for the future these one can be more given all over the world. Saudi Arabia uses more Saudi employees in homeland in stead of foreigners, because this can decrease the other kind of capital outflow from the Saudi Kingdom and decreases the unemployment rate of Saudi youth people and female human resources. The cooperation is very useful among the economies of Gulf Cooperation Council, because they can help each others against the negative influences of the world economic crisis. Also they can create a common Arab currency to reserve their oil revenues in stead of US dollar. The currency rate of US dollar is going on based on interests of US government and companies and not Arab oil exporting countries' one.

3.8 Human resource management in Saudi Arabia

The youth unemployment has been about 28-30% for period of 2006-2009, which was with three times more than the Saudi nationals' unemployment rate. The youth under 25 unemployment rate was the less in the world economy than in Saudi Arabia. In general the youth unemployment rate has been between 12,8-12,6% for period of 2000-2011, in Saudi Arabia this was almost double times more than the general unemployment rate in the world economy in the same time. In Middle East the youth unemployment rate has been between 23,7-25,1% for the period of 2000 – 2011 (see Table -4-8-1).

In Saudi Arabia this youth unemployment trend was not seriously impacted by the world economic crisis. In Saudi-Arabia the youth unemployment rate was about 28-30% in period of 2006-2009, with three times more than the Saudi nationals' unemployment rate. This had reason that the Saudi-Arab companies used foreign workers more than the national Saudi Arab one. In Saudi Arabia at the same time a large number of foreign workers, namely 4,7 million one outnumber; and the nationals was 4,3 million on the labour force market. In Middle East, Saudi Arabia is the economic leader country in fields of several aspects, for example the crude oil sector, trade, education branches and financial activities. The considerable incomes coming from mining sector ensure one of the most important economic development trends in the world economy in fields of investment activities and stimulating the foreign direct investments (FDI) in Saudi Arabia. Naturally this ambition economic growth aimed by the economic planning focused on increasing the employment level for the Saudi nationals, because of the unemployment rate was 7,04% in 2004. The governmental economic plan decided that this unemployment rate should fall to 2,8% in 2009. Therefore the plan also declared to increase the governmental expenditure for developing educational level, which also should decrease unemployment rate for youth from 15 year old inhabitants (Eighth Development Plan, 2004-2009).

In Saudi-Arabia the youth unemployment rate has been about 28-30% for period of 2006-2009, with three times more than the Saudi nationals' unemployment rate. This had reason that the Saudi-Arab companies used foreign workers more than the national Saudi Arab one. In Saudi Arabia at the same time a large number of foreign workers, namely 4,7 million one outnumber; and the nationals was 4,3 million on the labour force market. In Saudi Arabia the

foreign workers are employed at very highly level, as it can be followed by the youth unemployment rate. Saudi Arabia should be able to continue to absorb the employment impact of the crisis on its national one, provided private sector generates in large numbers the types of jobs in adequate number, which could be a challenge, given that past efforts to Saudi Arab inhabitants, the labour force have produced only limited results (see in detailed in ILO, 2010b; ILO, 2010b and Table-4-8-2).

As the Table-4-8-2 shows that in Middle East output per worker 35822 US Dollar is very high, and this highly value is stimulated also by Saudi Arabia. Originally the output per worker, as labour force efficiency is connecting with crud oil mining sector, which provides enough price income to strengthen the purchase power capacity of Saudi Arabia to cover costs to buy imported products. Also this financing capacity can ensure development program to extent jobs and educational level of Saudi Arab national employees and decrease the youth unemployment rate. The considerable share of working poverty emphasizes the importance of increasing the labour productivity in Middle East, but naturally the low level of labour productivity is usually common in the developing economies of the world economy (WEF, 2010; IMF, 2010a; IMF, 2010b; see Table-4-8-2). Also in Middle East the difficulties were that the large amount of crud oil price income did not provide such diversified structure of employed human resources, which could decrease the employment gap between males and females, also male and youth employment under 25 year, gap between developed economic levels of different regions.

4. CONCLUSIONS AND SUGGESTIONS

4.1 Some conclusions

The 1. Hypothesis, namely about the importance of the *diversified economic growth*, which can ensure more advanced technologies and highly skilled *human resources*, because diversified economic growth becomes base for the highly value added products, therefore the deeply *specialization* is for the industrial production by the general economic development. On one hand the highly developed economies, for example the EU-27 could create the *diversified economic structure* based on the specialization in direction to meeting the demands of the world market. On the other hand the developing countries for example economies of Middle East Region including Saudi Arabia based on one or only very cup of economic sectors, which cannot provide enough diversified many kinds of products to supply market demands of national economies. In Arab economies the specialization is connecting only with one-two economic sectors from point of view of the world economy, but this diversification does not connect with diversified economic structure at national economic level. Therefore Saudi Arabia and other Arab crude oil exporting economies are one-side depend on the fluctuating world price level of the crude oil in the world market and many other economic sectors are absent in this country-group.

Also in consequence of the increasing population of the world economy, the consumption increases at level of national economics, firms and households or family units, which can leads to increasing state debt based on the emerging spiral later on with decreasing consumption of population. Mostly the increase of population is very considerably in the developing economies, which stimulates to increase their state debt accompanying with non-diversified economic structure resulting the increasing import volume. Also the considerable personal and profit tax burdens on tax payers, as named consumers, therefore the production and consumption decrease and the producers should decrease their import from the EU-27. The regional development can be implemented by through of decreasing gap among developed levels of different regions based on the increasing employment level. The governments should also help the small and medium enterprises (SMEs) to create better and

more favourable work separation among the SMEs and corporations owning and using high-tech and research-development (R&D) based on education and financial supports.

The 2. Hypothesis namely that in the world market the *price level of the fossil energy resources* is continuously decreasing in its future trends, when the price level is calculated in the *Purchase Power Parity (PPP)* based on the international compares from point of view of nominal price level increase. The highly level of nominal price level belonging to fossil energy resources contributing to extend using *rational renewable energy resources* to decrease leading role of fossil energy resources.

According to the sustainable employment the economic conditions of EU need for increasing investment activities to meet market demand, to increase highly value added products and to increase the AIC of population and strengthening the PPS of population of the EU-27 based on the extending employment rate in order to increase the highly value added products. The strategic plan of the economic growth is to increasing the employment and in the same time to decreasing the poverty.

The more price income of more volume of the exported crude oil *therefore the Saudi Government* could use over plus crude oil export price incomes to cover costs of: 1- reconstructing highly developed infrastructure network for the industrial production, civil social life; 2- social-family supports, increasing standard of life for people of Saudi Arabia; 3- Foreign Direct Investments (FDI) provided by the Saudi Government and national corporations abroad, including bank deposits into international banks.

On the hand also the highly costly administration, governmental office network should be covered by the over plus crude oil export price incomes, which kind of costs can be titled as unproductive, but important service sector. This service sector can provides large amount of people of the Saudi economy. On the other hand the FDIs invested by Saudi corporations are often very successful and effective, because these investments were realised mostly in highly developed economies, as US, European Union and some other important economies, as Switzerland and Japan.

The basic aim of the Saudi Arabian Government is to strengthen its economic developing trend in spite that this development sharply is depending on one economic factor, namely the *world price level of crude oil*. The Government would like to extent economic activities of the

country based on stimulating the national private sector and the foreign capital to invest into the country within the foreign direct investment (FDI) scheme. The economic growth can increase the employment conditions either for national Saudi Arab employees and including youth employment. In the same time they increase the educational and skill levels for even youth employees to be competitive on the world market and national market.

The 3. Hypothesis also namely by the foreign trade among the Middle East economies and EU member states, *the strong mutual dependence is between two country groups, namely developed and developing economies*, in spite that the one side dependence of developing countries is dominate in their economic connects with highly developed economies. *Finally from point of view of the EU-27 balance of trade in goods* this balance has been negative for the last years, which could increase EU-27 current account deficit leading to devalue the common currency Euro, but the internal EU-27 trade in goods is very strongly considerable, namely over 60% either in export or in import.

Also the EU-27 balance of trade in services has continuously been very active for long time, which balances not too considerable negative balance of EU-27 trade in goods. This foreign trade deficit of EU-27 in goods is resulted by not the EU economic weakness, but the EU's one side dependence on foreign imported fossil energy resource and the cheap Chinese light industrial products. The fossil energy import does not impact on the employment issue in EU, but cheap Chinese light industrial products make dangerous for the light industry of EU and its employment conditions (see Table-4-1-2).

This *negative balance of foreign trade of the EU-27* proofs that the consumers of the EU-27 would like to purchase the cheaper light industrial manufactured products at lower world price level than their domestic price level in EU. These cheaper value added industrial products can be sold by developing countries, first the Chinese People's Republic and other developed economies, like US.

Answer for the **4. Hypothesis**, namely It is proofed, that the developing trend of UnEmploy2014 follows the developing trend of RisPov2014 in case of the EU-28, and also this is not as same as in Saudi Arabia.

According to the **coordinate system (score)** in **Left-Upper-Side Sector** in case of those countries, which are upper side of "Y" reference line in PLUS sector - they have highly level

increase of GovDebt2014 and SocProt2014. Also from the earlier analysed conditions at “X” line the GDPvol2014 is also high. But the UnEmploy2014 and the RiskPov2014 are at low level. In the **Left-Down-Side Sector** at “X” line the GDPVol2014 is high, the UnEmploy2014 is low, because of the consequence of high GDPVol2014, and also the RisPov2014 is low. In the **Right-Down Side Sector** at “X” line the GDPVol2014 is at low level and the UnEmploy2014 and RiskPov2014 are at highly level. But the GovDebt2014 and SocProt2014 are at low level. In the **Right-Up-Side Sector** at “X” line the GDPVol2014 is at low level and the UnEmploy2014 and RiskPov2014 are at highly level.

Also the above mentioned analysis provide proof for the *Hypothesis*, namely it is proofed that the GovDebt2014 and SocProt2014 can be strongly affected by GDPVol2014, UnEmploy2014 and RisPov2014 they have common strong influences on the economic growth of the EU-28. Also it is proofed that the developing trend of the GovDebt2014 is somehow can be the same trend with one of SocProt2014 in case of EU-28. This means that the when the SocProt2014 increased this resulted the increase of the GovDebt2014 in EU-28. In Saudi Arabia in spite that the GDPVol2014 increased by the highly level, the UnEmploy2014 increased considerably not at the same as GDPVol2014, therefore the SocProt2014 should have been increasing, but the Saudi Government sharply decreased the growing rate of the SocProt2014 in order to keep the GovDebt2014 closed to “0” growing rate during the period of 2005 and 2014, in spite that the SocProt2014 remained at highly level. This process is opposite to the experience of the EU-28, where the SocProt2014 increased when the UnEmploy2014 increased, but also the SocProt2014 cold increase or decrease in spite that the GDPVol2014 was growing and UnEmploy2014 was decreasing (**Left-Down-Side Sector, Left-Upper-Side Sector**, see in Figure-4-4-1).

4.2 New scientific results

- 1- Using the different database and different statistical methods I justified that effects of economic crisis were different scale and form by countries and regions. The economic crisis in EU-28 was deeper comparing with Middle East region; especially the labour market was much more affected. In Saudi Arabia the crisis started one year later and official unemployment rate much lower, but that is mainly because of large share of foreign workers missing from official statistics. I also justified responses to the challenges created by crisis were different as well, but the change the structure of economy driven by innovation, the balance of foreign trade, the balance of payment, and economic growth combined with adjustment of labour market, which is in the focus of sustainable development strategies. I declare that the *sustainability* can be strengthened by the positive balance of foreign trade and the foreign exchange rate, when the export oriented foreign trading policy of the country can ensure more export price income for next developing phase of the economic growth in Middle East Region. Therefore I can state that this *plus export price income over import cost* can ensure the financial resources for the possible future of the economic growth. Any credit and their interest burden and press the borrowing countries to pay back these one, but only by export oriented strategy with export price income over import cost.
- 2- Based on my research I clearly declare that the *low price level of exported products* of any country can ensure its *real competitiveness* for the future only by *advanced technological background* for the production based on the efficient resource using, economic measure for the production to produce more advanced products for qualified demands of the world, regional and local markets but less cost per each product unit. I emphasize that the *export-import structure* and their structural connections with the *capital outflow* from Middle East Region including Saudi Arabia show the *measure of absorption capacity* of this region to integrate their own capital and foreign advanced technology into their economies.
- 3- Based on the changes of the different variances used in my researches I implemented the factor analyses in a coordinate system, by the other name score. Therefore I created the coordinate system for the FACT1 (“X” as reference line) and FACT2 (“Y” reference line) in case of EU-28 in the coordinate system in **Left-Upper-Side Sector** in case of those countries, which are upper side of “Y” reference line in PLUS sector -

they have highly level increase of GovDebt2014 and SocProt2014. Also from the earlier analysed conditions at “X” line the GDPvol2014 is also high. But the UnEmploy2014 and the RiskPov2014 are at low level. In the **Left-Down-Side Sector** at “Y” line the GovDebt2014 and the SocProt2014 are at low level, at “X” line the GDPVol2014 is high, the UnEmploy2014 is low, because of the consequence of high GDPVol2014, also the RisPov2014 is low. In the **Right-Down Side Sector** at “X” line the GDPVol2014 is at low level and the UnEmploy2014 and RiskPov2014 are at highly level. But the GovDebt2014 and SocProt2014 are at low level. In the **Right-Up-Side Sector** at “X” line the GDPVol2014 is at low level and the UnEmploy2014 and RiskPov2014 are at highly level. Also the GovDebt2014 and SocProt2014 are at high level.

- 4- Also I implemented again the factor analyses but with other component (FACT3), namely the third one with other variances. Naturally the FACT1 is also remains in these factor analyses, as this was before. According to the FACT1 (“X”) and FACT3 (“Y”) in case of EU-28 **in Left-Upper-Side Sector** in case of those countries, which are upper side of “Y” reference line in PLUS sector - they have highly level increase of LLearn2014 and GDPcap2014. Also from the earlier analysed conditions “X” reference line the GDPvol2014 is also at high level. But the UnEmploy2014 and the RiskPov2014 are at low level. In the **Left-Down-Side Sector** the “Y” reference line the GovDebt2014 and the SocProt2014 are at low level, at “X” reference line the GDPVol2014 is high, the UnEmploy2014 is low, because of the consequence of high GDPVol2014, also the RisPov2014 is low. But the LLearn2014 and GDPcap2014 are at low level. In the **Right-Down Side Sector** “X” reference line the GDPVol2014 is at low level and the UnEmploy2014 and RiskPov2014 are at highly level. But at “Y” reference line the GovDebt2014 and SocProt2014 are at low level. But also at “Y” reference line the LLearn2014 and GDPcap2014 are at low level. In the **Right-Up-Side Sector** at “X” reference line the GDPVol2014 is at low level and the UnEmploy2014 and RiskPov2014 are at highly level. At “Y” reference line the GovDebt2014 and SocProt2014 are at high level. Also the LLearn2014 and GDPcap2014 are at highly level.

5. SUMMARY

The importance of the *diversified economic growth* can ensure more advanced technologies and highly skilled *human resources*, because diversified economic growth becomes base for the highly value added products, therefore the deeply *specialization* is for the industrial production by the general economic development. On one hand the highly developed economies, for example the EU-27 could create the *diversified economic structure* based on the specialization in direction to meeting the demands of the world market. On the other hand the developing countries for example economies of Middle East Region including Saudi Arabia based on one or only very cup of economic sectors, which can not provide enough diversified many kinds of products to supply market demands of national economies.

The employment issues are analysed at levels of *national labour forces (NLF)* and *foreign guest labour forces (FGLF)* in case of economies of Middle East Region emphasizing the *Saudi Arabia' one*. The statistical data concerning the employment issues strengthen that for the period of economic growth and the economic prosperity the number of the FGLF has increased mostly in Middle East and Saudi Arabia. Also the data provide bases that but the economic decline of the economic growth in general the level of employed NLF is not so fluctuating either in developing economic trends or crisis period in case of Saudi Arabia or in any Arab countries, mostly crude oil exporting economies.

Also the RLP growth can not affect automatically on the real GDP growth rate volume, because influences of RLP are determined by the foreign economic contacts and foreign trade of the EU-27, which can consequently realise results of the RLP growth for GDP growth. The spirit of the RLP growth is the *development of innovation*, as the final basic element for the competitiveness of EU member states on the world market. In spite that increasing unemployment rate in EU also after the world economic crisis, the EU can remain its competitiveness because of increasing of its RLP growth. The Real Labour Productivity growth per hour worked in % change was analysed over previous year. The *RLP growth* decreased, when the production generally decreased during the crisis periods in 2008-2009. To develop the labour forces, RLP and the management of firms the role of the *advisory services* frequently should increase the skilled level of middle managers in companies and SME-s. Therefore the supervisory can complete the knowledge after the regular study program.

6. PUBLICATION LIST OF AUTHOR

Publication list of Yaser Mueeth A Alkahtani

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