

Midocean University
College of Management
Master of Business Administration



The Effect of Consulting in the Public Sector on the Economy, National Growth and on the public sector itself in Saudi Arabia

تأثير الاستشارات في القطاع العام على الاقتصاد والنمو المحلي واثره على القطاع العام في المملكة
العربية السعودية

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Introduction:

Public sector consulting plays a critical role in shaping modern society, offering strategic insights and solutions to address complex challenges faced by different institutions. In a rapidly evolving world, effective consulting is a proven instrumental in enhancing public services, driving innovation, and achieving sustainable development. In Saudi Arabia, public sector consulting is very important as the nation is on an ambitious journey of transformation under the framework of Vision 2030. This comprehensive reform plan seeks to diversify the Saudi economy, reduce reliance on oil revenues, and position the Kingdom as a global leader across sectors.

Saudi Arabia's public sector operates at the intersection of tradition and modernity, reflecting its unique cultural heritage while embracing forward-thinking reforms. Consulting firms became key partners in this transformative process, offering expertise in areas such as governance, infrastructure development, and economic policy design. The Kingdom's commitment to fostering a knowledge-based economy has further underscored

the importance of leveraging external expertise to address pressing challenges and capitalize on emerging opportunities. Public sector consulting is no longer limited to technical advice; it has become a keystone for change, empowering decision-makers to implement impactful strategies that align with national priorities.

This research proposal aims to explore the multifaceted effects of public sector consulting on Saudi Arabia's economy and overall national growth. By exploring the specific contributions of consulting engagements, this study seeks to showcase their role in optimizing public administration, fostering private-sector collaboration, and driving sustainable development. The findings will provide valuable insights into the relationship between consulting practices and broader socio-economic outcomes, shedding light on their potential to accelerate the Kingdom's progress toward achieving its Vision 2030 goals.

One of the key areas where public sector consulting has had a huge impact is economic diversification. Historically, Saudi Arabia's economy has been heavily reliant on oil exports, making it vulnerable to

fluctuations in global oil prices. Recognizing the need for diversification, the government has prioritized the development of non-oil sectors such as tourism, manufacturing, technology, and renewable energy. Consulting firms have played a big role in designing and implementing strategies to drive growth in these sectors, offering expertise in areas such as market analysis, policy formulation, and capacity building. By fostering an environment encouraging innovation and entrepreneurship, public sector consulting has contributed to creating a more resilient and dynamic economy.

In addition to economic diversification, public sector consulting has significantly influenced the development of Saudi Arabia's infrastructure. With ambitious projects such as NEOM, the Red Sea Project, and Qiddiya, the Kingdom is investing heavily in building world-class infrastructure that aligns with its vision of a sustainable and prosperous future. Consulting firms have been involved in providing technical expertise, project management support, and feasibility studies to ensure the successful execution of these mega-projects. Their contributions have not only

enhanced the efficiency and effectiveness of infrastructure development but also attracted foreign investment and strengthened Saudi Arabia's position on the global stage.

Another critical dimension of public sector consulting in Saudi Arabia is its impact on governance and public administration. Effective governance is essential for driving reforms, ensuring accountability, and delivering quality services to its citizens. Consulting projects have enabled government institutions to streamline their operations, enhance transparency, and adopt best practices in areas such as digital transformation, regulatory compliance, and human resource management. By preparing public officials with the tools and knowledge needed to navigate complex challenges, consulting firms have empowered them to deliver better outcomes for the Saudi population.

The collaboration between the public and private sectors has also been a cornerstone of Saudi Arabia's transformation journey. Public-private partnerships (PPPs) have emerged as a key mechanism for leveraging private sector expertise and resources to achieve public goals. Consulting

firms have facilitated the design and implementation of these frameworks, ensuring their alignment with national priorities and international standards. These partnerships have not only accelerated the delivery of critical infrastructure and services but also fostered a culture of innovation and shared responsibility.

While public sector consulting has delivered substantial benefits to Saudi Arabia, it is not without its challenges. Ensuring the alignment of consulting recommendations with national priorities, managing stakeholder expectations, and helping local capacity building are some of the critical issues that need to be addressed. This research proposal seeks to examine these challenges and propose strategies to maximize the impact of public sector consulting in Saudi Arabia. By identifying best practices and lessons learned, the study will contribute to the development of a robust framework for leveraging consulting expertise to drive sustainable growth and development.

In conclusion, public sector consulting is a powerful tool for advancing Saudi Arabia's transformation agenda. Its contributions to economic

diversification, infrastructure development, governance, and public-private collaboration and help shaping the Kingdom's future. As Saudi Arabia continues its journey toward achieving Vision 2030, understanding the effects of public sector consulting on the economy, and national growth becomes increasingly important. This research proposal seeks to provide a comprehensive analysis of these effects, offering valuable insights to policymakers, practitioners, and stakeholders involved in the Kingdom's transformation.

Study problem:

in Saudi Arabia's public sector has been through significant transformation as part of the Vision 2030 initiative, with the goal to enhance efficiency, transparency, and accountability. Despite progress, big gaps in public sector efficiency still exist, impacting the timely and effective implementation of any reforms. These inefficiencies often are the result of outdated processes, fragmented coordination among institutions, and a lack of authority for decision-making. Public sector consulting offers potential solutions to address these challenges; however, the effectiveness of such interventions is frequently hindered by additional structural and cultural factors.

One major challenge is the lack of robust local capacity building. While consulting firms bring valuable expertise and knowledge, their engagements sometimes fail to ensure sustainable skill transfer to local employees. The reliance on external consultants can limit the development of local talent and weaken the long-term resilience and autonomy of Saudi Arabia's public sector. Without prioritizing local capacity building, there is a big risk

that the public sector may struggle to maintain and scale many of the improvements initiated through consulting projects.

institutional resistance to change complicates these issues. Public sector organizations often face deep-rooted attitudes and practices that resist change, even when such change is aligned with the country priorities. Deeply rooted traditions, hierarchical structures, and a preference for established habits can lead to pushback against new ideas and practices introduced by consultants. This resistance can undermine the successful adoption of consulting recommendations, delaying or derailing reforms critical to achieving Vision 2030 goals.

This study investigates the combined challenges of public sector inefficiency, inadequate capacity building, and resistance to change within the context of Saudi Arabia. It explores how consulting in the sector can find solutions to the obstacles, fostering sustainable development and aligning with the nation's broader transformation agenda. By addressing these gaps, the research aims to propose actionable strategies to enhance

consulting's effectiveness and maximize its impact on Saudi Arabia's public sector.

Importance of the study:

This study significant value is addressing critical challenges and opportunities within Saudi Arabia's public sector during a great period of transformative and national development. With the Vision 2030 initiative serving as a cornerstone of Saudi Arabia's long-term economic aspirations, understanding and enhancing the role of public sector consulting has become a key to achieving the Kingdom's ambitious goals.

One of the key contributions of this study is its focus on addressing any serious inefficiencies within public sector operations. By identifying and analyzing the root causes of these inefficiencies, the research provides some insights to optimize governance structures, enhance productivity, and improve service provided to citizens. This, in turn, supports the development of a more effective public sector capable of responding to fast moving and dynamic socio-economic demands.

The study also emphasizes the importance of building local capacity within the public sector. By examining strategies for enhanced skill transfer and professional development, the research highlights pathways to reduce dependence on external expertise. By empowering local talent that ensures that the improvements brought about by consulting engagements are not only impactful but also contributing to the resilience and self-sufficiency of Saudi Arabia's public sector in the long term. Furthermore, the study sheds light on the cultural and institutional resistance that can hinder any reform efforts. By exploring the relationship between external consulting practices and internal organizational dynamics, the research offers some understanding of how to overcome resistance to change. This understanding is crucial for fostering a culture of innovation and adaptability, which are essential for the Kingdom's progress in an increasingly competitive global environment. The findings of this study are expected to have broader implications beyond Saudi Arabia. As other nations in the region and around the world face similar challenges in modernizing their public

sectors, the lessons learned from this research can serve as a valuable reference. this study positions Saudi Arabia as a leader in leveraging external expertise to drive national development.

In summary, this study is important because it addresses pressing issues that are central to Saudi Arabia's transformation plans, offers practical solutions for improving public sector performance, and contributes to the body of knowledge on public sector consulting in a regional and global context. Its insights will benefit many individuals including policymakers, public sector leaders, consulting practitioners, and academics, enabling them to better navigate the complexities of public sector reform and development.

Objectives of the study:

This study seeks to achieve the following key objectives:

1. To Analyze Public Sector Efficiency

Evaluate the current state of efficiency in Saudi Arabia's public sector, identifying gaps and weaknesses that hinder effective governance, decision-making, and service delivery.

2. To Examine the Role of Consulting

Investigate the contributions of public sector consulting in addressing inefficiencies, fostering innovation, and improving administrative processes to align with Vision 2030 goals.

3. To Assess Local Capacity Building Efforts

Explore the extent to which public sector consulting engagements promote sustainable skill development and knowledge transfer, reducing reliance on external expertise and empowering local talent.

4. To Address Cultural and Institutional Resistance

Examine the cultural and institutional factors that impede the successful adoption of consulting

recommendations, and propose strategies to overcome these barriers to reform.

5. To Evaluate Socio-Economic Impacts

Assess the broader impact of public sector consulting on Saudi Arabia's economic diversification, industry development, and national growth, particularly within the context of Vision 2030.

6. To Propose Practical Recommendations

Develop actionable recommendations for policymakers and public sector leaders to enhance the effectiveness of consulting engagements, ensuring sustainable and long-term benefits for the Kingdom.

Study Questions:

This research seeks to answer the following key questions:

1. Public Sector Efficiency:

- What are the primary inefficiencies currently affecting Saudi Arabia's public sector operations?
- How do consulting engagements address these inefficiencies, and what measurable improvements have been observed?

2. Local Capacity Building:

- To what extent do public sector consulting firms contribute to building local capacity and transferring knowledge?
- What strategies can be implemented to ensure sustainable skill development and reduce dependency on external expertise?

3. Cultural and Institutional Resistance:

- What cultural and institutional factors create resistance to the adoption of consulting recommendations within Saudi Arabia's public sector?

- How can public sector consulting engagements overcome these barriers to ensure successful implementation of reforms?

4. Economic and Socio-Industrial Impacts:

- What are the specific impacts of public sector consulting on Saudi Arabia's economic diversification and industrial growth?
- How do these impacts align with the broader goals of Vision 2030?

5. Consulting Effectiveness:

- What are the best practices and strategies for enhancing the effectiveness of consulting engagements in the public sector?
- How can Saudi Arabia's public sector maximize the long-term benefits of consulting to achieve sustainable development?

Assumption of the study:

1. Effectiveness of Consulting Practices

It is assumed that public sector consulting practices, when implemented effectively, contribute positively to addressing inefficiencies, enhancing governance, and fostering economic and industrial growth in Saudi Arabia.

2. Receptiveness to Change

The study assumes that key stakeholders within Saudi Arabia's public sector are open to adopting the recommendations provided by consulting firms, despite potential cultural and institutional resistance.

3. Data Reliability

It is assumed that the data and information obtained from consulting case studies, government reports, and expert interviews are accurate, reliable, and reflective of the real impact of consulting engagements.

4. Alignment with Vision 2030

This study assumes that public sector consulting interventions are aligned with the strategic

objectives of Saudi Arabia's Vision 2030 initiative, focusing on economic diversification, infrastructure development, and sustainable growth.

5. Role of Local Capacity Building

It is assumed that effective capacity-building initiatives are critical for the long-term success of consulting engagements, contributing to self-sufficiency and resilience within Saudi Arabia's public sector.

6. Generalizability of Findings

The study assumes that the insights derived from analyzing consulting practices in Saudi Arabia can be applicable, to some extent, to other countries undergoing similar public sector transformations.

Previous studies:

This study focuses on External consultants in the public sector and how it has gained increasing significance in Europe. And the reason is that They understood economic and societal experts, who deliver a mandated, ad hoc and paid consulting service to the public administration or political actors with a focus on processes or structures of public administration or on policies. Also, they came up with a recommendation that's the public sector institutions are advised to reflect about the function of external consulting in their organization before any new engagement. (Steiner, Kaiser and Reichmuth)

Theoretical premises of the study:

1. Systems Theory

This study is grounded in the premise that public sector organizations function as complex systems comprising interdependent components. Consulting interventions are assumed to optimize these systems by identifying inefficiencies, improving workflows, and fostering synergies across various departments and stakeholders.

2. Knowledge Transfer and Capacity Building Theory

The research assumes that effective consulting engagements facilitate the transfer of specialized knowledge and skills to local personnel. Drawing from capacity-building theory, the premise is that empowering local talent ensures the sustainability of improvements and reduces long-term dependency on external consultants.

3. Change Management Theory

The study is based on the premise that successful reform in the public sector requires strategic change management. It considers the

frameworks of change management theory, emphasizing how consulting firms can mitigate resistance to change through effective communication, stakeholder engagement, and adaptive strategies.

4. Economic Diversification and Development Theory

Underpinning this research is the belief that consulting plays a vital role in driving economic diversification by promoting innovation, policy reform, and private sector collaboration. The study draws on economic development theories to examine the impacts of consulting on Saudi Arabia's non-oil sectors and overall economic growth.

5. Public-Private Partnership (PPP) Theory

The premise includes the significance of public-private partnerships as vehicles for achieving national development goals. It assumes that consulting firms act as facilitators, aligning public and private sector interests to deliver efficient and mutually beneficial outcomes.

6. Institutional Theory

Institutional theory forms a key premise of the

study, highlighting how cultural norms, traditions, and established practices within public institutions can affect the adoption of consulting recommendations. The research assumes that aligning consulting strategies with institutional dynamics is essential to overcome resistance and ensure reform success.

7. Governance and Accountability Theory

Finally, the study operates on the premise that public sector consulting contributes to improved governance by enhancing accountability, transparency, and decision-making processes. It assumes that these improvements drive more effective service delivery and align public sector efforts with national development objectives.

Methodology and Research Methods:

This study adopts a mixed-methods approach, integrating both qualitative and quantitative research methods to comprehensively explore the impact of public sector consulting on Saudi Arabia's economy, industry, and national growth. By employing this approach, the research ensures a holistic understanding of the subject, drawing on diverse data sources and analytical techniques.

Research Design

The study is designed to address both the theoretical and practical aspects of public sector consulting in Saudi Arabia. It incorporates:

- **Descriptive Research:** To analyze the current state of public sector efficiency, capacity-building efforts, and cultural dynamics.
- **Exploratory Research:** To investigate the challenges and opportunities associated with public sector consulting, especially in relation to Vision 2030.
- **Analytical Research:** To assess the outcomes and effectiveness of consulting engagements through measurable indicators.

Data Collection Methods

1. Primary Data Collection

- **Interviews:** Semi-structured interviews will be conducted with key stakeholders, including public sector officials, consulting practitioners, and policy experts, to gain in-depth insights into consulting practices and their impacts.
- **Surveys:** Structured questionnaires will be administered to public sector employees and consultants to collect quantitative data on consulting effectiveness, local capacity building, and cultural resistance.

2. Secondary Data Collection

- **Document Review:** The study will analyze government reports, consulting case studies, Vision 2030 policy documents, and academic literature to provide context and corroborate findings.
- **Statistical Data:** Economic and industrial growth metrics, as well as public sector performance indicators, will be gathered from official databases and publications.

Sampling Strategy

- **Target Population:** The study will focus on consulting engagements within Saudi Arabia's public sector and stakeholders involved in these processes.
- **Sampling Technique:** A purposive sampling method will be employed to select participants who have relevant experience and insights into the topic. This includes representatives from government agencies, consulting firms, and academic institutions.
- **Sample Size:** Approximately 15-75 participants will be included, with adjustments based on data saturation.

Study Tools:

To effectively collect and analyze data for this research, the following tools will be utilized:

1. Interview Guides

Structured and semi-structured interview guides will be developed to facilitate in-depth discussions with stakeholders. These guides will include carefully crafted questions addressing public sector efficiency, capacity building, and resistance to change.

2. Survey Questionnaires

A well-designed survey questionnaire will serve as a primary tool for gathering quantitative data from public sector employees, consultants, and other stakeholders. The questionnaire will focus on perceptions of consulting effectiveness, knowledge transfer, and challenges encountered during engagements.

3. Document Review Framework

A systematic framework for reviewing policy documents, reports, and case studies will be developed to ensure consistency in analyzing

secondary data. This will help identify trends and patterns relevant to the study's objectives.

4. Observation Protocols

In cases where direct observations of consulting practices or public sector operations are feasible, an observation protocol will be used to systematically record findings. This tool ensures that observations are structured and aligned with the study's focus.

5. Metrics and Indicators

A set of key performance indicators (KPIs) and metrics will be established to evaluate the impact of consulting engagements on public sector efficiency, local capacity building, and economic outcomes. These will provide a basis for assessing the effectiveness of consulting practices.

6. Ethical Guidelines and Consent Forms

Tools for ensuring ethical research practices, such as informed consent forms and confidentiality agreements, will be used to safeguard participants' rights and privacy during the data collection process.

Limitations of the study:

1. Access to Data and Participants

The availability of accurate and comprehensive data may be limited due to confidentiality concerns within government institutions and consulting firms. Additionally, gaining access to key stakeholders for interviews and surveys may pose logistical challenges.

2. Bias in Responses

Responses from participants, such as public sector officials and consultants, may be influenced by personal biases or organizational interests, potentially affecting the objectivity of the data collected.

3. Generalizability of Findings

The study focuses on the context of Saudi Arabia, which has unique cultural, economic, and institutional characteristics. As a result, the findings may have limited applicability to other countries or regions undergoing public sector transformation.

4. Complexity of Measuring Impact

Assessing the direct impact of consulting

engagements on public sector efficiency, economic growth, and capacity building involves complex variables. Isolating consulting's contributions from other factors may present methodological challenges.

5. Resistance to Sensitive Topics

Cultural and institutional resistance may hinder open discussions about sensitive topics, such as inefficiencies and resistance to change, potentially limiting the depth of qualitative insights.

6. Time and Resource Constraints

Conducting a mixed-methods study with extensive data collection and analysis may be constrained by time and available resources, which could affect the breadth of the research.

7. Dynamic Context

The evolving nature of Saudi Arabia's Vision 2030 initiatives and public sector reforms may lead to changes that impact the relevance and timeliness of the study's findings by the time it is completed.

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