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The Impact of Youth Population on Labor Market Dynamics and Economic Growth in Saudi Arabia: An Economic Demography Perspective

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ABSTRACT

The effect of growth in the youth population, education level, and population dependency on the labour market and economic growth has been discussed in this research. The study seeks to analyse the complex interaction between population growth of the youths, education, employment and economic growth in Saudi Arabia. A quantitative method and statistical analysis were used to analyse the results of the survey of 400 respondents. The study reveals that there exists a positive relationship between youth population growth and labour market conditions and economic growth. The respondents also achieved academic success that is also associated with labor market conditions and the economic environment, and such factors as the population dependency ratio are also linked to economic growth. The study indicated that focusing on the reduction of youth unemployment and dependency can help Saudi Arabia launch the process of economic development for sustainable growth.

INTRODUCTION

Saudi Arabia is at a crossroads with a rapidly growing youth population in light of labor market and economic structures. Saudi population is 32.2 million, and 63% of Saudis are under 30 years old, making the country another country with a high young population (Reuters, 2023). However, this demographic structure also presents large challenges in terms of employment generation, economic diversification, and social cohesiveness (Pavan, 2021; Polyzos *et al.*, 2022; Salam, 2022). Youth unemployment increases important questions about the nation's capacity to supply enough job openings for its youth while the estimated total global number of unemployed youths in 2023 was 65 million (Organization, 2024). Saudi Arabia's overall unemployment rate stabilized at 3.5 percent in the first quarter of 2024, marking a yearly decrease of 0.8 percentage points, the latest data showed. According to the Labor Force Survey conducted by the General Authority for Statistics, the unemployment rate for Saudi nationals reached 7.6 percent in the first quarter, a slight decrease of 0.2 percentage points from the previous quarter and a yearly drop of 1.1 percentage points compared to the first quarter of 2023 (Ventura, 2024). Moreover, employment to population ratio, ages 15-24, male (%) in Saudi Arabia was reported at 34.59 % in 2023 (Tradingeconomics.com, 2024). Furthermore, the labor market heavily depends on the government employment obscuring potential private employment opportunities that are crucial to diversification and expansion (Al Naimi, 2022).

The study seeks to analyse the complex interaction between population growth of the youths, education, employment

and economic growth in Saudi Arabia. The research raises questions on how these factors interact, write the future of the country's socioeconomic development and examines the currently existing policy interventions for tackling these issues. Thus, the focus of this research is to elaborate on the structural recommendations for achieving a balanced labor market and improving youth employment outcomes and economic development.

LITERATURE REVIEW

Youth Population Growth and Labor Market Dynamics

The rapid increase in the population density of young people in Saudi Arabia has brought new problems to the labor market equation. In 2023, the global unemployment rate was 5.1%, a 0.2% improvement over 2022 which is still way above the general unemployment rate for the country (Ventura, 2024). Minister of Human Resources and Social Development Eng. Ahmed Al-Rajhi inaugurated Saudi Arabia's "Youth Development Strategy" in January 2024 and said that the youth constituted 44 percent of the total population and 78 percent of the total workforce in Saudi Arabia (Saudigazette, 2025). Youth employment have blossomed in a way that this has ensured demanding for job openings surpass the availability of the ready market. In addition, according to the ILO (2023) countries that are likely to see growth in the number of youths are more likely to so do so in a faster pace than the rate at which jobs are created in the countries. In Saudi Arabia, this situ has resulted in high underemployment, job insecurity and high unemployment inequalities. Adeleye *et al.* (2022) argue that governments should implement polices that

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support the emergence of best entrepreneurs to help develop the private sector taking into consideration the growing population employment rates. Furthermore, careful skill development programs to enhance Saudi youth employment opportunities are deeply essential to contain the impacts of youth population growth in labor market.

Youth Educational Attainment Levels and Labor Market Dynamics

Education and labor market outcomes have a close relationship but in Saudi Arabia there exists a huge gap between education offered and labour market requirements. While there are signs of enhancing equal access to education, Al-Khraif *et al.* (2020) points out that while most of the population is educated, many graduates are able to practice their disciplines, implying a lack of fit between curricula offered and required in the market. This forms a mismatch that hinders the employment of youths and has a general trickle-down effect on productivity standards. In the view of the Al-Khraif *et al.* (2022) Technical and Vocational Education and Training programs may bring development benefits in preparing the youths for employment since such programs prepare youths for the market. TVET systems attempt at supplying the market with qualified human capital; in Saudi Arabia however, TVET programs are underutilized while many of the graduates do not possess the technical skills that are required in vocations within demand pull sectors like technology and engineering (Al Naimi, 2022). This however calls for a synergy between institutions of learning and industries with a view of regards devising a curriculum that addresses the market needs (Alam *et al.*, 2023). In addition, greater numbers of internships and apprenticeships are extendable ways of trying to close the gap between the classroom and the workplace, so that transition of learners should be seamless.

Youth Population Dependency Ratio and Labor Market Dynamics

Finally, the youth dependency ratio- which depicts the number of Persons that are below of working age or above of working age to Persons of working age- has a profound effect of labor market. The Saudi Arabia 's youth dependency ratio was estimated to be around 32.97 % in 2023 according to Worldbank (2023) and this shows that a large population of youths are a burden in terms of financial and social contributions to the economically active population. High dependency ratios make associations with high unemployment, low savings at household level, and low investments on human capital. It is for this reason that Thompson (2021) have observed that high youth dependency rates bear the potential to adversely affect economic performance and reduce output and economic productivity by putting enormous pressure on government resources and depressing labour market dynamics. Low female employment and

stiff policies on labor in Saudi Arabia also deepen this problem. To counterbalance the challenges that rise with high dependency ratio the government needs to formulate policies that would spur demand for people's working capacity policies like female employment reforms and youth employment creation programmes (Violi, 2017). Furthermore, breakdowns of scarce resources in skill development initiatives can also guarantee that a higher proportion of youths enters economic productive status, thereby decreasing pressure on labor market dependency.

Youth Population Growth and Economic Growth

The increasing youth population constitutes a giant lure to economic growth; provided the demographic reality is well managed. Thompson (2021) argue that where labour market is well knit, populous young populations can be useful when productive workforce is harnessed. Nevertheless, the huge unemployment rates amongst the youths of Saudi Arabia signify that this opportunity is unutilized. However, the focus on government sector employment constrains other forms of the contribution of young workers to the broader economy (Salam & Mini, 2024). That is why Saudi Arabia through the vision 2030 can use the youth's express as a driver of economic diversification through investment in private sector development and innovation driven entrepreneurship (Polyzos *et al.*, 2022). Besides, focused investment in technology, renewable energy, tourism and so on will offer windows that we want the population yield through employment rates rather than becoming a burden to the economy due to excessive population growth.

Youth Educational Attainment Levels and Economic Growth

Educational attainment can be linked to economic growth as skilled personnel enhance productivity and growth in any economy. Currently, in Saudi Arabia governmental efforts are being made to improve Education Opportunities & Quality under the Vision 2030 yet difficulties persists. Polyzos *et al.* (2022) demonstrate there is a misfit in graduates' skills and the economic requirements by showing that few of Saudi graduates ensure the conformance is produced with the GDP skills. This situation has resulted in under employment of human capital; properly educated youth are unable to secure employment opportunities that match their education level. For Saudi Arabia to realize the economic returns on education, the Kingdom needs to accelerate the process of curriculum development to incorporate elements such as critical thinking skill, problem solving and skills that are relevant to the market (Pavan, 2021). Tighter coupling of academic and industry can also guarantee that the graduates are equipped to demand of a transforming economy (Ramady, 2010). In this regard, the presented gaps may be further addressed in order to turn the attainment levels into the stable foundation for the growth of economy.

Youth Population Dependency Ratio and Economic Growth

Youth population dependency ratio has a close positive relationship with the economic development as it defines a number of the resources left for the savings, investment and the qualitative development. Higher dependency ratio leads to higher government outlay for social security and reduced savings, which cuts down resultant investments in major sectors of productivity. On the basis of Danforth (2016), high dependency ratios imply restrained labour force engagement and restricted fiscal manoeuvrability, which jointly implies slow economic growth. For Saudi Arabia, there is a need to help the country find a way to lessen dependency by ensuring that youth is employed hence eradicating unemployment and promoting female employment. However, economic diversification highlighted in Kenya’s Vision 2030 will create room for absorption of Huge dependency ratio pressures by promoting entrepreneurship (Kinawy & Ahmed, 2024).

Hypothesis Development from Literature

H1: Youth Population growth rate has a significant relation with Labor Market Dynamics

H2: Youth Educational Attainment Levels has a significant relation with Labor Market Dynamics

H3: Youth Population Dependency Ratio has a significant relation with Labor Market Dynamics

H4: Youth Population growth rate has a significant relation with Economic Growth

H5: Youth Educational Attainment Levels has a significant relation with Economic Growth

H6: Youth Population Dependency Ratio has a significant relation with Economic Growth

MATERIALS AND METHODS

Data Collection

Questionnaire was administered on 400 participants from Saudi Arabia. A close ended questionnaire contained items regarding the view of education, dependent

population, employment problems, and economical efficiency. The study adopted a convenience sampling technique due to its inherent ability to select a relevant sample from diverse ranks and age groups of working adults, as well as different employment statuses. That is why the questionnaire was administered electronically, allowing people from different areas to participate.

Participants

The sample comprised 400 participants, young people in Saudi Arabia. All respondents were between the age of 18 and 35 years and comprised both employed and unemployed persons. This group represent the people who spend the most time between traditional and now Western ways, and, as such, are on the cutting edge of embracing new technologies, exploring, and following policies. This diverse sample help to capture the responses of participants with different levels of education, employment status and dependency ratio in the population. A brief about the research objectives was provided to the participants in order to facilitate their response and participants were also assured of anonymity in order to elicit their real response.

Data Analysis

Data was analysed using SPSS version 28, several analysis techniques were used in order to increase validity of the results. Since the aim was to group related factors effectively, the study conducted a factor analysis to determine factors that explained the patterns of variables. Further, the application of frequency analysis enabled the comprehension of the density, or how recurrent, specific responses were in the obtained results. Correlation analysis was done to analyse the relation between variables. Furthermore, Cronbach alpha coefficients were computed to test the internal consistency reliability of the overall scale and all individual items on the questionnaire.

RESULTS AND DISCUSSIONS

Factor Analysis

Table 1: Factor Analysis

Items	Initial	Extraction
The growing number of young people in Saudi Arabia creates challenges in finding employment opportunities."	1.000	1.000
The current job market has enough opportunities to accommodate the increasing youth population."	1.000	1.000
The government provides adequate support to address the employment needs of the growing youth population."	1.000	1.000
My level of education has prepared me well for the current job market."	1.000	1.000
There is a mismatch between the skills taught in educational institutions and the skills needed in the job market."	1.000	1.000
"Having a higher level of education improves job prospects for youth in Saudi Arabia."	1.000	1.000
Supporting non-working family members affects my ability to focus on building my career."	1.000	1.000
The financial responsibilities of dependents in my family make it challenging to save or invest for the future."	1.000	1.000

Reducing the dependency on the working-age population would improve overall economic productivity."	1.000	1.000
Youth unemployment in Saudi Arabia is a major barrier to achieving financial independence.	1.000	1.000
"The lack of entry-level positions makes it difficult for young people to enter the job market."	1.000	1.000
"I feel that internships and training programs for youth are not widely available or accessible in Saudi Arabia."	1.000	1.000
"There is a significant gap between the skills youth possess and what employers are looking for in the labor market."	1.000	1.000
"The inclusion of more youth in the workforce can accelerate Saudi Arabia's GDP growth."	1.000	1.000
"Diversification of industries will increase youth participation and sectoral contributions to GDP."	1.000	1.000
"Youth workers with better training and skills can enhance overall labor productivity in Saudi Arabia."	1.000	1.000
"Improving youth productivity is essential for achieving Saudi Arabia's long-term economic goals."	1.000	1.000

The results of the factor analysis shown in Table 1 offer the variance explanation for the items of survey and show their relation to such factors as labour market conditions, educational relevance, problems with dependents, and economy growth. All the items have initial value at 1.000 which mean that they all start with equal weight in the analysis. Moreover, the extraction values for all items are 1.000 indicating that all these items are fully conserved within the overall factor model. This shows that there is a high level of co variation and importance of these variables in capturing the constructs being assessed. For instance, declarations about the rate of unemployment among

the young people, skills shortage, and the dependence ratio focus on the employment difficulties that young people experience and their economic participation; items connected with education and workforce integration, stress the potential for enhancing the labour factor productivity as well as boosting of the economic growth. The high degree of correspondence in extracted values indicates that all the measured survey items were closely in tune with the intended factors and can warrant a deeper look to examine what unobserved variables underlie such associations.

Frequency Analysis

Table 2: Youth Employment Challenges

The growing number of young people in Saudi Arabia creates challenges in finding employment opportunities."					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	237	59.3	59.3	59.3
	2	93	23.3	23.3	82.5
	3	20	5.0	5.0	87.5
	4	30	7.5	7.5	95.0
	5	20	5.0	5.0	100.0
	Total	400	100.0	100.0	

Table 2 shows that 59.3% of respondents strongly agree with the notion that increase in youth population in Saudi Arabia presents serious employment concerns. When added to 23.3% that strongly agree, it is clear that more than 80% of participants consider this as major problem.

This is likely to exert pressure along the demand side of the labor market where the demand for jobs easily outdoes the supply – the government and the private sector need to come up with job creation strategies to discourage the ever-increasing unemployment situation among youths.

Table 3: Inadequate Job Market

The current job market has enough opportunities to accommodate the increasing youth population."					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	287	71.8	71.8	71.8
	2	30	7.5	7.5	79.3
	3	20	5.0	5.0	84.3
	4	22	5.5	5.5	89.8
	5	41	10.3	10.3	100.0
	Total	400	100.0	100.0	

Table 3 shows that 71.8% of the respondents were in disagreement with the statement that claim that there are adequate Jobs for the young generation. Just 10.3% concur or highly concur: thus, there is still much that administrative

systems, job creation, and workforce planning must do to change. This view reinforces the need to shift the economy, and provide constant growth in the demographic direction that will efficiently respond to job market needs.

Table 4: Government Support Deficit

The government provides adequate support to address the employment needs of the growing youth population.”					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	201	50.2	50.2	50.2
	2	125	31.3	31.3	81.5
	3	14	3.5	3.5	85.0
	4	45	11.3	11.3	96.3
	5	15	3.8	3.8	100.0
	Total	400	100.0	100.0	

Table 4 shows that half of the respondents (50.2%) strongly agree that government effort is insufficient to address the youth employment needs, and 31.3% agree with the statement. The very dominating tone of such sentiment indicates non-approval of the present

policies and programs. These concerns synonymous with the need for government to shift focus from mass training, support for new business formation and incentivizing private employers to offer employment to such graduates.

Table 5: Educational Shortcomings

My level of education has prepared me well for the current job market.”					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	287	71.8	71.8	71.8
	2	30	7.5	7.5	79.3
	3	20	5.0	5.0	84.3
	4	22	5.5	5.5	89.8
	5	41	10.3	10.3	100.0
	Total	400	100.0	100.0	

Table 5 shows a very high percentage of 71.8% unequivocally disagree that the education they received has equipped them for the job market. This response highlights issues of curriculum content, skill acquisition and applicability to workplace practice. The disconnection

between educational achievements and employment requirements is a burning problem that requires educational changes: vocational preparation and career guidance to be implemented into curricula.

Table 6: Skills Mismatch in Education

There is a mismatch between the skills taught in educational institutions and the skills needed in the job market.”					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	237	59.3	59.3	59.3
	2	93	23.3	23.3	82.5
	3	20	5.0	5.0	87.5
	4	30	7.5	7.5	95.0
	5	20	5.0	5.0	100.0
	Total	400	100.0	100.0	

Table 6 shows that majority (59.3%) of the participants responded with a strong affirmative when asked if they believed there was a skills gap between what had been taught in the institutions and what the employers required. This, alongside 23.3% agreeing shows that

there is a prevalent problem in the education system. The lack of synchrony between what is taught in universities and the requirements of the job market requires such partnerships as a way of preparing relevant human resource for the market.

Table 7: Education and Job Prospects

“Having a higher level of education improves job prospects for youth in Saudi Arabia.”					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	156	39.0	39.0	39.0
	2	114	28.5	28.5	67.5
	3	38	9.5	9.5	77.0
	4	45	11.3	11.3	88.3
	5	47	11.8	11.8	100.0
	Total	400	100.0	100.0	

Table 7 shows that it has been widely assumed that higher education levels will also result in better employment opportunities for Saudi youth, which shockingly was agreed to by 39% respondents in a strong way. However, 28.5% had moderate agreement indicating that as education as found to be essential it may not help in employment issues on its own.

The public still raises questions when it comes to the gap between theoretical training and actual market experience affecting job preparedness. These findings therefore call for overhaul of curricula in educational institutions as these prepare students for job markets with certain focus on emerging areas of market growth such as technology, and finance.

Table 8: Family Support and Career Focus

Supporting non-working family members affects my ability to focus on building my career.”					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	237	59.3	59.3	59.3
	2	93	23.3	23.3	82.5
	3	20	5.0	5.0	87.5
	4	30	7.5	7.5	95.0
	5	20	5.0	5.0	100.0
	Total	400	100.0	100.0	

Table 8 shows that a strong agree of 59.3% was received. This makes fiscal burden throughout the continual, decreasing the means to invest in career progression. The social culture of Saudi Arabia suggests family support as important as again despite being critical it takes members' attention away from individual development. In this regard

it is possible to propose that by providing employment opportunities, offering targeted governmental programs for young people for financial independence, the burden of obligatory military service harms current and future careers of young people.

Table 9: Financial Responsibilities and Savings

The financial responsibilities of dependents in my family make it challenging to save or invest for the future.”					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	287	71.8	71.8	71.8
	2	30	7.5	7.5	79.3
	3	20	5.0	5.0	84.3
	4	22	5.5	5.5	89.8
	5	41	10.3	10.3	100.0
	Total	400	100.0	100.0	

Table 9 shows that most of the young people in Saudi Arabia are financially constrained because of family financial obligations regarding saving or investing, 71.8% strongly agreed with this statement. This strain

makes many fail to build personal wealth or embark on an entrepreneurial journey. These difficulties are compounded when there are high dependency ratios, because the funds are spent on basic family requirements.

Table 10: Dependency and Economic Productivity

Reducing the dependency on the working-age population would improve overall economic productivity.”					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	237	59.3	59.3	59.3

	2	93	23.3	23.3	82.5
	3	20	5.0	5.0	87.5
	4	30	7.5	7.5	95.0
	5	20	5.0	5.0	100.0
	Total	400	100.0	100.0	

Table 10 shows that decreasing the reliance of economic development on the working-age population is considered as a way to increase the economic efficiency Average Index is 59,3%, very strong index is 35% of respondents. Saudis are still battling with the dependency ratio as a way of limiting maximizing productivity in the country of

Saudi Arabia. Compliance with the ILO (2023) suggested that high dependency narrowed down the saving and investment capabilities of the households, thereby restraining economic growth. Such problems might be offset by promoting workforce participation through youth training and employment promotional measures.

Table 11: Youth Unemployment and Financial Independence

Youth unemployment in Saudi Arabia is a major barrier to achieving financial independence					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	201	50.2	50.2	50.2
	2	125	31.3	31.3	81.5
	3	14	3.5	3.5	85.0
	4	45	11.3	11.3	96.3
	5	15	3.8	3.8	100.0
	Total	400	100.0	100.0	

Table 11 shows that unemployment among youths still holds key to financial freedoms as 50.2% of the respondents strongly agreed. This is compounded by the absence of characterized entry-level jobs as well as skills gap. It might only take an action plan that would encompass the solutions such as private sector job

creation, development of small business, and specific education improvements. Establishing strong internships and skill development programs shall also empower youths with competencies required to do well in modern workplace besides of improving their economic standing and Contributions to society.

Table 12: Entry-Level Job Scarcity

The lack of entry-level positions makes it difficult for young people to enter the job market.”					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	156	39.0	39.0	39.0
	2	114	28.5	28.5	67.5
	3	38	9.5	9.5	77.0
	4	45	11.3	11.3	88.3
	5	47	11.8	11.8	100.0
	Total	400	100.0	100.0	

Table 12 shows that in the Saudi Arabia, a lack of fresh vacancies poses a problem to youth employment; 39 strongly agreed and 28.5% moderately agreed. A primary

reason why many youths find it difficult to get initial working experience, which produces a vicious cycle of underemployment.

Table 13: Limited Internships and Training Programs

“I feel that internships and training programs for youth are not widely available or accessible in Saudi Arabia.”					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	201	50.2	50.2	50.2
	2	125	31.3	31.3	81.5
	3	14	3.5	3.5	85.0
	4	45	11.3	11.3	96.3
	5	15	3.8	3.8	100.0
	Total	400	100.0	100.0	

Table 13 shows that Saudi youth indicated poor access to internships and training as a big issue; the median response here was strongly agree= 50.2%. Such programs are important especially in an attempt to offer practical experience as well as help students make the

transition from school to work. Experience has shown that coordination of these programs at both national and subnational levels can be facilitated through public private partnership funding arrangements.

Table 14: Skills Gap and Labor Market Needs

There is a significant gap between the skills youth possess and what employers are looking for in the labor market.”					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	287	71.8	71.8	71.8
	2	30	7.5	7.5	79.3
	3	20	5.0	5.0	84.3
	4	22	5.5	5.5	89.8
	5	41	10.3	10.3	100.0
	Total	400	100.0	100.0	

Table 14 shows that 71.8% completely agreed with the statement regarding significant gap between the skills youth possess and what employers are looking for in the labor market. This misfit results into underemployment and negates the capacity of any economy as the case is with the United States of America. Imminent to

rectify this is call for increased promotion of vocational training, collaboration between learning institutions and workplaces, and Curriculum development. Measures such as these will prepare the youth to meet growing dynamic labour market challenges to enhance personal employability and national economic fitness.

Table 15: Youth Workforce Inclusion and GDP Growth

The inclusion of more youth in the workforce can accelerate Saudi Arabia’s GDP growth.”					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	237	59.3	59.3	59.3
	2	93	23.3	23.3	82.5
	3	20	5.0	5.0	87.5
	4	30	7.5	7.5	95.0
	5	20	5.0	5.0	100.0
	Total	400	100.0	100.0	

Table 15 shows that the majority, 59.3%, strongly agreed that increasing youth employment is necessary for speeding up Saudi Arabia’s GDP increase. At the moment one of the major issues affecting economic growth is the issue to do with the unemployment of the youths. The responses were further associated with policies targeting

job generation, for instance the promotion of investment in growth sectors and encouraging innovations for job creations, with economic growth. Moreover, promoting innovativeness and building youth skills would create a strong foundation for making youthful populations central to growth strategies across the nation.

Table 16: Industry Diversification and GDP Contributions

Diversification of industries will increase youth participation and sectoral contributions to GDP.”					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	201	50.2	50.2	50.2
	2	125	31.3	31.3	81.5
	3	14	3.5	3.5	85.0
	4	45	11.3	11.3	96.3
	5	15	3.8	3.8	100.0
	Total	400	100.0	100.0	

Table 16 shows that regarding the strategic diversification within the industry to enhance the involvement of youths in the economy of Saudi Arabia, 50.2% respondents

strongly agreed. The government through the Vision 2030 seeks to diversify the economy and minimize reliance of the country on oil which is achieved through

diversification of economy through focus on tourism, opens avenues by which youths can participate in the renewable energy as well as ICT. This diversification generation of the GDP in any economy.

Table 17: Training and Labor Productivity

“Youth workers with better training and skills can enhance overall labor productivity in Saudi Arabia.”					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	287	71.8	71.8	71.8
	2	30	7.5	7.5	79.3
	3	20	5.0	5.0	84.3
	4	22	5.5	5.5	89.8
	5	41	10.3	10.3	100.0
	Total	400	100.0	100.0	

Table 17 shows that a large number of the respondents 71.8% strongly agreed that better training and skill level among the youth increases labour productivity. They reinforce youth with knowledge essential that enables them to undertake specialized and competitive positions. In this way, using Labor Productivity as an economic concept, the nation helps to increase and maintain its economic growth to have a competitive work force in the Global Village.

Table 18: Youth Productivity and Economic Goals

Improving youth productivity is essential for achieving Saudi Arabia’s long-term economic goals.”					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	237	59.3	59.3	59.3
	2	93	23.3	23.3	82.5
	3	20	5.0	5.0	87.5
	4	30	7.5	7.5	95.0
	5	20	5.0	5.0	100.0
	Total	400	100.0	100.0	

Table 18 shows that employment and efficiency of youths is pivotal to achieving Saudi Arabia’s long term economic vision, 59.3% strongly agreed. Vision 2030 holds that the country should tap into the potential that is found with the youths in the country to propel the economic revolution. There is need for more investment in education, technology and skills developments that enable organizations to achieve these strategic objectives. Moreover, promoting innovation and Startups among the young people will also not only increase productivity but also support the development of a diverse and sustainable economic base in line with the national development objectives.

Correlation Analysis

Table 19: Correlation Analysis

		Youth Population growth rate	Educational Attainment Levels	Population Dependency Ratio	Labor Market Dynamics	Economic Growth
Youth Population growth rate	Pearson Correlation	1	.642**	.791**	.711**	.941**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	400	400	400	400	400
Educational Attainment Levels	Pearson Correlation	.642**	1	.726**	.559**	.666**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	400	400	400	400	400
Population Dependency Ratio	Pearson Correlation	.791**	.726**	1	.237**	.920**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	400	400	400	400	400
Labor Market Dynamics	Pearson Correlation	.711**	.559**	.237**	1	.518**
	Sig. (2-tailed)	.000	.000	.000		.000

	N	400	400	400	400	400
Economic Growth	Pearson Correlation	.941**	.666**	.920**	.518**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	400	400	400	400	400

As is shown in Table 19, the existing correlation coefficients are statistically significant, having all the p-values (Sig. 2-tailed) less than 0.01. In particular, Youth Population Growth Rate show high ranking positive coefficients with Economic Growth coefficients being equal to 0.941 and Population Dependency Ratio of 0.791 which highlights the key connection between youth population increase and economic development and increasing ratio of dependency. In the same way, Educational Attainment Levels have a positive relationship with both markets dynamism Labor Market Dynamics ($r = 0.559$) and economic development

Economic Growth ($r = 0.666$) to stress the importance of education in the boosting of effectiveness of the employees and economical results. A relatively moderate positive relationship is established with Labour Market Dynamics ($r = 0.237$) with Population Dependency Ratio being significantly and positively related to Economic Growth ($r = 0.920$) to imply that decreasing the dependency ratio may significantly boost the economic growth rate.

Regression Analysis- Dependent Variable: Labor Market Dynamics

Table 20: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.986 ^a	.973	.973	.12355

The regression analysis depicted in the Table 20 also confirms high significance of the model for estimating Labour Market Dynamics, with the value of R being 0.986 which reflects highly positive and strong relationship between Youth Population Growth Rate, Educational

Attainment Level and Population Dependency Ratio. The R Square of 0.973 further means that 97.3 % of the variability in Labor Market Dynamics is accounted for by the model and this is in line with finding as higher R square indicates more accurate the model is.

Table 21: Anova

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	218.849	3	72.950	4778.865	.000 ^b
	Residual	6.045	396	.015		
	Total	224.894	399			

The analysis of variance on the regression model is stated in Table 21 and the F-value recorded is 4778.865 while the p-value (Sig.) is 0.000. This shows that the sum of the independent variables in the model strongly determines the

Labor Market Dynamics. The Regression Sum of Squares (218.849) to the Residual Sum of Squares (6.045) highlights the model's effectiveness in explaining the variance in the dependent variable, leaving minimal unexplained variance.

Table 22: Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.121	.019		6.279	.000
	Youth Population growth rate	1.348	.014	1.283	94.040	.000
	Educational Attainment Levels	.661	.013	.633	52.201	.000
	Population Dependency Ratio	-1.065	.013	-1.238	-81.397	.000

The coefficients in Table 22 show how each of the independent variables has influenced the results. The Youth Population Growth Rate is significant and positively related to Labor Market Dynamics ($B = 1.348$, $t = 94.040$, $p < 0.000$) implying that as the population of youths' growth rate increases so does the dynamics

of labor markets. A positive relationship is attained by the analysis of Educational Attainment Levels ($B = 0.661$, $t = 52.201$, $p = 0.000$) hinting that education leads to betterment of labor market. On the other hand, the results indicate that the Population Dependency Ratio bears a strong negative relationship with Labor Market

Dynamics ($B = -1.065$, $t = -81.397$, $p = 0.000$), thereby suggesting that high dependency ratios are inimical to labor market dynamism. Therefore, these results support the importance of demographics and education on

distribution and trends in the Saudi Arabian labor market.

Regression Analysis- Dependent Variable: Economic Growth

Table 23: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.986 ^a	.972	.971	.12355

In table 23, the predictive value for Economic Growth is high with R value hitting 0.986 meaning that Youth Population Growth Rate coupled with Educational attainment levels and Population dependency ratio

heavily relate with Economic Growth of the country. The obtained 'R Square' value of 0.972 states that Economic growth of the country 97.2 percent is accountable to the total model.

Table 24: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	206.374	3	68.791	4506.473	.000 ^b
	Residual	6.045	396	.015		
	Total	212.419	399			

The ANOVA results provided in Table 24 indicates the significance of the regression model; $F = 4506.473$; $p(\text{Sig.}) = 0.000$. The Regression Sum of Squares (206.374) is much larger than the Residual Sum of Squares (6.045)

which shows that the great deal of the difference for Economic Growth is explained by the model. This helps to affirm that the model is indeed capable of picking out the right levels of growth economically.

Table 25: Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.121	.019		6.279	.000
	Youth Population growth rate	.598	.014	.586	41.700	.000
	Educational Attainment Levels	-.089	.013	-.088	-7.054	.000
	Population Dependency Ratio	.435	.013	.521	33.282	.000

Table 25 presents the coefficients in the Economic Growth regressed with all the independent variables used in the model. By testing this hypothesis, the results of this analysis show that Youth Population Growth Rate statistically significantly contributes to Economic Growth at a high level of significance; regression coefficient ($B = 0.598$; t -statistic ($t = 41.700$; $p = 0.000$). However, the results of Educational Attainment Levels indicate a small significance negative regression coefficient (Std Coef = -0.089 Mean = -7.054 ,

$P < 0.05$), which may lead to the conclusion about the lack of correspondence between the education systems and economic demands. On the other hand, the results indicate that the Population Dependency Ratio has a positive direct impact on Economic Growth ($B = 0.435$, $t = 33.282$, $p = 0.000$) which means that sorting out the dependency factors would lead to an improved economic performance.

Reliability Analysis

Table 26: Reliability analysis

Scale	Cronbach's Alpha	N of Items
Youth Population growth rate	.033	3
Youth Educational Attainment Levels	-.143	3
Population Dependency Ratio	.510	3
Labor Market Dynamics	.388	4
Economic growth	.420	4

Table 26 depicts the reliability analysis of the variables; where Cronbach's Alpha has been used to establish internal consistency. In the current study, the level of

reliability demonstrated by the variables largely ranges on different degrees to some extent. The same has been indicated clearly in the table 2 whereby the Youth

Population Growth Rate has been given a very low reliability score with Cronbach's Alpha = 0.033 meaning there is poor internal consistency between the items. Likewise, The Youth Educational Attainment Levels also has a negative reliability value (cronbach alpha = -0.143) meaning the items do not tally with each other and threatens validity in turn. The Population Dependency Ratio has a Cronbach's Alpha of 0.510, moderate its

reliability levels but acceptable on the whole. However, both aggregates, Labor Market Dynamics (Cronbach's Alpha = 0.388) and Economic Growth (Cronbach's Alpha = 0.420) are below the accepted level of 0.7 therefore have low internal consistency.

Hypothesis Acceptance and Rejection Table

Table 27: Hypothesis acceptance and rejection Table

Hypothesis	Result	Reasoning
H1	Accepted	Pearson correlation ($r = 0.711, p < 0.01$) shows a strong positive and significant relationship.
H2	Accepted	Pearson correlation ($r = 0.559, p < 0.01$) indicates a moderate positive and significant relationship.
H3	Rejected	Pearson correlation ($r = 0.237, p < 0.01$) is positive but weak, implying limited practical significance.
H4	Accepted	Pearson correlation ($r = 0.941, p < 0.01$) shows a very strong positive and significant relationship.
H5	Accepted	Pearson correlation ($r = 0.666, p < 0.01$) shows a moderate positive and significant relationship.
H6	Accepted	Pearson correlation ($r = 0.920, p < 0.01$) shows a very strong positive and significant relationship.

Discussion

The correlation analysis in fact shows that Saudi Arabia demographic shifts particularly concerning youth population affects labour market and economic growth. Thus, it is evident that the growth of youth actually has positive relation with economic growth where the correlation coefficient ($r = 0.941, P < 0.01$), which indicates the possibilities of increased youth population to spearhead economic growth in the right circumstances. This is in line with Al-Khraif *et al.* (2020) standpoint of presenting an agent for completed economic return of a well-utilized young workforce. However, difficulties arose when using the dependency ratio as the dependency ratio has a weaker association with labor market factors ($r = 0.237, p < 0.01$) thus high dependency burden constraining employment prospects.

There is also formative levels of education that were found to have been a critical factor. The relationship between education and the dynamics of the labour market and economic growth that has been revealed as positive and significant ($r = 0.559 ; p < 0,01$ and $r = 0.666, p < 0,01$) proves the worth of education as a factor stimulating productivity and innovation (World Bank, 2021). These observations are in line with the human capital theory to because education is key in enhancing labor force quantities (Al-Khraif *et al.*, 2022; Bawazir *et al.*, 2023; Bawazir *et al.*, 2020). Increased spending on vocational training and skill development activities might help to close the currently existing skills deficit, which is often mentioned by employers as a limitation (Danforth, 2016; Kinawy & Ahmed, 2024; Lin *et al.*, 2021).

Surprisingly, the level of relationship between the population dependency ratio and the labor market variables indicated low and statistically insignificant relationship ($r = 0.237$), implying that reduced dependency ratios alone, can not be able to solve labor market problems.

Coordinated efforts are required to address employment concerns and the development of broad-spectrum employment generation initiatives dominating entry-level jobs are required. Furthermore, a regression analysis of dependency ratio in relation to the economic growth rates reveal a positive correlation with dependency ratio ($r = 0.920, p < 0.01$); therefore, macroeconomic strategies directed on the decrease of dependency can facilitate the increase of GDP ((McKee *et al.*, 2017; Pavan, 2021; Polyzos *et al.*, 2022; Ramady, 2010).

The findings denote the importance of the Saudi Arabian authorities to adopt specific policies that deals with the areas of education and skill development, and wise policies aimed at economic diversification to unlock the potential of its youthful population for economic development. It is apparent that the consequences contributing to Vision 2030 support youth power for sustainable development.

CONCLUSION

The present study provides empirical evidence of the effects of Saudi Arabian youth and Schooling Gender Parity on Saudi Arabia economic growth. For producing the quality human resource for Saudi Arabia and taking it to the next phase of development, where they can achieve higher levels of education and can equip the youth with the skills they need in the Saudi Arabian job market would make little difference and would only amplify the Saudi Arabian economic returns. However, the study also identifies some challenges, high population dependency ratio, meaning that employment opportunities and hence productivity of the population are also limited. However, using the dependency ratios this study has observed a positive relationship between economic development and the dependency ratios; therefore, the right policies on dependency as well as encouraging employments among the youths is vital for steady economic advancement.

These results are in concordance with the goals of Saudi Vision 2030, which claim to establish youth engagement and develop other industries rather than oil industry. As a key demographic in Vision, 2030 transformative agenda, there is need to put focus on the youths empowering the youth population. The accomplishment of these objectives will therefore require efforts to overcome hurdles including high dependency ratios, shortage of skills and unemployment. Commitments to education changes, trainings and exploration can make Saudi Arabia reap the benefits of a young population.

Recommendations

Several targeted recommendations are proposed in order to be able to exploit Saudi Arabia's youthful population to the maximum. First, the government should improve the effectiveness of the programs designed to help overcome the lack of skills that employees complain about. Training that increases the personnel's technical and soft skills is one of the best ways to enhance readiness of workers. Second, there is a need to diversify the economy; sectors which they should focus on include technology, energy from natural resources, and tourism, which will provide employment to more youths. Third, youth focused policies of employment like tax rebates to employers recruiting youth and young entrepreneurs grants supports hiring and fight unemployment among the youths (Ventura, 2024). Fourth it implies that there is potential to bring down high dependency ratio through macroeconomic techniques like economic incentives on employment and or birth control. Furthermore, by increasing enhancements of curricula to support the labour market demands and prioritising science, technology, engineering, and mathematics (STEM) education, can lead to innovation and economic performance. Gender parity should also be maintained through efforts to promote women employment schemes to increase women employment rates (Thompson, 2021).

Suggestions

Future research should refer to the investigation of the long-term consequences of youth policies to decrease unemployment in Saudi Arabia and increase the economic growth. Further research may look into the usefulness of particular training initiatives aimed at youth training and employment in an effort to build their skills to fit market needs with an emphasis on demand industries including: energy from natural resources, information technology and tourism. Moreover, there is potential for other research works with reference to cultural and social factors for instance family expectations and social norms as influences to youth employment. A more interesting research program would be exploring the effects of gender-oriented programmes, especially employment generation activities for women, on total organisational productivity and social justice. Finally, a study of the effects that curriculum improvements and STEM education Endeavours have on inventiveness and start-up activities of Saudi youth may provide more

complex perspectives on the creation of a knowledge-based economy.

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