It was a rare opportunity to present Training’s message firsthand to top management. The various reports amounted to a status report on training in 1962. The staff members and the subject of their reports to management were as follows: James Mileham, Industrial Training Centers; Don Richards, Industrial Training Shops; Ed Thompson, Management Training; Bill O’Grady, Saudi Development Program; Vince James, senior-staff schools; and Harry Snyder, Saudi Arabian Government/Aramco Education Services. A summary of those reports follows.

**Industrial Training Centers:** The three district ITCs had 2,600 students in assigned training, 1,400 in voluntary classes, and a staff of about 130. ITC enrollment had leveled off and was expected to decline as the work force continued to shrink. There were a total of 79 classrooms in the three district ITCs, and 20 other classrooms in outlying areas. The ITCs offered a job-related curriculum including eight years each of English, Arabic and mathematics; five years of science; two years each of history, geography, drafting and blueprint reading; and one-and-two-thirds years of typing. The upper grades were considered to be at the same level as the average U.S. high school. A major concern: “Reduction of American teaching manpower ... is undoubtedly reducing the quality of our service,” Mileham said.

**Job Skills Training and Industrial Training Shops:** The three district ITSs had a total of 528 students in 42 shop classes. The majority of students were experienced Saudi workmen taking specialized short courses in craft work such as bottom-hole testing, instrument applications, sketching and blueprint reading, and electrical theory. For high-potential employees with at least six years of public-school education, the ITS offered an accelerated two-year course in general mechanical subjects. A person completing this course along with ITC level four programs in English, math and science might be classified as a beginning helper. One more successful year of ITC and specialized craft training at the ITS, along with on-the-job experience, qualified the trainee as a full job craftsman. Major concerns reported by Richards were: getting trainees prepared academically for ITS classes, training craftsmen who were used as instructors how to teach, and following up at the job site to make sure ITS teaching was practical and usable.

**Management and Special Training:** There were now five basic management training courses covering a broad range of Saudi employees, from helpers with supervisory potential, to supervisors (mushriifs), up to full-fledged foremen (muraqtibs). The education level in this group ranged from illiterate men with no schooling to high school graduates. The beginning management training course, Essentials of Leadership, was for men with supervisory potential. The most advanced course, Management Responsibilities at the Unit Level, described the duties and responsibilities of foremen as outlined in the company’s organization manual. Part-time supervisory training courses for foremen, previously confined to Dhahran, were offered at Ras Tanura and Abqaiq for the first time during 1962. As yet there were no training programs for Saudis with a college education. Most of their training was being done on the job by a supervisor. But it was time, Thompson said, to develop a management training course for college-educated Saudis. Although the number of college-educated Saudis in Aramco was small, about 50, the number was expected to grow rapidly in the near future. In addition, Thompson said, each college graduate should be included in the Management Development Program, where they could be appraised and where development plans could be drawn up.
for them. Thompson expressed concern about the lack of well-qualified American management trainers. The only experienced American management trainers in the districts were Frank Jarvis in Dhahran and Al Lampman at Ras Tanura. The districts were trying to conduct management training using Saudi instructors.

**Saudi Development Program:** The aim of this program was to develop high-potential Saudi employees. There were 56 Saudis on out-of-Kingdom training assignments in 1961, an increase of 27 over 1960. The list included 29 Saudis in college courses, 21 in one-year preparatory training for college work, and two in short-term work training programs in the Middle East. In 1961, for the first time, Saudis went out of the Kingdom (other than to Bahrain) on job assignments — three for on-the-job training in U.S. oil fields, and one to the Beirut area to gain experience in public relations. Major concerns were the development of programs to assimilate returning college graduates into the work force, and what O'Grady called “the much more difficult” problem of handling young men who failed to successfully complete out-of-Kingdom training.

**Senior-Staff Schools:** Enrollment at Aramco’s senior-staff schools totaled about 1,150. The number of American students in senior-staff programs, including students attending colleges and high schools outside Saudi Arabia, nearly equaled the number of American employees on the payroll. Major concerns included the cost of education and the rising number of Saudi senior-staff employees with children in Aramco senior-staff schools. There were 30 Saudis enrolled in senior-staff schools and 90 expected by 1964. There was already pressure, James said, to modify the curriculum to more closely fit Saudi Arab cultural needs.

**Saudi Arabian Government/Aramco Education Services:** Since the program began in 1953, the company built 15 government schools with a capacity for 3,900 students at a total cost of $5.25 million. To meet its obligation to provide schools for the sons of Muslim and Arab employees, the company would have to build 12 more elementary schools in the 1960s. In addition, the company had reached an agreement with the government to construct intermediate schools for boys, as well as both elementary and intermediate schools for girls. Snyder estimated that the company would have to build five boys’ intermediate schools, 22 girls’ elementary schools and nine girls’ intermediate schools. The total of 48 additional schools would cost about $23 million.

Beach was ebullient following these presentations. The training reports had been well received by management. Beach felt the relationship between the Training Department and upper management, which had been strained during the Hall era, was improved and the morale of department employees had been given a boost at the same time. Beach invited trainers to his house for dinner. During the evening, O’Grady remembers, “Beach was very upbeat. He was happy and he was effusive in his comments and compliments to the group. It was my clear impression he was delighted at the way things had gone.”

Later that same year, 1962, Beach resigned to take a job with the Compensation and Executive Development Department of Standard Oil Company of New Jersey. “I knew I was going to be out of Aramco when I was 60. I took the Standard Oil job so I could work until 65,” he said. Although his tenure as director of Training was only two years, it had been an effective transition period. He had inherited a dispirited organization. When he left, a measure of enthusiasm and respect had been restored.

**John Pendleton Becomes Director of Training**

As a replacement for Beach, the company selected a distinguished Rhodes Scholar, John Pendleton. He had been a professor of English at the University of Rochester, an Army Air Force officer in the European theater during World War II and an academic assistant to the president of the University
of Alabama. Friends described him as an erudite and cultured man, with a dry, friendly wit expressed in the measured accent of his native Virginia.

Pendleton joined Aramco in 1956 and came to Dhahran as coordinator of Arabian Research in the Government Relations Organization. He was administrator of the Government Relations Policy and Planning staff prior to taking the training job. Pendleton had impressive credentials, but he had moved in Government Relations circles and so was not known to the people in Training. When the announcement of his appointment was made on October 3, 1962, some trainers asked, "Who’s Pendleton?"

Although he had little industrial-training experience, Pendleton was a seasoned administrator and a man of stature within the company. There was some tension, even hostility at times, between Training and the line organizations. Training needed a capable defender. O’Grady likened it to finding a man to fill a key position on a football team. "Management was faced with the need to come up with someone to run the Training Organization who would be of sufficient stature to hold the organization together and back the line people off the line of scrimmage."

**Saudi Roles Continue to Grow**

By 1962, Saudis held one-third of the company’s supervisory positions - 467 out of 1,416 — an increase of 150 Saudi supervisors during Beach’s two-year term. There were the three Saudi division heads, men recognized more for their technical knowledge than administrative skills. All other Saudi supervisors, however, were either foremen (muraqibs) or segment-level supervisors (mustshifis), the two lowest supervisory rankings in the company. No Saudis held positions as section leaders, department heads or executive-level employees. Saudis held only 15 percent of the foreman positions in the company. Saudis dominated at the supervisor level, the lowest-ranking management position. Fifty-one percent, 406 out of 799, of the segment supervisors were Saudis. It was Saudis supervising other Saudis in almost all cases.

Many Americans, especially executives of the owner companies, still pictured the Saudi-American partnership at Aramco as a pyramid with Americans at the top and Saudis in the lower-level positions. In their view, Saudis might advance to foreman or occupy middle-management jobs, but key management positions could be handled only by Americans. This attitude began to change as events outside Aramco made it increasingly certain that Saudis would one day move into top levels of the company.

These events took place on an international stage. In 1959, and again in 1960, Aramco and other major oil companies cut the posted price of oil — the price on which royalties and taxes were figured — without consulting the governments of the oil-producing nations. The price of oil fell from $2.12 a barrel in early 1959 to $1.84 a barrel by mid-1960. Oil industry experts estimated the cuts would cost Saudi Arabia and the three other major oil-producing countries of the Middle East about $235 million a year in lost revenue.

The Arab oil-producing countries were united in their alarm over the loss of funds and at the unilateral nature of the cuts. The oil companies’ explanation, that the price was reduced because of a surplus of oil in the world market, did not satisfy the Arab community, nor did it explain why the cuts were made without consulting the oil-producing states. Arab producers were determined to have more say in the policies of the
foreign-owned oil companies operating within their borders. In 1959, members of the Arab League organized the Arab Petroleum Congress, the first forum where delegates of Middle East countries could meet to discuss oil-related policies. This was followed by the creation of the Organization of Petroleum Exporting Countries (OPEC) in August 1960, a coalition open to all oil-producing countries in the world.

The emergence of these organizations was a cause for concern in Aramco management. Some of the oratory during the Third Arab Petroleum Congress, at Alexandria in 1961, left Aramco executives convinced the company was in a battle for its life. Mel LaFrenz, who became director of Aramco's Management Development Program in 1963, explained: "It became apparent Saudis were going to go beyond the supervisory level because it was considered a necessary move to lengthen our concession. The one thing we needed on our side was able Saudi Arabs who were in positions with considerable responsibility and felt they were treated right, and wanted to continue in this manner."

The company began to move faster than ever before to prepare Saudis for positions of greater responsibility. Between 1960 and 1963 the number of Saudis on out-of-Kingdom training assignments rose from 29 to 110. In the same three-year period, the number of Saudis at the senior-staff level increased from 50 to 110. In addition, the company began to examine its organizational structure, in order to redesign job requirements and otherwise facilitate the movement of Saudi Arab employees into higher-level jobs.

The accelerated promotion schedule benefited employees from other Arab countries as well as Saudis. In April 1961, the company suddenly elevated about a dozen teachers from Middle Eastern countries other than Saudi Arabia to senior-staff status at grade code 11. They were the first teachers of Arab extraction to reach that grade code. One of them was Khalil R. Nazzaal, a native of Palestine and a graduate of Durham University in England, who began teaching English at the Dhahran ITC in 1960. Nazzaal and other university graduates among the Middle Eastern teachers had been hired at the grade code 10 level. They quickly became resentful at not having the same senior-staff privileges as the grade code 11-plus, university-trained American teachers enjoyed.

"Several of us in the Dhahran ITC had applied to teach in the Sudan," Nazzaal recalled. "We were about to leave when we got the surprise of our life. Frank Jungers (then acting general superintendent of Industrial Relations) came to the school and took three of us into an office. He closed the door and said, 'You three have been appointed to senior-staff status.' It was like someone coming up and saying, 'You've been made a lieutenant general.'"

Nine or 10 other Middle Easterners teaching in Abqaiq and Ras Tanura were promoted that same day in the same unceremonious manner. After that, every bilingual teacher classified as an advanced ITC teacher was recruited as a grade code 11.

One of the first things Nazzaal did to take advantage of his senior-staff appointment was to find housing on the Aramco compound in Dhahran. He was never told why he and the others were elevated so abruptly to the senior-staff level. Jungers, many years later, said, "They were selected because of outstanding performances and bilingual qualities. We wanted to equalize their grades with Americans but were careful to raise grades only on those who had certain high-level qualifications."
In 1962, a Western-educated attorney, Ahmed Zaki Yamani, was named director of Petroleum and Mineral Resources for Saudi Arabia. He adopted a moderate approach in government relations with Aramco. In a 1963 speech, Yamani said the country's economy was based on free enterprise, and therefore any forced Saudization of Aramco would upset the economic balance.

The company's worst fears were eased, but the longer-range requirement remained. Barger, in a letter to key management personnel in 1963, wrote: “Perhaps the biggest challenge we face in the next few years is in training and developing Saudi Arab employees. We have done a commendable job in training Saudis for performance-level jobs and for first-level supervision. Continuing aggressive action is required to achieve similar accomplishments in moving Saudis into professional and management-level positions.”

The company set out to identify Saudis who might one day occupy top positions in Aramco. Tom Collier, director of Management Development, reported to the Executive Management Council in September 1963 on employees who seemed to have the potential to fill key management positions. His list included Saudi Arab names for the first time. Collier reported that 190 Americans and 20 Saudis had been identified as candidates for the top 210 jobs in the company.

“Currently,” he said, “we have over 100 senior-staff Saudis. About one-third of them are foremen in nonprofessional areas. On average they have significantly less than a secondary-level education; however, about one-third of the group are college graduates. Careful appraisals by supervisors indicate that the most optimistic forecast would be that with additional experience and development, 20 of the group have the potential to advance into key positions.”

Saudis may not yet have reached the point where they could claim the qualifications to occupy key management positions, but neither could American management any longer feel as if it had a permanent monopoly on positions at the top of the corporate pyramid.

Aramco's Relationship with the Saudi School System

In the 1960s, Aramco began receiving more and better-educated recruits from the Saudi school system than ever before. During his tenure as Saudi Arabia's first education minister from 1953 to 1960, HRH Amir Fahd ibn 'Abd al-'Aziz Al Sa'ud (who became King in 1982) reorganized and modernized the school system.

Early in his ministry Amir Fahd got Aramco to sign an agreement under which the company was obliged to build and fund the operation of public schools for the children of its Arab and Muslim employees. Amir Fahd also negotiated an agreement in which Saudi Arabia and other members of the Arab League established a standard number of years for each level of schooling, from elementary to college. The agreement called for a six-year elementary school cycle, a three-year term of intermediate schooling, three years of secondary schooling, and a four- to five-year higher-education program. During his ministry, the government initiated a scholarship program through which college degrees were earned by hundreds of bright young Saudis, including several men who went on to have distinguished careers as Aramco executives. One of them...