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The Role of Attracting Foreign Labor in Improving the Job Performance of Algerian Employees: Sample of Algerian Private Economic Institutions

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Abstract:

This study aims to determine the impact of foreign labor recruiting on the job performance of local employees in private economic institutions in El Oued Province, located in southeastern Algeria. To achieve the objective of the study, and after reviewing the legal and regulatory framework for recruiting foreign labor in Algeria, the opinions of a group of local employees affiliated with these institutions were measured through a questionnaire designed to assess their views on the impact of foreign labor on their job performance across the axes of on-the-job training and learning through interaction, the development of initiative, and the development of team spirit.

After statistical processing of the collected data using the SPSS software, the study found a statistically significant positive impact of foreign labor on the transfer of skills to local employees through the axes of on-the-job training and learning through interaction, as well as the development of initiative. However, the same impact was not found regarding the axis of developing team spirit.

Keywords: Attracting Foreign Labor; Foreign labor recruitment, Local labor, Job performance.

Jel Classification Codes:

I. INTRODUCTION

Among the manifestations of global trade liberalization is the movement of human capital across various international political entities, embodied in the labor component seeking more incentivizing employment opportunities, considering several factors such as wages, the work environment, job satisfaction, and, of course, the quality of life in the target countries.

The search for more suitable international employment opportunities represents the supply side of the international movement of the human factor of production. Meanwhile, the demand side is represented by international entities, including countries and economic organizations, recruiting highly skilled foreign labor as highly qualified human capital that can be leveraged through the transfer of international expertise and technology to improve management practices and achieve administrative efficiency (al, 2025) , while, of course, striving to maximize financial profits and economic benefits.

In consideration of nationally set objectives, governments seek to manage the foreign labor file in the country in a manner consistent with national economic interests within the context of global trade openness and enhancing the competitiveness and export capabilities of institutions (Marchal & Giulia Sabbadini, 2022-2023). This is achieved by benefiting from international human capital, embodied in the foreign labor force, in implementing local economic programs with the highest possible efficiency, provided that this does not come at the expense of the local labor force except in cases of its scarcity (Wagle, 2024). Consequently, the objective of employing foreign labor has become centered around economic benefits, the quality of local business projects, in addition to preserving the local labor force and developing its skills and qualifications through interaction and benefiting from international expertise (Hii & Evan Lau, 2025; Hii & Evan Lau, 2025).

To achieve the desired goals, particularly concerning the job performance of the local labor force, a suitable environment must be developed through a set of legal and regulatory mechanisms to manage the foreign labor file at the legal and administrative levels. This is in addition to evaluating the effects of the presence of this labor on institutional management and the job performance of local workers (Erumban & Abbas Al-Merjen, 2024).

1. Research Problem:

This study aims to describe and analyze the impact of foreign labor on the job performance of local employees in a sample of private economic institutions in El Oued Province, southeastern Algeria, by answering the following questions:

- What are the laws and instruments regulating the recruitment of foreign labor in Algeria?
- What are the mechanisms that enable the improvement of job performance among local employees in private economic institutions in El Oued as a result of recruiting foreign labor?

2. Research Hypotheses :

- The foreign labor market in Algeria lacks the legal and regulatory mechanisms that facilitate the recruitment and organization of foreign labor.
- Local employees in private economic institutions in El Oued believe that recruiting foreign labor leads to an improvement in their job performance.

II. Methods and Materials:

To address the research problem and test the hypotheses, a survey-based approach was adopted by distributing questionnaires and analyzing responses to assess the contribution of foreign labor to improving the job performance of the institutions in the sample, beginning with theoretical foundations concerning foreign labor in Algeria and the mechanisms regulating it.

II-1 The Reality of Foreign Labor in Algeria

II-1-1 The Importance of Foreign Labor in Algeria

The importance of bringing in foreign labor to Algeria is attributed to several reasons, which have varied across different times and according to the country's economic conditions and the needs of the national economy and the state as a whole. These can be summarized as follows:

- Compensating for the shortfall, particularly in the fields of education, higher education, vocational training, and health. This was during the post-independence period.
- Benefiting from expertise and techniques for controlling technology and the mechanisms of heavy industries. This was during the period of the five-year plans and the state's industrial orientation.
- Benefiting from the quality of services and the low cost of labor, particularly during the era of economic openness and the state's direction towards constructing major infrastructure projects such as the highway and large housing projects. This period was accompanied by a significant reluctance among Algerian youth to work in the construction and public works sectors. Reliance was placed, in particular, on bringing in Chinese labor as a global model for speed of execution and low costs.

II-1-2 The Expected Objectives of Recruiting Foreign Labor to Algeria

Despite the Algerian governments' keenness to provide protection for the local worker from foreign competition—a stance characterized by insularity, mistrust, and a reluctance to use foreign labor—they may be considered remiss regarding certain principles that contribute to achieving other goals of strategic national dimension. These goals can be achieved by resorting to bringing in foreign labor, summarized as follows (EL-Djilani, 2005):

- Rebuilding the educational and health systems and providing citizens with services that meet their needs.
- Ensuring the provision of field training for Algerian executives and workers in various fields through interaction with foreign workers.
- Transferring technology and techniques for industrial control and mechanization.
- Increasing project productivity, reducing their costs, and shortening their completion time.

II-1-3 Legal Mechanisms for Regulating Foreign Labor in Algeria

Firstly: Legal Texts Governing Foreign Labor in Algeria

Given the sensitivity of bringing in foreign labor at both the economic and political levels, the Algerian legislator has enacted numerous legislations to

regulate and control it. A set of laws has been issued, the most important of which are (Mohamed, 2021):

- Order No. 66-211 dated July 21, 1966, relating to the status of foreigners in Algeria.
- Order No. 71-60 dated August 5, 1971, relating to the conditions for employing foreigners.
- Decree No. 72-33 concerning the application of the aforementioned Order No. 71-60.
- Law No. 81-10 dated July 11, 1981, relating to the conditions for employing foreign workers, which repealed the aforementioned Order No. 71-60.
- Decree No. 86-276 of 1986, amended and supplemented by Executive Decree No. 04-315, which specifies the conditions for employing foreign personnel in the services of the State, local authorities, and public institutions and bodies.
- Presidential Decree No. 03-251 dated July 19, 2003, relating to the status of foreigners in Algeria, amending and supplementing Order No. 66-211.
- Law No. 08-11 dated June 25, 2008, relating to the conditions for the entry, stay, and movement of foreigners in Algeria.
- Circular No. 1364/A.S dated May 19, 2014, containing the procedural guide for the operation, follow-up, and monitoring of foreign labor.

This significant body of laws has regulated everything related to foreign labor, particularly concerning:

- Procedures and modalities for the entry and work of foreign workers.
- Categories concerned with classification as foreign labor.
- Procedures for obtaining preliminary approval to employ foreign workers.
- Procedures for obtaining and renewing work documents (work permit, temporary work permit, receipt of declaration that the foreign worker is not subject to a work permit).
- Legal obligations of the foreign worker and the employing entity (their rights and duties).
- Penal provisions relating to violations.

Secondly: The Electronic Application for Managing Foreign Labor in Algeria

As part of the efforts to modernize public service undertaken by the Algerian Ministry of Labor, Employment, and Social Security, and through the National Employment Agency, an electronic application called GEMOE has been developed. GEMOE is a French acronym for the Program for Managing Employment and Foreign Labor (Gestion De L'emploi Et De La Main D'œuvre Etrangère).

This program was developed at the level of the National Employment Agency in coordination with the departments of the Ministry of Labor, Employment, and Social Security. It contributes to accelerating the processing of requests for preliminary approval to employ foreign workers and monitoring everything related to them. It has been operational since July 2020. Through it, the following can be achieved:

- Carrying out procedures for granting preliminary approval and electronically sending the file to the ministerial departments, which speeds up the processing timeline.
- Conducting the process of searching for the availability of positions intended to be filled from abroad within the National Register of Job Seekers, and exchanging information between the wilaya employment branch and the wilaya directorate of employment in this regard.
- Issuing and extracting work permits and documents for foreign workers.
- Monitoring the compliance of entities employing foreign labor with their commitments in the area of foreign and local recruitment placements.
- Tracking the dates for issuing and renewing work permits and documents for foreign workers.
- Compiling statistics on the presence of foreign labor in Algeria.

II-2- Study Methods and Tools

To conduct the field evaluation, a sample of several private institutions in El Oued Province, southeastern Algeria, that employ foreign labor was studied by distributing questionnaires and statistically processing the collected data.

II-2-1 Study Sample:

The sample included a number of employees from the institutions of El Tedjani Industrial Group, Royal Mondial Foundation, Najma Flour Mill, and Ouimer Animal Feed Manufacturing Company. A total of 45 questionnaires were distributed to the sample members, consisting of 25 statements divided into two parts as follows:

Part One: Includes personal data related to the personal and job characteristics of the study sample members (gender, age, length of employment at the institution, marital status, educational level, job position within the institution).

Part Two: Contains the study variables, which were in turn divided into:

- A first axis related to the independent variable of the study, represented by foreign labor.
- A second axis expressing the dependent variable of the study, represented by foreign labor and job performance.

The five-point Likert scale was also used to measure the study variables by assigning weights to the response values of the ordinal variables as follows:

Measurement Alternatives	Disagree	Neutral	Agree
Degree of Agreement	01	02	03

To prepare the agreement guide for analyzing the responses of the study sample members to the questionnaire statements, the following statistical indicators were adopted:

- **The Range:** To determine the ranges for the five-point Likert scale used in the study questionnaire, according to the equation: Range = Highest score on the scale - Lowest score on the scale = 3 - 1 = 2
- **Class Length:** To identify the shared position of all sample members on each statement and each axis, as follows: Class Length = Range / Number of scale points = ($2 / 3 \approx 0.67$)

The agreement ranges are determined according to the arithmetic mean value as follows:

Arithmetic Mean Range	Degree of Agreement	Availability Level (Assessment)
From 1.00 to 1.60	Disagree	Low degree
From 1.61 to 2.20	Neutral	Medium degree
From 2.21 to 2.80	Agree	High degree

The importance of a statement within an axis is determined based on the highest arithmetic mean value in the axis. If the arithmetic mean is equal between two statements, the lower standard deviation value between them is taken into consideration.

II-2-2 Reliability Test of the Questionnaire

Reliability is one of the essential tests, as it gives similar results or the same results if applied more than once under similar conditions, allowing the researcher to generalize the findings of their research. The following will test the validity and reliability of the tool used in this study. Cronbach's Alpha coefficient is one of the most commonly used coefficients by researchers to test the reliability of the study tool. Cronbach's Alpha coefficient is required to be greater than or equal to 0.6. The following table illustrates this.

Table No. (01): Cronbach's Alpha Coefficient for the Study Tool

Questionnaire Statements	Cronbach's Alpha Coefficient
25	0.689

Source: The outputs of SPSS.

From the results shown in the table above, we find that the Cronbach's Alpha coefficient value for all axes of the questionnaire is greater than the minimum threshold of 0.6, and the overall value for all questionnaire statements reached 0.689. This indicates the reliability of the study tool, meaning there is

validity and reliability in the axes. Therefore, it can be said that the questionnaire possesses reliability.

II-2-3 Testing Hypotheses Related to Improving the Job Performance of Local Workers:

First: Testing the Hypothesis Related to Training and Simulation-Based Learning

Hypothesis Statement: The foreign worker contributes to improving the job performance of local workers by using training and instruction to transfer their personal skills to them.

- **Null Hypothesis (H0):** The foreign worker does not contribute to improving the job performance of local workers by using training and instruction to transfer their personal skills to them.
- **Alternative Hypothesis (H1):** The foreign worker contributes to improving the job performance of local workers by using training and instruction to transfer their personal skills to them.

To test this hypothesis, the One-Sample T-test was used to compare the general average of responses (the overall average of the first axis items) with the hypothetical average of 3 at a significance level of 0.05, according to SPSS software. The following table shows the results of this test:

Table (02): One-Sample T-test Comparing the Average Responses with the Hypothetical Average

95% Confidence Interval		Difference Between Means	Significance Level (sig)	Degrees of Freedom	Calculated T Value
Upper Bound	Lower Bound				
-0,2111	-0,5889	-0,40000	0,000	39	4,284-

Source: The outputs of SPSS.

It is evident from the table that the significance value (Sig = 0.000) is less than the significance level of 0.05. According to the decision rule adopted for testing this hypothesis, it can be stated that the foreign worker contributes to improving the job performance of local workers by using training and instruction

to transfer their personal skills to them, from the perspective of the study sample. The table also shows the difference between the general arithmetic mean and the hypothetical mean, estimated at (-0.40000). This difference falls within the range [-0.5889, -0.2111] with a 95% confidence level, indicating that the general average of responses exceeds the hypothetical average (3). The general arithmetic mean for the foreign labor axis, estimated at (2.6000), falls within the range [2.21 - 2.80[, representing a high level of agreement regarding the items of the foreign labor axis.

❖ **Based on the hypothesis test results:** We reject the null hypothesis (H0) and accept the alternative hypothesis (H1): The foreign worker contributes to improving the job performance of local workers by using training and instruction to transfer their personal skills to them.

Second: Testing the Hypothesis Related to Developing Initiative Spirit in the Institution

Hypothesis Statement: There are statistically significant differences in the use of foreign labor in developing initiative spirit within the institution.

To test the hypothesis, we formulate it statistically as follows:

- **Null Hypothesis (H0):** There are no statistically significant differences in the use of foreign labor in developing initiative spirit within the institution.
- **Alternative Hypothesis (H1):** There are statistically significant differences in the use of foreign labor in developing initiative spirit within the institution.

To identify whether there are statistically significant differences in the responses of the study participants according to the initiative dimension, One-way ANOVA was used to clarify the significance of differences in the responses of the study sample members. The results are shown in the following table:

Table (03): Results of One-way ANOVA for the Mean Estimates of the Study Sample Members for the First Axis According to the Initiative Dimension

Variable	Source	Sum of Squares	F Value	Sig. Level
Initiative Dimension	Between Groups	2,445	4,928	0,001
	Within Groups	1,922		

Source: The outputs of SPSS.

The data in the above table indicate that the significance levels associated with the F-statistic were less than 0.05 for the initiative dimension, meaning there are significant differences in the mean responses of the sample members. Accordingly, we accept the alternative hypothesis at the 5% significance level, regarding the existence of statistically significant differences at the (0.05) significance level between the opinions of the responding study sample members concerning the use of foreign labor in developing initiative spirit within the institution.

❖ **Based on the hypothesis test results:** We reject the null hypothesis (H0) and accept the alternative hypothesis (H1): There are statistically significant differences in the use of foreign labor in developing initiative spirit within the institution.

Third: Testing the Hypothesis Related to Developing Team Spirit

Hypothesis Statement: There are statistically significant differences in the use of foreign labor in developing team spirit within the institution.

To test the hypothesis, we formulate it statistically as follows:

- **Null Hypothesis (H0):** There are no statistically significant differences in the use of foreign labor in developing team spirit within the institution.
- **Alternative Hypothesis (H1):** There are statistically significant differences in the use of foreign labor in developing team spirit within the institution.

To identify whether there are statistically significant differences in the responses of the study participants according to the team spirit dimension, One-way ANOVA was used to clarify the significance of differences in the responses of the study sample members. The results are shown in the following table:

Table (04): Results of One-way ANOVA for the Mean Estimates of the Study Sample Members for the Team Spirit Development Hypothesis

Variable	Source	Sum of Squares	F Value	Sig. Level
Team Spirit Dimension	Between Groups	0,525	0,751	0,613
	Within Groups	3,842		

Source: The outputs of SPSS.

The data in the above table indicate that the significance levels associated with the F-statistic were greater than 0.05 for the team spirit dimension, meaning there are no significant differences in the mean responses of the sample members. Accordingly, we accept the null hypothesis at the 5% significance level, regarding the existence of statistically significant differences at the (0.05) significance level between the opinions of the responding study sample members concerning the use of foreign labor in developing team spirit within the institution.

❖ **Based on the hypothesis test results:** We accept the null hypothesis (H0) and reject the alternative hypothesis (H1): There are no statistically significant differences in the use of foreign labor in developing team spirit within the institution.

III. Results and discussion :

The most important results are represented in the following points:

- Algerian laws and legislation related to bringing in foreign labor are governed by controls that facilitate their management according to the requirements and priorities of the national economy, particularly with regard to guaranteeing the right of local labor to employment. This represents legal abundance and organizational richness for optimal management of this file.
- The recorded variance in the viewpoints of local workers regarding the importance of bringing in foreign labor is attributed to the differences in opinions and orientations among workers.
- The foreign worker contributes to improving the job performance of local workers by transferring their personal skills through training and on-the-job learning via interaction.
- Foreign labor contributes to developing the spirit of initiative among local workers within the institution.
- No contribution of foreign labor was observed in developing team spirit among local workers within the institution.

IV. Conclusion:

Based on the findings of the study, the following recommendations can be made:

- Periodic review and updating of laws governing the recruitment of foreign labor to facilitate procedures for hiring foreign workers in a manner that ensures a genuine transfer of expertise and technology.
- Activating the training and instruction mechanisms provided by the foreign worker and monitoring them to ensure effective training for the local worker, and the local acquisition of these expertise and specializations.
- Expanding the areas of recruiting foreign labor to include various fields experiencing a scarcity of specializations or slow completion rates locally, in a way that serves the priorities of national development and the economy.

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Appendices:

Appendix No. (01): Cronbach's Alpha Test Results

Case Processing Summary			
		N	%
Cases	Valid	40	100,0
	Excluded[a]	0	,0
	Total	40	100,0
a. Listwise deletion based on all variables in the procedure.			

Reliability Statistics	
Cronbach's Alpha	N of Items
0,689	25

Appendix No. (02): Results of Testing the Training and Simulation Hypothesis

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
X4	40	2,6000	0,59052	0,09337

One-Sample Test	
	Test Value = 3

	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
X4	-4,284	39	0,000	-0,40000	-0,5889	-0,2111

Appendix No. (03): Results of Testing the Initiative Hypothesis

ANOVA					
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	2,445	8	,306	4,928	,001
Within Groups	1,922	31	,062		
Total	4,367	39			

Appendix No. (04): Results of Testing the Team Spirit Hypothesis

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	,525	6	,087	,751	,613
Within Groups	3,842	33	,116		
Total	4,367	39			