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Center for Mellemøststudier

News Analysis April 2018

The new role of women in the new Saudi Arabian economy

Martin Hvidt

News

The grand vision behind Vision 2030 is to transform the Saudi economy from one of oil dependence to a post-oil economy, where actual production and value creation is the economic basis for society and where job appointments primarily in the private sector is done on behalf of merits is the 'new black.' Over the last year, with Muhammed bin Salman as the de facto ruler in Saudi Arabia, a number of reforms especially addressing the youth and the role of the women in Saudi Arabia have been launched.

Summary

Muhammad bin Salman, the crown prince of Saudi Arabia and son of the current King, who accented to power in 2015, is a man of action. He was appointed Ministry of Defense and started a war in Yemen, he outmaneuvered Mohammed bin Nayef, the former crown prince and thus brought himself first in line to the throne, and has in November 2017 allegedly with the aim to stifle corruption, brought his major potential opponents from the business and media world but also from within the Royal family to bend to his rule. Parallel to this tactical maneuvering, his father placed him as head of the government entity, who oversaw the creation of *the Vision 2030* development plan, and the detailed catalogue of no less than 543 specific reform initiatives outlined in the *National Transformation plan 2016-2020* to implement the reform.

Mohammad bin Salman, the young crown price in Saudi Arabia, eagerly pursues the reform drive he initiated in 2017 with the Vision 2030 reform package. This news analysis focuses on the current initiatives aimed to include the women in the new Saudi Arabia.

Key Words

Saudi Arabia, Vision 2030, Women, Youth, Employment

About the Author

Martin Hvidt is Associate Professor at the Centre for Contemporary Middle East Studies at the University of Southern Denmark. He is specialized in the economic and social development of the Arab Gulf countries and has recently returned to the center following a three year professorship at Zayed University, Dubai.

Analysis:

The reform drive

The grand vision behind Vision 2030 is to transform the Saudi economy from an oil dependent economy to a post-oil economy, thus to place the Saudi economy on a more solid and economically sustainable footing. The driver behind the reform is, that the era of 'plentiful oil incomes' is grinding to a halt for two reasons. The income from oil is significantly challenged in the long run, both from a global overproduction and not least from the challenge by low cost of solar power. Secondly because Saudi Arabia as the country is experiences steep increases in the population. The old model, where the government through high oil incomes was able to secure the population high incomes and a comfortable lifestyle simply cannot be sustained any more. Through reforms, the economy need to be diversified, more sources of income and not least to be brought into balance. A key factor is this reform drive is that larger segments of the population need to work, migrant labor force needs to be reduced and job creation for nationals, i.e. Saudi citizens cannot any longer take place in the public sector. The private sector need to be revitalized, so it can be attractive for Saudis to work there.

As outlined in the National Transformation Program 2020: More jobs have to be created, the private sector need to play a greater role and the local content of the consumption has to be increased, or as it is written:

Contributing to Job Creation.

"The program's initiatives seek to create (more than 450,000) jobs in the nongovernment sector by the year 2020, thus contributing to the Vision's goal of providing opportunities for all.

Strengthening Partnerships with the Private Sector.

The private sector's contribution to funding of initiatives is quite significant, relieving the government of 40% of initiative funding. This moves the nation closer to fulfilling the Saudi Arabia's Vision 2030 goal of increasing the private sector's contribution to GDP.

Maximizing Local Content.

Some program initiatives contribute to localizing more than SAR 270 billion of content, increasing its added value, reducing dependence on imports, and creating job opportunities. As a result, the nation moves closer to fulfilling the goal of maximizing local content across sectors.

The role of women in Vision 2030

According to official statistics, Saudi Arabia has a total population of approximately 32 million people. Of these 12 million are migrants. Of these 32 million, approximately 11 million are employed i.e. hold a job that pays a salary. Of the employed 5 mill. are Saudis and 6 mill. are migrants. Of the employed 5 mill. Saudis, only 1 mill. are women. Phrased differently, out of the around 20 mill. Saudi nationals only 40% of the men are in employment and only 10% of the women. By international standards these numbers are extremely low.

In an effort to increase the total number of Saudis working, Vision 2030 makes a special effort to increase the percentage of women in the workforce. In order to start this process, Mohammad bin Salman has asked various entities in the public sector to post jobs targeted at the women. In January 2018, the General Directorate of Passports advertised 140 jobs for women to work in airports and land-border crossings. Allegedly the jobs were attractive. 107 000 women applied for these jobs and the directorate claim that the job adds posted on their website was visited more than 600 000 times. Recently the Kingdom's Public Prosecution Office announced that it would recruit women as investigators for the first time. The move by the Public Prosecution follows an announcement in January by the Ministry of Justice that it plans to recruit 300 women as social researchers, administrative assistants, Islamic jurisprudence researchers and legal researchers. In addition, employment of women within the military has been opened up.

The most visible initiative taken to bring women into the job market and change their status in society was the decree issued by King Salman in September 2017 which reinstated the right of women to drive. This will take effect on the 24 June 2018.

Besides the strong symbolic statement of change, embedded in this initiative, rolling back the ban on women's driving which was instituted in the early 1980s serves important functions related to bringing more women into the labor force and to increase work-related productivity. First, as it is now, if women need to leave the house, either the husband or an adult family member have to take her, or alternatively the family must employ a driver. Culturally, taxies are generally not an option unless at least two women travel together, and in the major cities in Saudi Arabia, public transport is not a culturally acceptable mean of transport, let alone, it is significantly underdeveloped. Hiring a driver poses no problems in well off families, but is a significant economic burden to the great majority of households which relies on an ordinary public sector salary. As such, transport becomes a significant problem both for the household and not least for the work-related productivity. Transporting a woman seizes two persons' time, and the time involved is significant, when taking the slowly moving traffic in e.g.

Riyadh into account. So, unless the job provides transport, it is nearly impossible for both parents to hold a job. Furthermore, in families without drivers, the husband is socially obliged to leave work to drive his wife if she needs to go to the dentist, doctor or other matters deemed important. Most employers, at least in the public sector, accept this cultural norm, implying that driving one's wife is a legitimate reason not to be present at work.

So, in this perspective reinstating the right of women to drive benefits the national economy in two important ways. First because the women, whom increasingly are well educated with more ease can enter the work force, second because the workplace will benefit, since the husband can spend more hours working and less in traffic queues.

Relaxing the religious hold on society

Among political analysts, it is believed that Mohammad bin Salman deliberately have chosen to relax the religious hold on society for political and economic reasons. Firstly, as pointed out by Kinninmont (2018), "young Saudis are preoccupied more with jobs, the cost of living, education and housing than with anything else." So, if Mohammad bin Salman can send signals that he is addressing these problems head on, it might increase his popularity among the younger segments of the population. His crack-down on corruption, and the enlargement of opportunities for women is said to be hugely popular among the youth. As mentioned above 60% of the Saudi population is below 30, so if he can prove actual reforms to this group, he might gain a widespread legitimacy among the majority of the population.

Secondly, bringing a larger part of the women into the workforce carry a significant economic potential. As everywhere in the world, stimulating women's entry into the job market adds a greater mass of talent, not least because women in Saudi Arabia increasingly are well educated. Furthermore, as highlighted above, presently more than 6 mill. jobs are occupied by expat or migrant workers implying that sizeable portion of the wages paid to these workers, leaves the country, and as such do not contribute the local economy. In a situation where more than 700.000 Saudi nationals are looking for a job, and an estimated 200.000 Saudis are entering the job marked yearly, it makes extremely good economic sense if the local population increasingly take over jobs now occupied by imported labor. And it makes even more economic sense if these jobs are taken over by nationals who did not work salaried jobs before. In this respect, society will benefit tremendously if educated but non-employed women can be channeled into such jobs.

Furthermore, analysts argue that the relaxation of religious controls over the public sphere, which most visibly implies relaxing control over women's dress code and behavior in the public realm serves another important aim, namely to attract more foreign investment and facilitate diversification into tourism and entertainment. Each year Saudis spend an estimated $30 bill. Dollars on entertainment and tourism in the Middle East, especially in neighboring Dubai. In an environment, which to a higher degree catered to the wishes of tourists, could be facilitated it is believed that a good part of these money could be spent at home, thereby not only benefitting the economy by increased local demand, but also by creating jobs for Saudis.

As such, relaxing the religious controls and enhancing the role of women in the public sphere have become important aims for Mohammad bin Salman in order to successfully transform the Saudi society into the post-oil era. On March 18 2018 he went as far as to say that 'Women should decide what type of clothing she should wear as long as it is decent and respectful' thereby saying that the black abaya – the hallmark of previous interpretation of Islam no longer is considered necessary. His overall challenge is to turn a population, basically spoiled by 60 years of high oil incomes, back to a more ordinary type of society where societal wealth is based on the skills, talent and hard work of the population. Redressing the role of women in society are seen to be an important part in achieving this goal.

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