

## The contribution of the Saudi woman in economic development

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### Keywords

Women contribution, Economic development, Labor work force participation, Education and GDP.

### Abstract

*The main purpose of the study is to analyze the contribution of Saudi woman in economic development of the country. This report develops an understanding of women contributions towards economic development. The method used to analyze the data was Pearson correlation. Through correlation we can determine the relationship between the variables. The study was a quantitative study. The data for five years was taken. Hypotheses development proceeded by focusing on labor work force participation, literacy rate of adult females and GDP rate within Saudi Arabia. Analysis was done on the results and the findings confirmed that there is a significant relationship between the variables. This study was of exploratory nature, it is recommended that this research be expanded to a statistically valid base within Saudi Arabia and then expand the study to additional countries. The findings showed that there was a high significant relationship between women labor work force participation and GDP. Whereas, there was moderate significant relationship between labor work force and literacy rate. Hence, there is a positive relationship between women contribution and economic development. The research is conducted within the context of Saudi Arabia and has certain limitation with further directions of conducting research in related field to get more accurate results.*

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### 1. Introduction

Economic development is a long-term process of building a number of interdependent microeconomic capabilities and incentives to support more advanced forms of competition (Sampson, 2004, pp. 1). Economic development can be measured through factors such as GDP rate, poverty, inflation, literacy rate etc. The contribution of women plays a significant part in the development of Saudi Arabia and can help develop the economy rapidly.

#### a. Statement Problem

The problem statement was to analyze the role of women in the development of economy. Women contribution in the economic development of Saudi Arabia suffers from numerous hindrances such as lack of education and limited access to empowerment. The challenges faced by the women in making contribution may become more severe where cultural factors are additional deterrents. There are limited studies that were conducted to analyze the contributions of Saudi women, this paper aim to determine the contribution of Saudi women towards the development of economy.

#### b. Objective of the Research

The main objective of the study is to determine the contributions of Saudi women in economic development and what factors are associated with it.

**c. Hypothesis**

Three sets of hypothesis based on the research area are rational. The sets shall be applied one after the other in the case to show the relationship between the variables i.e. if there is a positive or a negative relationship between them. The hypotheses are;

$H_1$  : There is a significant relationship between the contribution of Saudi Women and Economic Development.

$H_2$  : There is positive impact of Women Contribution on GDP

$H_3$  : There is a positive relationship between education and Women's contribution.

**d. Overview of the Study**

The study is divided into five parts. The first part is based on introduction which includes: problem statement, objective of the research and hypothesis and overview of the study. The second part deals with the literature review which includes: women empowerment and economic development, development of women education in Saudi Arabia and its major constraints, women employment and its current status in labor market. Third part deals with research methodology. Fourth part presents the analysis on contribution of Saudi women in economic development and focuses on the factors that are responsible in making contribution of women in development of economy. Fifth part comprises of the conclusion, which summarizes the whole research along with future recommendations.

**2. Literature Review**

For comprehensive view of the study, academic and current literature was reviewed.

**a. Women Empowerment & Economic Development**

Empowerment means giving authority or power to strengthen and build confidence in someone (World Bank, 2001, pp. 1). It is recognized that empowerment could be used as a tool for sustainable development in various fields i.e. Education and resources decision making power and authority and even in feeling sense of responsibility (Fatany, 2007, pp.26). Empowerment means to give authority or power such as could to strengthen and build confidence in them (World Bank, 2001, pp.2). It was considered in the society that women's empowerment may substitute the men's working force.

Gender development and the role it plays in national progress is a significant. Every nation handles things differently and clearly cultural context is of paramount importance, something that is especially true in the case of Saudi Arabia. This paper helps the reader to gain further insight into the complexities and challenges faced in regards to the role women are permitted to play in economic development in Saudi Arabia.

The issue of gender as a contributing factor to GDP and economic growth is a significant topic. Saudi Arabia with its own conservative laws and habits has slowly begun to recognise the importance of enabling some limited opportunities, which it trusts will help move the country forward. This paper gives some insight into the unique challenges and the modest progress being made.

The definition of the empowerment vary, at times it portray as potential to make their choices while on the other hand it is also expressed as capacity to shape the choices and thus empowerment has proven to be an representative for women in old expired society, where women were considered as a deprived segment. It is also recognized that empowerment used in different context. For economic development there should be equal resource sharing among men and women (Zahidi, 2005, pp. 5). Global economic institutions, policies and national government's policies contribute to women's empowerment.

**b. Development of Women's Education in Saudi Arabia**

Development of education system in Saudi Arabia grew with the development of economy. Earlier girls were restricted to stay at their homes because of the traditional norms and gender segregation (AlMunajjed, 2009, pp. 8). On the contrary, today investment in female education has become crucial for the development of the economy. Education of women is related to various measures of development such as reducing population growth, improvement in health and nutrition and literacy rate is also increased (AlMunajjed, 2009, pp. 9). Investment by Saudi government for the development of education system and developing its economy by increasing foreign investment, increasing the contribution of women through labor force participation can lead the global economy to its height (Royal Embassy of Saudi Arabia, 2012, pp. 2). Together these developments have opened the Saudi economy to extraordinary opportunities. The best source for the growth of Saudi Arabia is to increase its GDP.

**c. Major Constraints Affecting the Education of Women**

The government of Saudi Arabia has mixed policies while treating women in light of Saudi law. The law Q 3:14 states that women are equal to the ground of cattle, horses, gold, silver and wealth and furthermore Q 2:228 states that men and women are not equal. However, there are many disadvantages in implementation of these laws and they are not fully implemented in the society. There is a mixture of traditions, laws, social beliefs, norms and policies that exert considerable influence on the lives of women and limits their opportunity to complete their education (AlMunajjed, 2009, pp. 10). Early marriages of women may also be the factor that can be a constraint in educating a woman (AlMunajjed, 2009, pp. 12). Traditional roles of men and women in the society always favor men over women. Low level of awareness among girls can also be the factor that keeps women away from education.

**d. Women's Employment in Saudi Arabia**

Labor market of Saudi Arabia reveals different potentials and challenges. In 2013, a survey by International Monetary Fund showed that 34% of women labor force was unemployed (Saudi Arabia: Selected Issues, IMF, 2003). The government of Saudi Arabia is making a lot of efforts to improve the position of women in terms of employment (Saleh, 2007, pp.337). However, there are number of factors that continue to hinder the participation of Saudi women in labor market to increase the performance of economic development (Fatany, 2007, pp. 49). Incorporation of women in labor market cannot be achieved overnight; it can be achieved if the government shift to knowledge based economy. Employment of women is a vital element for the macroeconomic policy to promote economic development.

**e. The Current Status of the Saudi Woman in Labor Market**

Female labor force participation has been one of the main sources of the Saudi labor market in developing the economy over the last fifty years (Asmari, 2008, pp.18). For evaluating the current status of the woman at the labor market, the researcher explore certain general feature that include specifying the number of females at the labor market, knowing the expected development rate by using available data and estimation of unavailable data.

It is conspicuous that there is a sluggish increase in the labor market in the numbers of females in comparison to the successive increase in those of males. This underlines the decline at the development rate of females when compared with those of males. For instance, the rate of women contributions reached approximately 7% in 2010, while was found to be around 3.5% in 2012; and that these situations are expected to continue till 2018 unless clear policies are adopted and conducive climate for women's effective absorption and involvement made available.

**Table 1:** This displays the numbers of females at the labor market for the years 2008-2012

Year	Male	Female	Total
2008	3513032	659487	4173019
2009	3580790	705725	4286515
2010	3706133	730428	4436561
2011	3835863	755996	4591859
2012	3970134	782459	4752593

Source: Saudi Arabian Monetary Agency-Annual Reports (47, 48 & 49), (2008-2013)

The manpower of both males and females has been estimated after 2012 by using general trend and by supposing the continuation of the situations as they were, in addition to comparing the rate of participation of manpower of both sexes (male and female) with the total number of the national accounted manpower.

According to the data of Table 1, when was glanced at the percentages of the females at the labor market during 2008, 2009, 2010, 2011 and 2012 reached 15.8%, 16.4%, 16.4% , 16.4% and 16.5% respectively, the researcher remarked the relative increase in the percentage between 2008 and 2009 and which increased in 2010, but remained stable later at 16.4%.

When you compare the rate of the national manpower participation at the labor market between 2008 and 2012, you clearly notice the substantial difference between the two sexes ; as the participation rate of females reached 15.8% and 16.4% respectively , whereas that of males reached in the same period reached to 84.2% and 83.6% respectively (Saudi Arabian Monetary Agency Report, 2012).

### 3. Research Methodology

After making a careful review of available literature on the subject, as well as using statistical data collected from the website of World Bank. The present study is based on quantitative methods of research; relevant secondary data was collected from the World Bank for the year 2008-2012. The secondary data collection system based on already collected information from different sources, it is considered as high degree of validity. SPSS was used to run the data and get the relevant results.

### 5. Findings

The finding for the study shows:

**Table 2:** This shows literacy rate, labor work force participation and GDP (in terms of %)

Year	Literacy rate Among Adult females (In %)	Labor Work Force Participation rate (In %)	GDP (In %)
2008	79.4	15	5.4
2009	80.7	17	1.8
2010	81.35	18	7.4
2011	87.5	18	5.6
2012	91	18	5.8

Source: World Bank (2014)

**Table 2.** Shows the data which is collected from the website of World Bank. The data shows the literacy rate of adult females of Saudi Arabia i.e. % of females ages 15 and above, labor work force participation rate and GDP in %.

**Table 3: Correlation between labor work force participation & GDP**

		Labor Work Force Participation rate (%)	GDP (%)
Labor Work Force Participation rate (%)	Pearson Correlation	1	.918*
	Sig. (2-tailed)		.028
	N	5	5
GDP (%)	Pearson Correlation	.918*	1
	Sig. (2-tailed)	.028	
	N	5	5

\*. Correlation is significant at the 0.05 level (2-tailed).

**The table 3.** Shows the correlation between labor work force participation of women and GDP. The result indicates that both variables are highly significant i.e. 0.918 which is greater than 0.05.

**Table 4: Correlations between labor force & literacy rate**

		Labor Force	Literacy Rate
Labor Force	Pearson Correlation	1	.367
	Sig. (2-tailed)		.543
	N	5	5
Literacy Rate	Pearson Correlation	.367	1
	Sig. (2-tailed)	.543	
	N	5	5

**The table 4.** Shows the correlation between labor force participation of women and literacy rate. The result indicates that both variables are moderately significant i.e. 0.367 which is greater than 0.05.

## 6. Discussion

The data used of literacy rate of adult females, labor work force participation of women and GDP rate of Saudi Arabia from 2008 to 2012, to trace out the relationship between economic development and indicators of women contribution: women's labor force participation and literacy rate of adult females. Analysis indicated that there was a significant relationship between each of them. Hence, Pearson correlation indicated the relationship between each variable. Women's contribution can improve the economic development through labor work force participation. Labor work force participation first declines and then increases helping the economy to move toward betterment.

Our analysis identified that there was high significant relationship between the women labor force participation and GDP which indicates that higher the participation higher will be the GDP which will eventually lead towards the development of the economy. Earlier the research conducted by Paxson & Mammen, (2000) stated that increase in labor force participation will eventually lead towards the increase in GDP which will develop the economy of the country. There is a little error i.e. 0.028 and the significant rate is high above the level of 0.05 i.e. 0.918. Hence, the hypothesis is proved that there is a positive impact of labor force participation on GDP.

Furthermore, Table 2 indicates the moderate level of significance among the labor force participation and literacy rate. This shows higher the level of literacy rate higher will be the

participation of labor force of adult women. Hence, awareness among women can be created through educating them.

Taken as a whole, the study indicated that there was a significant positive relationship between labor force participation and economic development and positive relationship between the labor force and literacy rate. However, to develop the economy women education level should rise and women should be employed and this will eventually increase labor force participation. The idea to educate women at higher level will make the economy grow faster and will enhance their contribution in the economic development of the country.

In addition, the idea that woman's economic opportunities to contribute in the economic development do not keep pace with men's development and this has led to argue that women become marginalized with development. The idea is implicit in the literature review of the study, which indicates that empowerment of women is necessary to let them take decision and help them contribute on the development of the economy (Fatany, 2007, pp.28).

## 7. Conclusion

All in all, the research was conducted to determine the contribution of Saudi women in the economic development and what factors are responsible in increasing or decreasing the contributions of Saudi women. The analysis concluded that labor work force participation plays an important role in increasing the GDP of the country. Equal participation of women in the society can develop the economy and. The obstacles that are faced by the women are lack of education and awareness programs. The findings concluded that there is a significant and positive relationship between women contribution and economic development; whereas economic development was measured in terms of GDP rate and women contribution was evaluated in terms of education and labor work force participation.

## 8. Research limitations & Direction for Further research

This research has certain limitations that restrict more accurate results to be developed. Time constraint serves as the major hindrance in conducting the study. There can be many variables that could be considered to measure the economic development such as poverty, inflation, GNP etc. Similarly, women contribution was also limited to labor work force participation and education in this study. Further research is necessary in this study to get more accurate results. In addition, the data should be compared with other countries to analyze the actual economic position of the country.

## 9. Recommendations

Taking Qatar as an example for Women empowerment in Economic Development

If female employment rates through empowerment were to embark on, to match the male rates, a country's GDP might likely see a considerable improvement. A top benchmark is the case study of Qatar, having the highest ratio of employed women in the Arab world. Qatar takes the lead in terms of employment of women as some 60 percent of Qatari women who are educated and employable have joined the workforce and playing a major role in economic development.

### a. Increasing Women's Participation Can Radically Change Arab Economies

The studies indicate that participation of women could drastically increase the GDP of the country (Saidi, 2013, pp.1). If women start participating same as men they can nearly double the growth rate. Increase in participation will increase the growth of Saudi Arabia by 8 to 9 % per annum by 2030 (Saidi, 2013, pp. 1). The economic performance of the country cannot be transformed through the magic of wind. Certain steps have to be taken to change the law, to marginalize and eliminate the discrimination against women.

## b. New Economic Fields for the Woman's Participation in Development

New Economic fields and awareness programs should be developed to increase the participation of women in developing the economy. Employment should be created for women so they can contribute more in the economic development. Education is the primary factor that should be considered to increase the participation of women (McKenna, 2009, pp.7).

## c. Change Laws & Regulations That Discriminate Against Women

Women empowerment is necessary to increase the role of women in the economy. Arab government has developed policies to eliminate the discrimination among genders. However, gender discrimination in Saudi Arabia is typically codified in law or civil codes (Saidi, 2013, pp. 1). In most of the Islamic countries women cannot do job or have to take permission from their male representative for employment. This requires a lot of effort to change the mindset of the people.

The World Bank's survey on Women, Business and the Law highlights that Saudi Arabia region is the one where women face highest number of restrictions (Saidi, 2013, pp.1). The greater parity is associated with labor force participation by women. There are limits on industries where women can work.

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