

American University in Cairo

AUC Knowledge Fountain

Theses and Dissertations

Student Research

2-1-2012

Salaries and promotions of Saudi women in private sector

Shahad Alhamdan

Follow this and additional works at: <https://fount.aucegypt.edu/etds>

Recommended Citation

APA Citation

Alhamdan, S. (2012). *Salaries and promotions of Saudi women in private sector* [Master's Thesis, the American University in Cairo]. AUC Knowledge Fountain.

<https://fount.aucegypt.edu/etds/1080>

MLA Citation

Alhamdan, Shahad. *Salaries and promotions of Saudi women in private sector*. 2012. American University in Cairo, Master's Thesis. *AUC Knowledge Fountain*.

<https://fount.aucegypt.edu/etds/1080>

This Master's Thesis is brought to you for free and open access by the Student Research at AUC Knowledge Fountain. It has been accepted for inclusion in Theses and Dissertations by an authorized administrator of AUC Knowledge Fountain. For more information, please contact thesisadmin@aucegypt.edu.

The American University in Cairo

School of Global Affairs and Public Policy

SALARIES AND PROMOTIONS OF SAUDI WOMEN IN PRIVATE SECTOR

A Thesis Submitted to the

Public Policy and Administration Department

**in partial fulfillment of the requirements for (the degree of
Master of Public Administration)**

By

Shahd Al-Hamdan

December 2011

ACKNOWLEDGMENT

I have spent approximately two years in the program of Public Administration. Yet, the knowledge I gained seems to be as if it was of a decade of practice. I hope that my condition of being a graduate student has strengthened my character and widened my perception. I have become older and wiser as my awareness about the world out there has expanded. For that I wish to thank my parents for their support when things were challenging, and for being there for me every time I needed their help. I know that they have always wondered where I was heading, but they should not worry because their love and support has made me what I am today. Both of them showed me the way to believe in myself and helped me in decisions I made. I would like to thank both of them for everything that they have done to me. Additionally, I would like to thank Dr. Ghada Barsoum for her continuous guidance and supervision. I really appreciate her helping me learn from my mistakes while working on the thesis and how to minimize my errors. I am really grateful that Dr. Jennifer Bremer and Dr. Elham Metwally have accepted to be my thesis readers; I really appreciate it. They gave me the chance to provide them with novel studies about Saudi Arabia's women rights as well.

Abbreviations

- CEDAW (The Convention on the Elimination of All Forms of Discrimination against Women)
- GAO (The Government Accountability Office)
- Human Resource (HR)
- KSA (Kingdom of Saudi Arabia)
- NLP (Neuro-linguistic programming)
- UNDP (United Nation Development Program)
- UNESCO (United Nation Educational ,scientific, and Cultural Organization)

SALARIES AND PROMOTIONS FOR SAUDI WOMEN IN THE PRIVATE SECTOR

Shahd Suliman

Supervised by Dr. Ghada Barsoum

ABSTARCT

This thesis examines the issue of Saudi women's salaries and promotions in the private sector. It explores the reasons behind the observed gap in salaries and discrimination in promotions and provides recommendations to mitigate the problem. The thesis is based on qualitative research methods, particularly on interviews with educated young and middle-career employees in companies in Saudi Arabia. Findings demonstrate that the main problem is not in Saudi labor law formulation, but in the implementations of these laws. Interviews show that there is a gap in salaries and financial promotions between Saudi female and male employees in most of the private sector companies. These private companies discriminate against Saudi women by giving them compensation packages that are lower than those awarded to men. Interviewees attribute the differences in managerial promotions between the Saudi female and male employees in a large number of private companies to discrimination, as some Saudi male employees do not accept the concept of a female as a supervisor to them. Interviewees identify two factors as related to this gap: lack of awareness about the Saudi labor policies and laws and weak implementation of these laws. Additionally, a company's specific compensation system is crucial to fair pay schemes to its employees. Interviewees note that the reason behind gender discrimination is the cultural values and not religion, considering that Saudis traditionally perceived men as being superior to women. Interviews also show that companies that fear for their reputation and seek to avoid penalties give Saudi females fair salaries based on their abilities.

TABLE OF CONTENTS

Abstract	4
I. Introduction.....	7
A. Statement of the problem.....	8
1. Mean Question.....	9
2. More Specific Question.....	9
B. Background.....	10
1. Saudi Women and Education.....	11
2. Saudi Women and Employment.....	13
3. Saudi Women’s Right to Drive and Other Conditions.....	16
4. Recent Policy Changes to Enhance Saudi Women’s Economic Participation.....	17
5. Laws and Policies of Saudi Women Employment.....	18
C. Conceptual Framework.....	20
II. Literature Review.....	23
III. Research methodology	27
IV. Data Analysis.....	29
A. The Profile of Saudi Women Working in the Private Sector.....	29
B. Women’s Payments and promotions in the Saudi Private Sector.....	32
1. Knowledge of Saudi Labor laws.....	32
2. Organization compensation system.....	37
a. Saudi Labor Laws Awareness.....	37
b. Negotiation Skills of Female Workers.....	37

c. Role of Human Resource (HR) Employees.....	40
d. Stereotypes about Saudi Women’s Work Abilities.....	41
3. Culture and traditions.....	43
a. Women in Managerial Positions.....	46
V. Conclusion.....	49
VI.The Policy Implication of the Findings.....	52
VII. Recomendations.....	54
Refrenses.....	56

I. Introduction

Women's employment is one of the issues that many countries support with the purpose of having better living conditions. These countries formulate laws meant to increase the rate of women employment. One of these countries is Saudi Arabia, as it creates policies to enhance the number of female employees. Saudi females' participation in the market increased and many jobs have become available for Saudi females in the last ten years. Furthermore, Kingdom of Saudi Arabia (KSA) sets the laws that protect Saudi women's rights in the workforce such as, the laws that support women's compensations. This thesis examines the values and perceptions around which compensation systems are applied in Saudi private companies. The main focus of the thesis is on two types of compensations, which are the salaries and promotions for Saudi women in comparison to men's salaries and promotions in the private sector. The objective of this thesis is to verify if the employees perceive a gender pay gap or discrimination process and the reasons for this pay gap or discrimination among Saudi men and women in the private sector. The thesis is based on interviewing employees from both genders in the public and private sector. The major finding of this thesis is that the issue is not in the laws themselves, but in how these laws are implemented. Furthermore, the statement of the problem will be illustrated in the next paragraph and the main issue of the thesis will be stressed.

A. Statement of the Problem

The population size in KSA is 22.7 millions. There are 6.2 million foreigners and 16.5 million Saudi citizens. There are approximately 8.2 million Saudi women in the country, however 2008 statistics show that only 1.2 million Saudi women are economically active (ILO website, 2011). According to the United Nation Development Program (UNDP) report on Women and Development Goals in The Third Millennium, Saudi female only workers represent 10 percent of the Saudi workforce (Al-Zaydi, 2009). Moreover, in 2008 the rate of Saudi women who were unemployed, though, ready for workforce entry and they did not find a job was 26.8 percent. In contrast, unemployment rate among males was approximately 6.8 percent. This demonstrates that the unemployment rate for women is four times higher than the unemployment rate for men in the workforce (AlMunajed, 2010).

According to *Arabian Business* in April 2011, the number of female employees in the public sector is higher than the one in the private sector. Thirty percent of Saudi working women are employed in the public sector, whereas, only five percent are present in the private sector (Attwood, 2011). The other 65 percent work from home or own their own businesses. Saudi women participating in the workforce are increasing and the fact of having a Saudi female in the work environment is becoming more acceptable. However, new problems have been highlighted. The topic of the differences in salaries and promotions on account of gender in Saudi Arabia is a major issue in the country's work environment for Saudi women.

The researcher decided to focus on this subject because researches on salaries and promotions policies among genders in Saudi Arabia did not provide information regarding women receiving smaller salaries or fewer promotions. The researcher wants to investigate answers for several questions of the paper. The questions are divided into two categories: main research question and some specific questions. These questions are:

1. The Main Question is

- Do Saudi women who work in the private sector face pay and promotion inequities? If so, what are the reasons?

2. More Specific Questions

- Do Saudi females receive all their compensations that the Saudi labor law has set for them?
- What is the perception about women's managerial promotions?
- Do organizations give female workers other compensations and benefits to fill the gap caused by salary disproportion?
- What is the role of religion and cultural factors in determining wages?

It is important to address this issue for three reasons:

- One of the objectives of the millennium development goals is to promote gender equality by empowering women. Thus, by addressing this issue, women in Saudi Arabia are likely to be empowered, with an impact on reducing gender discrimination.
- Saudi policies and laws support gender equality and this proves that this problem is not unfathomable.
- The rate of single mothers and single women in Saudi Arabia is increasing every year. In 2007, nearly 180,000 women (this is 2.4 percent of Saudi women population) were divorced (El-Fiki, 2008). In 2009, the number of divorce cases was 28867; this means that there have been approximately 79 divorce cases per day (Sall, 2010). A lot of Saudi women stay single for long periods of time and they lose hope and interest in getting remarried. There are more than 180,000 females in Saudi Arabia who reached the age of thirty and did not marry (El-Fiki, 2008). These females have the same responsibilities as males, thus meaning that they

should have the same salaries and promotions, especially if they have identical job descriptions and position titles.

Saudi Arabia does not have any laws that encourage work-related rules to prevent discrimination between genders concerning salaries and promotions. Even with that, there are a lot of laws about women compensations that companies fail to be put into practice. The next part will give the reader a clear background about Saudi Arabia and the Saudi women past and current situation.

B. Background

Saudi Arabia was established by King Abdul Aziz Bin Abdurrahman Al Saud in 1932 and it is located in the Southwest Asia. The main religion is Islam and the country's language is Arabic. In 2003, UNDP estimated that the literacy rate is 62 percent. The rate of Saudi women literacy is 50 percent, while the literacy percent in Saudi men is 75 percent. In 2002, the United Nation Educational, Scientific, and Cultural Organization (UNESCO) made an estimation to forecast the percentage of illiteracy reduction. The estimate shows that the illiteracy rate projected for 2015 in the case of women will be reduced to 17 percent while in the case of men it will experience a 9.5 percent decrease (Hamdan, 2005).

The following section addresses some issues related to women's position in the society and highlights the factors and events that affected their position in the country. These events and factors are mainly political and social.

1. Saudi Women and Education

The first factor that affected Saudi women situation is education. Ever since the early days education for males and females was encouraged in Saudi Arabia. Girls used to go to unofficial schools called "Katateeb". These schools were funded by citizens and in one of the cities, specifically, Makah, a lot of women volunteered to teach within the confines of their own homes. After that, the Katateeb were transferred to private schools. In 1942, the first school in Makah was established before having the General Presidency of Girls Education. Several schools were established after that and the "Katateeb" disappeared in 1960 (Bubshait, Al-Suwaiyeh, Moriss, Al-Bishr, Ferguson, Maud, Al-Jeraisy, Alameel, Brinji, Tsujigami, ALfayez, Alaloola, Alsagaf, Al-Shihri, Hsu, 2008). Saudi Arabia recognizes Queen Effat as the founder of Saudi women's education system. Education for women was officially permitted in King Faisal's time and his wife, Queen Effat, is the person who supported women education in 1943, at the time when she opened Dar Al-Hanan School.

A lot of barriers the Saudi culture in particular stood before women's education and was influential in setting back the women education system by 30 years in spite of the fact that schools are present in several cities (ibid). Saudi culture is the combination of several components such as, people's perception, norms, and values. The females' education system was negatively affected by traditional values involving people's mentality, their way of thinking, and their perception regarding Saudi women. The majority of Saudis believed that women should marry at an early age and that the only things that they should do had to be related to typical housewife activities. The Saudi culture was based on these concepts and on the conservative religious viewpoints.

Saudi Arabia has been the cradle of Islam, meaning that the country largely depends on the religion since the policies and laws of the country are formulated based on the religion principles. Some of

the religious men are against women empowerment, so they support the belief that women's emancipation and freedom in fields like work and education are perilous "Western ideas" (Arebi, 1994, p.17). This point is one of the concepts that shape the Saudi culture. However, the *Sharia* and the *Quran* promoted free education and work for women. They postulate that women have the right to study and work and that they have to be provided with equal civil and business rights (ibid). They also state that women should be financially independent.

Governments implemented policies to support females' education and in 1960 established the General Presidency of Girls Education. Additionally, the General Presidency of Girls Education took on the mission of recruiting qualified teachers. Therefore, the female teachers' intermediate institute was opened in the same year. In 1975, 29 institutes were opened for the same purpose and after some time colleges for teachers were opened. Some Saudi females enrolled in art and commerce majors in 1961 as part time students in King Saud University while others enrolled in health majors in one of the Riyadh institutions, this making it possible for the number of females in education to increase. For instance, the number of females in King Saud University in 1995 reached 20,655 students. There are many governmental universities in Saudi Arabia such as, King Abdul-Aziz University in Jeddah and Om Alkora in Makah and they focus on providing education for women. Because of the high demand for education among women, a great deal of private colleges and universities opened in the late nineties (Bubshait, Al-Suwaiyeh, Moriss, Al-Bishr, Ferguson, Maud, Al-Jeraisy, Alameel, Brinji, Tsujigami, Alfayez, Alaloola, Alsagaf, Al-Shihri, Hsu, 2008).

Another element that affected the women educational system was majors of specialization. In Saudi Arabia majors with high requirements such as, chemical engineering and political science are exclusively offered to males. There are no schools for women in Saudi Arabia that provide these majors. The common majors for females are physical science, business, and medicine. Some majors for women were opened between 2003 and 2007; for example, law and journalism. Engineering

majors are offered only in private universities for women, but not all fields of engineering are available for women. Until now political sciences and geology have been available only for men, this means that women need to travel abroad in order to study these majors.

The General Presidency for Girls' Education has been working separately from the boys' general presidency until 2006, when the Ministry of education took control of educational systems meant for both genders.

2. Saudi Women and Employment

The second factor that influences Saudi women's conditions relates to employment. Women entered the Saudi workforce step by step. Technology assisted them greatly, as many of them own online businesses (Bubshait, Al-Suwaiyeh, Moriss, Al-Bishr, Ferguson, Maud, Al-Jeraisy, Alameel, Brinji, Tsujigami, Alfayez, Alaloola, Alsagaf, Al-Shihri, Hsu, 2008). The Saudi government focuses on women empowerment and opened positions for women in the public sector (ibid). In 2003, Saudi female workers constituted 37 percent of the work environment in the public sector. The largest sector for their employment was the education sector. Official statistics provide information regarding the percentage of education jobs that are held by Saudi females, showing it to reach 84 percent of the jobs that are held by women in the public sector, while public health and social service positions that are filled by Saudi females represent around 7.5 percent (Bubshait, Al-Suwaiyeh, Moriss, Al-Bishr, Ferguson, Maud, Al-Jeraisy, Alameel, Brinji, Tsujigami, Alfayez, Alaloola, Alsagaf, Al-Shihri, Hsu, 2008).

The percentage of women in the private sector is particularly low when compared to the country's plans for development. The percentage of Saudi female workers in the private sector is 0.68 percent (ibid).

The public sector has better compensation packages, shorter working hours, and more stability than the private sector. These are the reasons that influence women in wanting to work in the public sector. Women also have interests in the public sector because most of the public divisions in Saudi Arabia give women and men equal salaries and because salaries in the public sector are higher than salaries in the private sector. Saudi men prefer the public sector for the same reasons. 39 percent of people working in the public sector are between 30-40 years old and 70 percent of them are married. Most employees are working in the educational sector. 65 percent of western employees work in the education sector. Furthermore, the private sector has the highest weekly working hours, the working hours in the private sector being between 35 to 39 hours; on the other hand, in the government sector the working weekly hours are below 29 hours (Mansour, Achoui, 2007).

When considering the private sector, training institutes and banks are believed to be the most important employers hiring Saudi women. Yet, Saudi females who work in the bank-related systems represent four percent of the employees of banks (Bubshait, Al-Suwaiyeh, Moriss, Al-Bishr, Ferguson, Maud, Al-Jeraisy, Alameel, Brinji, Tsujigami, ALfayez, Alaloola, Alsagaf, Al-Shihri, Hsu, 2008). Saudi females are active businesswomen; some of them own sole proprietorship factories and businesses, whereas others are enjoying the concept of partnership in various domains.

The most common jobs for Saudi women in the private sector are clerical, scientific, and technical and human technician jobs rating 25 percent of the women's jobs. The lowest rate for Saudi women is related to agricultural jobs, as their percentage is 0.1 percent (Al Masah Capital Limited, 2010).

The most rapidly growing field for Saudi women, especially for women who cannot go out of the houses for work, is the investment sector. Saudi females enjoy working as investors and speculators. For this reason a lot of females who study business prefer to pick finance as a business major. Another important field concerns voluntary work. In 2000, the rate of Saudi women in charitable societies was almost 9.2 percent, this being a positive indicator regarding the condition of women enrollment in the Saudi market (Bubshait, Al-Suwaiyeh, Moriss, Al-Bishr, Ferguson, Maud, Al-Jeraisy, Alameel, Brinji, Tsujigami, Alfayez, Alaloola, Alsagaf, Al-Shihri, Hsu, 2008).

Given that the opportunity of having a job is affected by the level of education and most Saudi women who are working in the country are holding secondary school certificates or higher, so getting a job is difficult for them. In 2007, statistics illustrated that 69.8 percent of Saudi female employees from age 15 to older are married, which limits their employment potentials because they encounter difficulty combining marriage and work (Bubshait, Al-Suwaiyeh, Moriss, Al-Bishr, Ferguson, Maud, Al-Jeraisy, Alameel, Brinji, Tsujigami, Alfayez, Alaloola, Alsagaf, Al-Shihri, Hsu, 2008).

In 2009 a statistical data and indicators on Saudi Human Resources illustrated that the total number of students enrolled in all educational levels are approximately 7103408 million and 3454877 are female students while the rest are male students. At the same year the numbers of secondary school Saudi students are 1388060 million students from both gender (statistical data and indicators on Saudi Human Resources, 2009).

On the other hand, a research done in 2010 showed that women's low level of education is not a barrier for Saudi women unemployment. Actually, women holding higher degrees are more numerous than men in the Saudi workforce. 93 percent of Saudi female employees hold university degrees or secondary qualifications while only 60 percent of Saudi male employees hold such

degrees. Unfortunately, in 2010 the percentage of Saudi women who held university degrees reached 78.3 of unemployment women, whereas the percentage of men who have same conditions was 73 percent (AL-Masah Capital Limited, 2010).

3. Saudi Women's Right to Drive and Other Conditions

A third relevant issue to women's position in Saudi Arabia is the issue of women's right to drive vehicles, which has been discussed since 1979. Saudi females started asking for their rights when they saw the American females driving in Saudi Arabia. Saudi females who live in rural areas drive cars, but women in cities are not allowed to do so. Until now women cannot find a clear reason for this situation (Huyette, 1985).

In 1980, the economy and complex society of KSA was enhanced and citizens had the desire to enjoy the new environment. However, the majority of people expressed their concern about protecting traditions and religion in KSA (ibid.). This new situation encourages Saudi women participation in the country's affairs. As a consequence, two groups were created: a liberal group who tried to empower women and a conservative group that refused to support women empowerment.

American presence in KSA was high during the Gulf War of 1990 and this affected Saudi cultural values because the two cultures interacted and westerners introduced new concepts that altered the position of Saudi women (Hamdan, 2005).

4. Recent Policy Changes to Enhance Saudi Women's Economic Participation

To encourage economic participation of Saudi Women, the Council of Ministers of 2004 decided to develop their economic activity. The strategy was done in four parts: enhancing mechanisms and plans, coordinating mechanisms, helping women to work in the private sector and promote them, and promoting the presence of Saudi women workers in the public sectors. (UNDP, Ministry of Economy and Planning, 2008, pg.40).

- In the first part human resource funds should focus on training Saudi females to enter the workforce and with the purpose of having qualified females for the job. The Ministry of Labor should work in partnership with the Ministry of Economy and Planning and the Ministry of Civil Service to create a plan to provide appropriate solutions for the Saudi women in the workforce. The Ministry of Labor and The Ministry of Commerce and Industry with the council of Saudi Chambers of Commerce and Industry should prepare a study about women hiring and other factors.
- In the second part The Council of Saudi Chamber of Commerce and industry created experience committees who will work with outsource agencies to increase the chance of jobs vacancy in the private sector for Saudi women without harming foreign women workers.
- The third part was promoting women's contribution in the private sectors by facilitating grantees licenses to women and providing regulations that support these grantees. Government agencies are the components accountable for issuing economic activities licenses. Creating work places for females is another important point.

The last part was related to promoting women's participation in government and would be accomplished by establishing women work units in government agencies that offer services for women (UNDP, Ministry of Economy and Planning, 2008, pg.40).

In September 2011, the political situation of Saudi women received a great boost. Females have been provided with the opportunity to run for offices in new municipal elections and to vote (CNN staff, 2011).

After having some details about the Saudi women's conditions in the country, the thesis will demonstrated some information about the laws and policies that affect the Saudi women in their work.

5. Laws and Policies of Saudi Women Employment

Saudi Arabia does not have a written constitution. The country is following the *Quran* and *Hadieth* in formulating its laws and policies. *Quran*, *Suna*, and *Sharea* are considered the country constitution, and the basis to Saudi laws and policies.

Moreover, another vital point that related the Saudi labor laws is that Saudi Arabia ratified the Millennium Development Goals Agreement, and also ratified Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) Agreement (Blanchfield, 2011). These international agreement gave Saudi women better opportunities for having laws that support their rights.

Moreover, the recent Saudization labor programs and policies that The Saudi Labor Ministry started in 2008 seek to encourage the private sector to hire more Saudi women. The saudization quota considers that recruiting a Saudi women is equivalent to two Saudi male employees (Al-Enezi, 2008).

In addition, there are more than ten laws specifically referring to Saudi women's employment. Article (159) is an example of women working laws that support Saudi female workers. It has been published on the Saudi labor and law website between 2005 and 2006 and addresses the following subjects:

- (1) An employer who employs fifty female workers or more shall provide them with a suitable place and with an adequate number of babysitters to look after the children under the age of six years, if the number of children reaches ten and more.
- (2) The Minister may require an employer who employs a hundred women and more in a single city to set up a nursery, either on his own or in conjunction with other employers in the same city, or alternatively to contract with an existing nursery to care for the children of female workers who are under six years of age during the work periods. In such case, the Minister shall set forth the terms and conditions regulating such facility as well as the charges imposed on the female workers benefiting from service.

Articles (150) and (151) are also meant to reinforce the position of women in the Saudi work force:

Article (150):

Women may not work during a period of night and the night hours are eleven consecutive hours, except in cases determined pursuant to a decision by the Minister.

Article (151):

A female worker shall be entitled to a maternity leave for the four weeks immediately preceding the expected date of delivery and the subsequent six weeks. The probable date of delivery shall be determined by the physician of the firm or pursuant to a medical report certified by a health authority. A woman should not be allowed to work during the six weeks consequent to the delivery.

This part shows the Saudi laws that support the Saudi women in the workforce and protect their rights, particularly, protecting their rights to earn fair compensation package. The next component in the introduction chapter will be the conceptual framework. The conceptual framework will give some details about the factors that deal with Saudi female workers' gap in salaries and promotions in the private sector.

C. The conceptual framework

Since Saudi Arabia is one of the countries who agreed on the millennium development goals, protecting women's rights and empowering them has become a compulsory mission in the country. This study aims to discover the reasons behind female Saudis employees' gap in salaries and promotions. The conceptual framework in this thesis focuses on investigating if there is a gap or discrimination in salaries and promotion between both genders; therefore, the researcher will define discriminations in the workplaces. Consequently, the researcher will highlight the factors that positively or negatively influence women's salaries and promotions in the private sectors.

- Worker discrimination: employment discrimination is related to the way of treating workers in an organization or a company differently or less favorably because the employee is a member in specific group such as, white or black groups or females or males group or he/ she has certain characteristic like, his/ her religion which leads to prices and quantities alteration (International Labor Conference, 2003).

Discrimination could be direct and indirect. Direct discrimination exists when laws, policies, and rules favorite some workers and people just because of their group identity. On the other hand, the

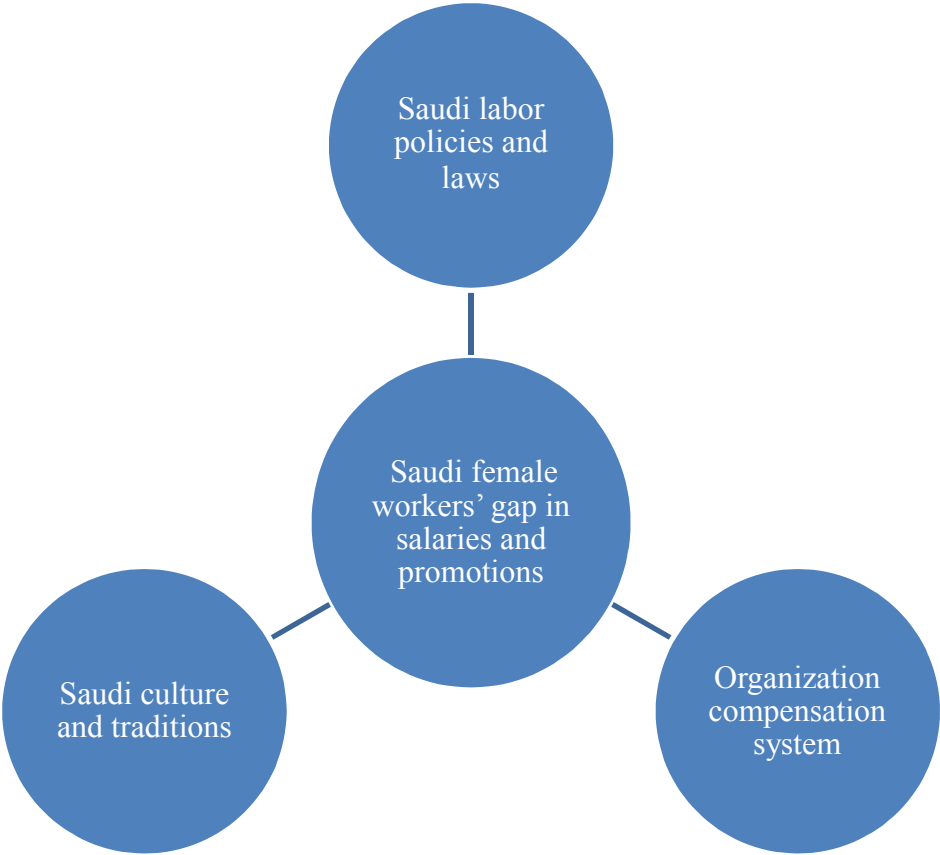
indirect discrimination exists when norms have disproportionate impact on identifiable groups without any rationalization (International Labor Conference, 2007).

Wages and promotions discrimination are types of worker discrimination and a worker's lower salary can be associated with the fact that the respective individual belongs to a particular group (Flabbi, N.D). The thesis will explore whether wage and promotion discriminations exists in the case of Saudi females. The thesis will also discuss whether discrimination is present throughout the economy or not. The text will also consider the extent to which salaries and promotions between Saudi genders are related to discrimination.

In this study the factors addressed in relation to Saudi female workers' gap in salaries and promotions:

1. Saudi labor policies and laws
2. Organization compensation system
3. Saudi culture and traditions

These factors will be investigated in the study through data collection and through diverse analysis methods.



II. Literature Review

Since there is a universal gap in compensation systems between genders, the researcher is interested in stressing different reasons that cause this issue. The thesis specifically discusses the topic of Saudi women salaries and promotions in the private sector work environment. The thesis lacks the statistical data to work within developing the sample frame; therefore, the researcher chooses the qualitative research to be the thesis method. The researcher in this thesis investigated if there is a gap or discrimination between gender compensation packages in the Saudi private sector. Therefore, in this section the researcher reviews the literature by demonstrating the reasons behind having a gap or discrimination in companies' compensation system. Some of the justification theories regarding a gap or discrimination between genders in salaries and promotions are human capital theory, education differences, and glass ceiling. This section discusses these approaches.

There are various theories that seek to explain the gap in salaries between genders. One of the theories that explain that pay differences in salaries on account of gender is the human capital theory (J.Bowen, D.Macfarlane, 2010). It relates to how each person makes his/her choice in investment based on rational consideration and to the time she/he raises her/his human values because of investing in human capital. The theory assumes that men and women will invest in different areas; for example, women will generally prefer to invest their capital in their home and family and this will decrease their chances of being highly productive and of having salaries equal to men (J.Bowen, D.Macfarlane, 2010). On the other hand, men will focus on developing their skills and productivity. As a result, these investments will make it possible for them to earn higher salaries. Moreover, the researchers showed that men are generally more highly educated than women and that they have higher salaries for that reason. (J.Bowen, D.Macfarlane, 2010). This not necessity the case for Saudi Arabia as what has been explained in the previous chapter.

Experience is considered to be one of the factors that led to a gap between genders in promotions and salaries. Since women tend to take time out of work for their childbearing, women not only are likely to have less experience, but also their skills and abilities for the work will be affected by the time they take off. If females and males job candidates have equal qualifications, employers are still likely to be afraid to train female employees for the fear that they can leave in the future. As a consequence, this influences the promotion and salary packages and increases the possibility of having differences between genders (Atchison,Belcher,Thomsen,2000).

Another explanation of pay gap relates to the majors that women prefer to study. Majors that are usually preferred by women such as, nursing and teaching have a lower salary rate because these positions require low competencies and skills (Dey, Hill, 2007). New majors were introduced for women in Saudi Arabia after 2003 such as, law, journalism, graphic design, and inertial design. As a result, these majors provide women with more chances to succeed in a patriarchal society. Unfortunately, majors such as political science and geology are not yet accessible for Saudi women. These majors have high requirements and are exclusively offered to men (Hartmann, 2004).

Researchers divided the jobs into three levels: elite, good, and less skilled jobs. Considering that women typically pick lower levels of work requirements, they are likely to be paid less. Therefore, in this situation, having a gap in pays between genders tend to caused by females' job selection, not because of gender bias (Hartmann, 2004).

Working hours are considered to be another reason for having a wage gap. Women's working hours are normally lesser than men working hours per year. The Government Accountability Office (GAO) found that a woman's average hours of working per year are 1,675 hours, whereas a man

works approximately 2,147 hours per year. This is yet another factor that led to the differences between salaries and promotions for females and males workers (The Advisory Committee on Social Witness Policy of the General Assembly Council, 2004).

Okpara, Squillance and Erondy in 2005 conducted a study on gender differences and job satisfaction in United States among academics and provided a reason for having discrimination between genders in the compensation system. The study shows that male supervisors, who are in control of promotions, assign low ranks of positions and low promotions to women. The study also explains that the supervisor has no reason for this action, except payment bias for women promotions, and this could be one of the factors that lead to glass ceiling (J.Bowen, D.Macfarlane, 2010).

The glass ceiling theory is another reason for having the discussed situation. Glass ceiling theory indicates that there are several factors that limit the improvement of women and push them one step behind in fields like culture, society, social history, and politics. These factors violate women's rights for no clear and rational reasons. (J.Bowen, D.Macfarlane, 2010).

Researchers Lalive and Stutzer in 2004 also argue that women do not negotiate with their employers about the payment. Females' negotiations about work payments are twice less as persevering as men's negotiations. Even when women negotiate their payment, they will still face resistance from other parties and will suffer social reprisals. Negotiation is thus one of the reasons for females employees promotions and salaries discrimination (Lalive,Stutzer,2004).

Human resource practice is also probable to lead to this unfair discrimination in salaries and promotions. The practice of human resource on payment for the newly hired individuals is based on

their previous salaries instead of being focused on responsibilities and experience. When a company issues a promotion which increase's salaries based on recent salaries, female workers face difficulty getting the same amount of salaries and promotions as their male correspondents. Top managers consider that paying same salaries and promotions for both genders is a very expensive strategy that company cannot afford and does not need to adopt to retain women high-caliber female worker. They, however, believe that the gap between genders' payments is not there and it does not exist. (G.Catherine ,M.Sharlene ,2005-2006).

In conclusion, research on gender-based discrimination has identified several reasons behind having a gap or discrimination in salaries and promotions between genders. Most of those reasons could be applied to Saudi Arabian and other Arab regions payment conditions.

III. Research Methodology

After stressing some of the theories that explained the reasons of having discrimination or a gap in the companies compensation systems between genders, the researcher in this section will illustrate the methodology of the thesis. The researcher used the qualitative research methods in collecting the data. The reason behind picking the qualitative methods for the research is to get more complex information about the issue and to investigate the factors leading to such behavior and action on behalf of employers.

The researcher interviewed Saudi females who hold a diploma, bachelor, master, or doctorate degrees and work in the private sector. Those employees' are working in different kind of companies. All the public employees who were interviewed are working in the health sector. The employees who were interviewed from the private sector are working in different size and kind of companies, big international companies, big, medium, and small local companies, as well as, private banks.

Some of the interviews had also been conducted with males who hold similar degrees to the female interviewees and work in the private sectors. This was performed in order to compare the opinions of different parties in the private sector regarding women salaries and promotions gap on account of gender in Saudi Arabia. Some female and male employees in the public sectors who hold the same university levels and degrees had been interviewed so as for the researcher to evaluate the differences between the private and public sectors when it comes to women compensation equity.

The researcher adopted the snowballing techniques in identifying information. The interviewees are fifteen Saudi female workers from the private sector, ten male workers with diverse occupations in private sectors, ten public female workers and five public males from the public sector. Two HR managers have also been interviewed because they have accurate knowledge about the

compensation systems of private organizations in the market and because they provide the researcher with a general picture.

Overall, the study included fifteen females' employees who work in private sectors and the two HR female managers from the same sector who had been interviewed are divided as the following:

Eleven of them are singles, two are single mothers, and the other two are married. One of the HR managers is married and the other one is single. All of the fifteen Saudi female employees have the same goals, which are improving their skills and being an effective role model in their society. Six of them are in the early twenties and hold bachelor degrees whereas the other six are in their late twenties. All of them hold bachelor degrees, with the exception of one who holds a master's degree. The last three employees are in the early thirties and one of them holds a master's degree while the others have bachelor degrees. When considering the two HR managers, conditions are relatively similar. One of them is in her mid thirties and holding bachelor degree and the other one is in her late twenties and holding a diploma degree. All of them speak English fluently, with one individual being unskilled in the language.

This thesis does not allow for a thorough analysis of applied compensation systems due to the small sample size. The researcher could tackled the structures, levels, or forms of payments and what exactly the hierarchy of the compensation system, since these information could not be available for people who do not work in these organizations. However, qualitative research is used to explain conditions under which the salaries of women in the Saudi private sector are determined. In the next chapter the data will be analyzed clearly.

IV. Data Analysis

A. The Profile of Saudi Women Working in the Private Sector

Before analyzing the data on salaries and promotions, the researcher will give a brief explanation about Saudi female employee characteristics that are demanded in the private sector. As noted earlier, there are very few women who work in the private sector in KSA. Since there is a lack of information about Saudi women private sector workers abilities, the researcher investigated Saudi women employees profile from the interviews. The researcher did not find any studies that show any data on Saudi women working, too. Researcher has found from the females employees who work in the private sector that there are five main characteristics that private companies seek for in their female candidates. These characteristics are education, personality, experience, the appearance, and the childcare availability.

The first vital characteristic that private companies seek in a Saudi female employee is education. These companies want to recruit females who are educated and from their perspective the definition of “educated” is related to two components: college or university certificate and the ability to speak a foreign language. The higher degrees that a female candidate has, the more job opportunities in the private sector will be available for her. These companies also want to recruit employees who speak and write English fluently and who master this language.

“Companies look for educated females, who speak and write fluent English” (Suha, Female, Master Degree, 33, International Company, Private Sector)

“Educated women” (Hala, Female, Bachelor Degree, 28, local Medium Company, Private Sector)

Another characteristic that companies want in females that they recruit is leadership skills. Companies seek females who are leaders. Private companies also search for women who are creative, innovative, and risk takers. Females who would like to work in the private sector should have strong personalities and should be in possession of a driven mindset that can take challenges and turn them into success. This female should have the desire for self development and growth.

“A female with a strong and driven mindset, who is hard worker and educated with keen ambition to grow” (Salwa, Female, Bachelor Degree, 30, International Company, Private sector)

The third quality that the private sector seeks for in female employees is experience. People prefer to recruit women with experience so that the company profits as a result of the fact that these females will not need to be trained. The more experience the female has the more money will the company save.

“Experience is one of the things that the private sector looks for” (Samaher, Female, Bachelor Degree, 28, Private Bank, Private Sector).

Another characteristic that few companies want to have in their female employees is appearance. Some private companies are interested in having females with good appearance because this will affect the company's image.

“Companies want good appearance females.”(Samaher, Female, Bachelor Degree, 28, Private Bank, Private Sector)

A large number of Saudi females wear veils but show their faces. The interviewees explained that private companies assess the Saudi female candidates and they know the women's social

status from their appearance. As the interviews showed private companies after evaluating Saudi females' appearance, they pick the elegant females with middle or high social status.

Moreover, interviews demonstrate that some companies prefer to recruit females who already have available childcare or are childless. Females who do not have childcare concerns will focus more on their work and can spend more time at work. Single females are preferred by most organizations, as organizations believe that they have more time to work and they will concentrate more on performance and productivity.

*“Private sector seeks females who are singles or females with available childcare if they have kids so they can focus on work more”
(Hala, Female, Bachelor Degree, 28, Local Medium Company, Private sector)*

After knowing what kind of females the private sector companies are seeking, the researcher analyzed the data to recognize what exactly the situation for the Saudi women compensation packages comparing to Saudi men.

B. Women's Payments and promotions in the Saudi Private Sector

In this part the researcher will investigate the women payment and promotions conditions comparing to men in the private sector. Through conducting the interviews, the researcher found that in most Saudi private organizations the inequality in salaries and financial promotions between Saudi females and males are related to qualification and skills differences. Moreover, the differences in salaries and promotions in other companies exist because of discrimination on account of gender. Yet, there is very small number of private companies who give equal salaries and promotions to all of their employees or that actually give better compensation packages for females.

Unfortunately, discrimination is present in the case of many female managerial positions because of the Saudi traditional values' influences. However, the companies that offer more and better managerial positions for women are trying to save money since they are giving females lower salaries. The researcher investigated each of the three framework issues that relate to the gap or discrimination in these companies and the factors that lead to this issue. These are knowledge of Saudi Labor laws, organization compensation system, and culture and tradition.

1. Knowledge of Saudi Labor laws

The Saudi Labor Law does not include any law that supports or permits inequalities in payments on account of gender. The issue stands in the methods employed by private sector operators and policies implementation, as they are not present in the laws themselves. Additionally, some of the private companies include a copy of the Saudi labor law with the contracts.

Knowledge about the labor law is one of the causes that led to having a gap in salaries, as very few people are aware of the Saudi labor law. A large number of employees in the Saudi private do not

read the Saudi labor law because they assume that it is not available or because they do not search for it. From the interviews, the researcher realized that some employees demand laws that have already been accepted by the Ministry of Labors and that prove the point of having lack of awareness in the Saudi work environment regarding labor laws.

"I haven't read the labor law or even seen it." (Bayan, Female, 25, Bachelor Degree, Local Small Company, Private sector)

"The labor law should include a policy for equalization, and if they have it, they should apply it" (Mohammed, Male, 30, Bachelor Degree, Big Local Company, Private sector)

The previous quote explains that the employee does not know if there are policies and laws that support Saudi women payment or not. Also, he does not know if these policies have been applied by companies or not. As a result, he is not aware of the Labor laws that are linked to compensation systems in companies. The next quote confirms that Saudi employees do not read the labor law. As a consequence, employees who are not aware of the Saudi labor law are not able to get fair compensations. Companies can exploit this situation by paying minimum wages to their employees, especially for the groups that are discriminated against such as women.

"We should read the labor law but we don't. If you asked people, you will find that 99 percent of them don't know anything about it." (Sameh, Male, 26, Bachelor Degree, Health Sector, Public sector)

Another group of employees only read the laws that benefit them, such as transportations allowance and medical insurance in the Saudi labor law. These laws include the following:

Article (146): (3) Necessary medical arrangements to protect the workers' health and provide comprehensive treatment for their families (family shall mean spouse, children and parents residing with the worker).

Article (148):

An employer shall provide means for transporting his workers from their place of residence or from a certain gathering point to the places of work and bring them back daily, if the places of work are not served by regular means of transportation at times compatible with the working hours.

Those employees check the availability of the laws they are interested in and that what the interviews have shown.

"Yes, I checked the contract terms that match my interests and I found them included" (Suliman, Male, 28, Diploma Degree, International Company, Private Sector)

Some of the employees do not read the labor law because private companies provide them with compensation packages that fulfill the employees' needs, especially if the employee package covers the basic needs which are transportation, insurance, and housing allowances.

"I don't know what the labor law says, but I am taking fair transportation allowance, insurance, executive room in the hospital, and housing allowance"(Salwa, Female, Bachelor Degree, 30, International Company, Private sector)

There are some employees who usually depend on their personal knowledge. Personal knowledge means the information that the employee gathered from individuals inside and outside his company

about the labor law, as well as, the laws that he/she read or knows about from his/her contract. Through work experience, employees start to collect information about the labor law. Those who interact a lot with the human resource department in the company are advantaged because they are provided with more information.

"Honestly, I didn't read it because I already have a background about it" (Hala, Female, 28, Bachelor Degree, Local Medium Company, Private sector)

Another reason for which the implementation labor law is related to discrimination is that some companies do not always have contracts with all the employees. Some employees sign only on offers while the others work without any written offers or contracts. Small companies are not always concerned about the development of this kind of actions and on how it would affect their reputation, but large companies in Saudi Arabia do.

"I was working in a small company without a contract. Only large companies are the ones which care about it because of their image. We don't have dignity or proficiency." (Kholoud, Female, 24, Bachelor Degree, Small Local Company, Private Sector)

"I don't have a contract. I signed an offer, so the labor law wasn't included." (Sara, Female, 22, Bachelor Degree, Small Local Company, Private sector)

On the other hand, large companies try to reduce the differences between genders by several ways. In some cases, the organization will select some of the labor law terms to include it in the company's policies, so as for the compensation system to be based on the company policies that it creates rather than the labor law.

"We get housing and transportation allowances and medical insurance, but we do not have the nursery allowance in our company's policy." (Rana, Female, 24, Bachelor Degree, Big Local Company, Private sector)

Some of the companies provide sheets of the labor law with the contract in an attempt to turn it into an explanation of the contract.

"All the labor law points were written in the contract. The contract also had all the policies for both parties." (Samaher, Female, 28, Bachelor Degree, Private Bank, Private sector)

Furthermore, a number of companies only use a limited number of regulations as a means to develop a compensation policy or adapt these laws to their own interests, so the package depends on the position not the labor law.

"My company gives employees the compensation package depending on the position."(Meshaal, Male, 28, Master Degree, International Company, Private sector)

"In this company I am not taking schooling but the last company I worked in provided it. When I asked my present employers about this, they said it is expensive for the company and that it is only available for higher positions" (Suha, Female, 33, Master, Bachelor Degree, International Company Private sector)

Monitoring low implementation proves to be a deterrent for companies. According to Human resource specialists companies apply all the laws because they do not want to pay any penalties and because they want to be on the safe side:

"We apply all the labor law terms because other companies pay penalties for not applying it. We are a big company so we should be a

role model for others."(Rami, Male, 32, master Degree, Big Local Company, Private Sector)

2. Organization compensation system

In this part the researcher will investigate if the organization compensation system could affect the women payment conditions like the previous factor or not. Organizations create their compensation systems in conjunction with the country's labor law and in certain circumstances they add other compensations and benefits depending on their own policies. Human Resource (HR) should have a fair and clear system. If the organization's compensation system was unclear, it will be one of the causes for having a gap in salaries and promotions between employees. The thesis in this part will focus on the factors that make the company's compensation system creating this gap, such as Saudi labor laws awareness, the women negotiation skills, and HR responsibilities.

a. Saudi Labor Laws Awareness

The first factor is the extent of awareness of the employee regarding the labor law when he/she signs the contract as discussed in the previous section.

b. Negotiation Skills of Female Workers

The second factor that relates to compensation pay gap for Saudi women is the power of negotiation skills. Applicants should have high negotiation skills in order to get best compensation. Usually, women find it difficult to bargain their contracts in the private sector. This also was shown in the literature review section. The reason behind poor bargaining skills as the interviews illustrated maybe related to women's weak perception about themselves. They are not as confident as men, so the negotiation power affects the compensation package as the interviews have explained (Financial Service Inquiry, 2009).

"They may be giving each employee different salary especially for the new employees. It depends on their negotiation ". (Khalid, Male, 30, Bachelor Degree, Private Bank, Private sector)

Additionally, one more reason that the interviewees' stressed as a reason for women's weak negotiation skills is the perception that men have more financial responsibilities than women, so Saudi women do not need to take better compensation packages because they are not responsible for their families' living. Confirming this perception, one informant notes:

"Males surely have higher compensation than women because they need the money and the job more than women. This means that men will not accept any salary while women will. After a period of time, men are likely to ask for higher salaries while women are unlikely to ask for an increase and not going to get it if they are not insistent." (Hanaa, Female, 36, Diploma Degree, Local Medium Company, Private sector)

The interviews showed that even if the woman was responsible for the financial welfare of her parents or kids; she is still likely to negotiate poorly because she does not have the appropriate years of experience. One study made it clear that the fact that some of women have less experience than men makes it difficult for them to develop negotiation skills in the workforce and in political fields (Deny, Hill, 2007). Having less experience or believing that gender is important in determining a person's experience affects women's confidence and their ability to negotiate even when they are single mothers who needs higher payment packages. One Human Resource Professional notes:

"Females do not negotiate like men because they don't have the same load of responsibilities and because families and their husbands still financially help them. In contrast, men have to be independent. I have females who spend their salaries on their families but fail to negotiate because they don't have experience in doing so. Yes, most of the females employed are single mothers but the salaries of women are lower so I will not give them higher salaries and lose, as I have other responsibilities and costs." (Hanaa, Female, 36, Diploma Degree,

Local Medium Company, Private Sector)

An additional factor that interviews shows that might be the reason for the weak negotiation power for women is the fact that they lack qualifications and education that are considered standard for Saudi people as. Interviews reflect a common perception that Saudi men have better skills than Saudi women and they are more qualified for certain positions; therefore, they get higher salaries. Reality does not necessarily have to be related to appearances, as Saudi women are known to have higher education degrees and qualification. The fact that women assume that they lack the needed qualifications significantly reduces their negotiation power. These women think that even if firm negotiations are unlikely to get them fair payments because they generally believe that men have better qualifications. Therefore, they get less compensation packages.

"I don't know exactly, but I think it depends on negotiation skills and other skills and qualifications." (Samer, Male, 28, Master Degree, Local Medium Company, Private sector)

If Saudi women improve their negotiation skills, they may fulfill their goals and get what they want without experiencing trouble and that what the interviews illustrated.

"Yes, I negotiated and I got higher salary." (Suha, Female, 33, Master Degree, International Company, Private sector)

Negotiation skills have a great influence on fair compensation packages, but this is not necessarily the case.

"I negotiated but it didn't matter because managers did not listen to me"(Lamees, Female, 28, Bachelor Degree, Local Medium Company, Private sector)

c.Role of Human Resource (HR) Employees

The third factor is the limited role of HR because of elements like the employer's lack of interest in HR work and the fact that HR individuals are overloaded with unrelated responsibilities. Some companies consider that HR is unnecessary and do not hire HR workers, further contributing to discrimination at the workplace. Studies have shown that having an inefficient HR department can lead to negative results and varying inequities (Financial Service Inquiry, 2009). Interviewees have experienced problems communicating with HR representatives:

"HR does not answer calls and they do not give us any attention".(Raneen, Female, 29, Bachelor Degree, Health Sector, Public sector)

"I don't know... The role of HR is neither fully active nor effective in companies" (Khalid, Male, 30, Bachelor Degree, Private Bank, Private sector)

Interviewees explained that small Saudi companies rarely have an HR department or HR personnel to offer human resource functions. The only thing that they focus on is providing employees with their salaries.

"We don't have an HR. It's a small company. We don't even have HR personnel. There is only one person who comes to give us the salaries". (Kholoud, Female, 24, Bachelor Degree, Small Local Company, Private sector)

An extra factor affecting the role of Human Resources is the limits of the domain's responsibilities and authorities. In Saudi companies, owners and CEOs can negatively influence the work of the HR by limiting their obligations, budgets, and by not accepting suggestions that HR operators put across. Owners sometimes accept the HR suggestions about foreign employees because these

individuals can report them to the Ministry of Labor. Saudis can report also but they are afraid of taking this action.

"Because I don't have authority so I can't structure any compensation system. The owner should agree first, except for foreigners compensation packages because they can report on us." (Doa, Female, 36, Bachelor Degree, Big Local Company, Private sector)

In some cases HR personnel is hard working and is doing all HR activities in an effective way, but still face a lot of barriers represented by high working loads and by the fact that Saudi employers refuse to introduce new strategies or compensations.

"I came two years ago as HR Personnel. I added the insurance in the compensation system but some of the employees refused to have insurance in their contract, plus I am working alone and only one of the secretaries in another department helped me recently. I also made new contracts with good compensation packages and the owner didn't like it and some of the Saudis refused to have contracts." (Doa, Female, 36, Bachelor Degree, Big Local Company, Private sector)

d. Stereotypes about Saudi Women's Work Abilities

Another factor that the interviews stressed that leads to having differences in compensation packages is the set of skills, qualifications, experience and performance. One of the researches notes that Saudi females are getting less because they lack the suitable skills, qualifications, and the flexibility in working hours (AlMunajjed, 2010). Companies offer better salaries to employees who have higher targets to be achieved and more work loads. Men in Saudi private companies as the interviews stressed typically have more demanding workloads.

"The salaries are similar....Men receive higher salaries because their target is higher and the work load is more, yet the promotions depend on their work." (Sami, Male, 28, Bachelor Degree, Private Bank, private sector)

The flexibility of working hours is also influential in determining differences being made between men and women. As the interviewees clarified that it is difficult for Saudi females to work during the evening, since Saudi families do not accept this condition. While most women have to complete their house responsibilities, men get higher salaries as a result of the fact that they have less responsibility at home.

"Since males are hard workers, they frequently get promoted and are provided with better opportunities. They have their own cars and they can work until the evening. They can go outside anytime." (Rami, Male, 32, Master Degree, Big Local Company, Private sector)

This is not always true. The interviews showed an opposite scenario case. Even if there are a number of Saudi companies who give women smaller salaries because of their qualifications or other characteristics that affect their wages, there are other Saudi companies who offer higher salaries and promotions for Saudi women because their work load is higher.

"Females get higher salaries and promotions depend on work load. With females having higher workloads, they get better promotions because they have free time and thus come to focus on working." (Saleh, Male, 28, Bachelor Degree, Local Medium Company, Private sector)

While analyzing the interviews, the researcher found that women who work in well-known companies have more years of experience than men and earn higher salaries as a result.

"Salaries depend on the experience, and promotions are better for the girls. Actually, my manager prefers females to males at work." (Salwa, Female, 28, Master Degree, Small Local Company, Private Sector)

Companies offer better salaries for employees who speak English fluently. Women or men employees could get better salaries if they speak English, so language can lead to the gap in the two directions. Women could earn more than men or men could earn more than women depending on their fluency in English and that what the following quote explained:

"I had the highest salary because I can speak English." (Kholoud, Female, 24, Bachelor Degree, Small Local Company, Private sector)

After explaining the second factor which is the organization compensation system, the thesis will focus on the third reason that could affect the Saudi females' employees in the private sector which is culture and traditions.

3. Culture and traditions:

Before analyzing the effect that Saudi culture has on the private companies' compensation systems, the researcher will define the meaning of culture in this thesis. The Saudi culture consists of citizens' thoughts and perceptions about women, life, their values, and norms. Since a lot of Saudis perceive men as more powerful and superior to women and because Saudi Arabia is a patriarchal country, men are culturally more favorable than women.

A study made by Howard and Wellins in 2009 showed that culture has a great influence on the aspects of various organizations, including hiring, payments and promotions especially for women.

Because of cultural values, employers prefer males in favor of females at work, regardless of qualifications and experience that job candidates have (McSweeney, 2010).

One of the interviewees illustrated that traditions could be a major concern in Saudi concept of equality concerning gender. However, some international companies and well-known Saudi local companies may ignore cultural stereotypes and provide Saudi women and men with the same compensation packages. Interviews show that other companies might have no interest in traditional gender bias and prefer to empower Saudi female employees by giving them better salaries and promotions. The following quote confirms this argument.

"Culture is generally the reason for this gap but in our company they treat women and men equally and each day they treat women better. I know companies who treat women really well." (Meshaal, Female, 28, Bachelor Degree, International Company, Private sector)

Research has shown that Saudi women are not able to access high positions because of traditional values and not because of the religion (Abdul Aziz, 2007). Many Saudis believe that the issues related to inequality are not rooted in Islam, but in other traditional values. This is what some of the interviewees pointed out by stating the following:

"I think it's the culture not the religion." (Bayan, Female, 25, Bachelor Degree, Small Local Company, Private Sector)

"Men are responsible for spending with their families, but there are also women bearing the same responsibilities. It's culture, not religion. For sure it is not." (Lamees, Female, Bachelor Degree, 28, Local Medium Company, Private Sectors)

"I swear its culture; it's not a religious issue." (Salim, Male, 27, Bachelor Degree, Local Medium Company, Private Sector)

Another reason for traditional values being one of the factors related to gender discrimination in the workplace is the fact that Saudi tradition perceives mixed environment where men and women work together as an unsuitable workplace environment because women used to work in females' organizations. Mainly, in KSA and Qatar, there is a cultural constraint that makes some women uncomfortable with working in a mixed environment and with having male colleagues (Scott-Jackson, Kariem, Porteous, Harb, 2010). As a result, they tend to accept lower salaries and positions in non-mixed environments.

"It's a cultural issue. Some women will accept a job with low salary in non-mixed environment rather than accepting a position with an appropriate salary in a mixed environment. So it's a cultural thing, not a religious one at all."(Kholood, Female, 24, Bachelor Degree, Small, Local Company, Private Sector)

Saudi traditions influenced men in thinking that it is perfectly normal for them to have authority over women and this affected women in working environments, especially those in managerial positions. Having a female manager is usually not acceptable in Saudi traditional values unless the respective employee has a connection to a key person in the organization.

Interviews showed that a large number of Saudi males think of the condition of female managers as something that is out of the Arab nature. They are raised to be leaders and the controllers, so having a female manager is a frustrating idea.

"In our country, culture influences men's way of thinking. Saudi men would be hesitant about having a woman manage them. Plus, they prefer to hire non-Saudi females with higher salaries and positions instead of hiring locals." (Faris, Male, 30, Bachelor Degree, Local Medium Company, Private Sectors)

Even with that, connections are everything. If a Saudi woman has good connections she will be promoted to a managerial position easily and she will face little to no trouble as the interviews verified.

“Connections are everything. We had an employee who recruited his wife and created for her a new unit, where she was the head of it.” (Khalid, Male, 30, Bachelor, Private Bank, Private Sector)

Some of the male employees do not accept to be supervised by a female manager and they become dissatisfied with this fact. This can even influence them in quitting their jobs, as they are raised to be the heads of their families. This also influences companies in avoiding to offer managerial positions to females. Making this case is a very forceful way, one make informed notes:

"Yes, I don't accept to have a female manager because they are not qualified for this position. Some women are better in their work than men. Even if she was qualified and they gave her a managerial position and she became my manager, I would quit. I can't accept the idea of having a female manager". (Suliman, Male, 38, Bachelor Degree, Health Sector, Public Sector)

a. Women in Managerial Positions

The managerial positions rate for women is much lower than it is in the case of men for several reasons. One of them is the traditions, as we said in the previous section. The other factor would be that Saudi females recently started to enter the Saudi private sector. This leads to having Saudi women with less experience being compared to men.

"I think there are more men in managerial positions, but I am not sure it is because of Saudi cultural values. The job market has just opened to women and men are more likely to occupy managerial positions because of their experience in the

company. (Dalal, Female, 24, Bachelor Degree, Big Local Company, Private sector)

Moreover, not all companies trust women, especially Saudis. As a result, hiring Saudi women in a managerial position would be a risk for the organization.

"The number of women holding managerial positions is very low in the company. They don't trust ladies. They don't believe women's jobs are essential. It's our culture." (Seham, Female, 30, Bachelor Degree, Big Local Company, Private sector)

Performances and degrees provide women with more chances of getting a managerial position. In this case some Saudi private companies promote the better prepared candidate to managerial positions.

"We are teams, so it depends on each individual's performance. Anyone can be a manager." (Salwa, Female, 28, Master Degree, Small Local Company Private sector)

There are only a few companies that consider the prospect of financial saving as a result of hiring lower paid individuals and most firms focus on hiring men. For this reason, they resort to hiring female managers as the interviews showed:

"Both women and men get the same numbers of managerial positions. Most women became senior managers six months ago because they are satisfied with lower salaries. Getting these positions will save the company money." (Mohammed, Male, 30, Bachelor Degree, Big Local Company, Private sector)

Nevertheless, there are still Saudi private companies who do not discriminate on account of gender

and provide both men and women with the same salaries, compensation packages, and number of managerial positions. This what the next quote will show:

"My company is fair. It gives females all the chances and same promotions. I am sure of that." (Salwa, Female, 28, Master Degree, Small Local Company, Private sector)

V. Conclusion

The idea of Saudi women working in a mixed private environment is relatively new in Saudi Arabia, given that women previously used to work in small organizations that only had female employees. This generates a lot of controversy regarding the treatment of Saudi women at work, the differences in the workforce between Saudi and foreign women, and the dissimilarities in compensation packages among Saudi men and women. The thesis stressed the topic of the differences in salaries and promotions among Saudi genders in the private sector. The thesis also investigated if these differences are based on discrimination or a gap preventing Saudis from adopting impartial attitudes. The data analysis showed the following:

- Differences in salaries and promotions between Saudi men and women in private sector are not caused by the way that laws are formed, but because of how they are implemented.
- Differences in salaries and financial promotions in most of the private sectors exists because of factors like skill, experiences, workloads, and education, with some companies having a discriminatory attitude in regard to the payments provided to women employees. Differences in managerial promotions in a large number of private organizations are related to discrimination and traditions as the main reason fueling this gender bias as many men reject the idea of having a female supervisor.
- Five factors are mainly believed to lead to a misunderstanding of Saudi Labor Law. First of all, the lack of awareness regarding Saudi Labor law (the employees do not search it or they do not know where to find it). The second factor relates to how a group of employees read the laws that they are interested in having in their contracts. The third group of factors regards the personal background of employees and their knowledge about the labor law. The fourth

reason is that some companies do not issue contracts for all employees. Some employees are only provided with offers to sign while others work without any offers or contracts. Finally, organizations create compensation systems based on selecting some of the labor laws.

- The organization compensation system section showed various factors leading to a gap. Having employees who are not aware of Saudi labor laws means that they are unlikely to receive fair compensation.
- Limited negotiating abilities are also responsible for the fact that Saudi women are discriminated in the workplace, as some of them experience trouble getting their superiors to provide them with higher salaries or with compensations because they have no experience in negotiating. Many of them have poor negotiation skills because of perception of lacking the appropriate experience, education, and other requirements. However, if Saudi women were to improve their negotiation skills, they could have more chances of getting what they want.
- HR is yet another influential factor in the field of Saudi discrimination based on gender. HR departments in some companies are either inexistent or unable to work effectively. In some cases authority of HR personnel is limited because of the presence of controlling employers. The fourth factor that leads to having differences in compensation packages is related to set of skills, qualifications, experience and performance. Yet, there still exist companies that offer higher salaries to Saudi females because they work harder.
- The data analysis showed that females in some private companies do not receive all compensations that the Saudi labor law has sets for them. In contrast, other companies provide their female employees with all the compensations that they have to receive.
- Managerial positions rates for women are much lower than they are in the case of men and

cultural values are one of the primary factors that make this possible. Female seniority in the private sector, trust, and years of experience are also influential in this situation. There are also a few organizations that favor women managers because they are willing to be paid less.

- There are some international private companies and some of Saudi private companies which are owned by open minded educated employers who support the concept of fair employees' treatment and provide both men and women with the same salary, compensation package, and managerial positions.
- The researcher found that private Organizations in Saudi Arabia do not give female workers other compensations and benefits meant to fill the gap of salaries differences.
- When considering traditional values versus religion, as potential causes for treating women differently, in compensation packages in the private sector, we found that cultural and traditional values are the main reason for inequalities, especially in managerial positions. Because of cultural values women have fewer opportunities, as some of them cannot work in mix environments.

These findings could lead to negative policy implication in the future if it were not resolve, these implications will be explained in the next part.

VI. The Policy Implication of the Findings

Findings illustrate that there is a problem with applying the labor law in some private companies. They are not providing Saudi women with all compensation packages and they are not trying to make them equal to Saudi men. Therefore, this may lead to having unsatisfied employees and demoralizes Saudi women in these companies. They may also leave their jobs, meaning that the turnover rate in these companies could increase. Moreover, the reputation of these companies also might be negatively affected. Saudi women may prefer to work in public sectors because they have a fair compensation system. Consequently, the demand for working in public organizations becomes high and this is likely to increase unemployment rates for Saudi women and will reduce productivity in the case of public employees because there will be too many persons searching for jobs in the public sector, refusing to consider jobs in the private sector.

Because the Ministry of Labor Law is not monitoring all companies and because it is not checking to see if they are applying all laws and policies, some private companies could exploit the Saudi women's need to work and are not offering good packages or even giving them official contracts. As a result, the irresponsibility of these companies may be taken to a whole new level, women might feel insecure, resign in order to stay at home or could keep searching for better opportunities.

When considering the organization compensation system, the researcher found that several reasons for which this factor harms the private sector. One of these issues is related to the discrimination against Saudi women that are interested in getting a managerial position. Female employees may perhaps produce less because they know that they could not be promoted to senior positions, so they may consider that it is useless to put more effort into

their work. Allowing men to introduce personal opinion and tradition into the working environment could prevent the organization from having success. Some of Saudi females might also try to find work outside the country just to achieve their dream of holding high managerial positions.

Not having an HR department or HR personnel is likely to influence whole organizations. Human resource management is vital for the organization not only because it provides employees with their salaries, but also because it focuses on each individual. Salaries and promotions should constitute a part of a fair system and that system should rely on two components: measuring performance, and Labor Law. Consequently, the absence of the HR will widen the gap and inequality between employees will dominate the work environment. Companies that have HR people with limited responsibilities are wasting their time and money because they are not providing HR employees with enough space to do their work. This is likely to influence employees in other departments in expressing less respect in regard to.

Culture and traditions have a powerful influence on Saudi female employees and controls their lives. This matter is very difficult to address because Saudis are determined to maintain their cultural values.

VII. Recommendations

Some of the significant suggestions that will be applied in solving this problem will be explained in this part:

- The Ministry of Labor should make workshops about laws and policies for university students before they graduate, so that they have the needed awareness before accepting any offer.
- Secondly, the Ministry of Labor should send a staff to monitor the private sector's responsiveness not only in the case of foreigner but also in the case of Saudi employees.
- Thirdly, having a law that makes it compulsory to have a certain percentage of managerial positions for Saudi women in each organization would help.
- Moreover, organizations should be instructed regarding the benefits coming along with installing a HR department or seek advice through outsourcing HR services for large local and international companies in Saudi Arabia and provide one of the employees in small companies with HR courses.
- Training and effective strategies also need to be present in companies with weak HR departments or for those that have HR with limited responsibilities.
- Companies that do not offer signed contracts to staff contracts need to be penalized. Furthermore, women should also take courses with the purpose of improving their negotiation skills and their ability to lead.
- Additionally, establishing compensation measures could be a useful solution and this suggestion could be achieved by conducting annually compensation surveys, then the

obtained information could be used by the employers for annual salary increases and proposed changes in benefit.

- Neuro Linguistic Programming (NLP) sessions or counseling sessions in big and international companies could be implemented to alter the stereotyping about women who hold managerial positions. Having an equal employment division or department could provide employees who are victims of gender discrimination an opportunity to file a complaint.

To conclude, this study gives details about how Saudi companies in the private sector function with respect to gender differences in compensation and promotion systems. The main issue is not the formulation of the labor law, but in how private companies' implement these laws. The researcher found that the Saudi labor law and the organizations compensation systems could be responsible for having differences in salaries and financial promotions on account of gender. Furthermore, cultural values are extremely important when considering discrimination in compensation packages of Saudi females and males. Some recommendations for this thesis were related to applying a penalty for companies who do not sign contracts with their employees and to outsourcing HR for companies where it is not present.

This thesis would help future researches focus on the topic concerning the differences between private and public employees' treatments. Future research can concentrate on another issue that most of the interviewees referred to the differences in salaries and promotions between Saudis and foreigners in the private sector. Unfortunately, future research may face the same problem that the researcher has faced while doing this thesis, the lack of conclusive information about employment in Saudi Arabia.

References:

- Abdul-Aziz, D. (2007). The changing role of women in Saudi Arabia. Al-Hayat. Saudi Arabia.
- Al-Enezi, M. (2008). Calculating a Woman to Two Men in the Assessment Rate of Saudization. Okaz. Saudi Arabia. Jeddah. 2745.
- AlMunajjed, M. (2010). Women's Employment in Saudi Arabia A Major Challenge. Booz & Company.
- AL Masah Capital Limited. (2010) The Saudi Woman: A Catalyst for Change?. AL Masah Capital Limited. George Town.
- Arebi, S. (1994). Women and Words in Saudi Arabia: The Politics of Literary Discourse. New York. Colombia University Press.
- Atchison, Belcher, Thomsen (2000) Discrimination in Pay, N.D Retrieved on 15, may, 2011 from <http://www.eridlc.com/index.cfm?fuseaction=textbook.chpt26>
- Attwood, E. (2011). Women make up only 15% of Saudi workforce study. Arabian Business. Retrieved on 20, May, 2011 from: <http://www.arabianbusiness.com/women-make-up-only-15-of-saudi-workforce-study-184368.html>
- Al-Zayedi, M. (2009). Saudi Arabia: Women estimated to be 10% of workforce, Al-sharq Al-awsat. Saudi Arabia.
- Blanchfield, L. (2011). The U.N. Convention on the Elimination of All Forms of Discrimination against Women (CEDAW): Issues in the U.S. Ratification Debate. Congressional Research Service. R40750
- Bowen J., D. Macfarlane. (2010). Journal of Business Studies Quarterly 2010, Vol. 2, No. 1, pp. 65-82
- Bubshait, J. Al-Suwaiyeh, A. Morris, A. Al-Bishr, B. Ferguson, B. Montagu, C. Maud, C. Al-Jeraisy, H. Alameel, M. Brinji, N. Tsujigami, N. Al-fayez, N. Alaloola, R. Alsagaf, S Al-Shihri, S. Hsu. T. (2008). Woman in Saudi Arabia Cross - Cultural Views. Ghainaa Publication. Saudi Arabia
- Cornish, M. Faraday, F. (2004). Achieving Pay and Employment Equity for Women - Human Rights and Business/Development Imperatives. The New Zealand Advisory Council on the Employment of Women. Wellington, New Zealand.

- CNN Staff. (2011) Saudi king: Women will be allowed to vote and run for office. CNN. USA
- Dey, J. Hill, C. (2007). Behind the Pay Gap. The American Association of University Women Educational Foundation. Washington, DC.
- El-Fiki, M. (2008). More Saudi Women Say No to Marriage. Retrieved on 10, June, 2011 from: http://alshorfa.com/cocoon/meii/xhtml/en_GB/features/meii/features/2008/09/02/feature-05
- Financial Service Inquiry, (2009). Sex Discrimination and Gender Pay Gap Report of the Equality and Human Rights Commission. Equality and Human Rights Commission. 9781842062111
- Flabbi, N. D. Discrimination, Segmentation and Vulnerability in the Labor Market Retrieved on 23, May, 2011 from <http://info.worldbank.org/etools/docs/library/230131/FlabbiMorning%20I.pdf>
- Giapponi, Catherine C., McEvoy, Sharlene A. The Legal, Ethical, and Strategic Implications of Gender Discrimination in Compensation: Can the Fair Pay Act Succeed Where the Equal Pay Act has Failed? Journal of Individual Employment Rights, 10557512, 2005-2006, Vol. 12, Issue 2
- Hartmann, H. R. (2004). Still a man's labor market: The long-term earnings gap. The Gender Pay Gap: Review and Update. Institute for women's policy research. Washington, DC.
- Hamdan, .A. (2005). Women and education in Saudi Arabia: Challenges and achievements. International Education Journal, 2005, 6(1), 42-64.
- Huyette, (1985). Political Adaptation in Saudi Arabia: A Study of the Council of Ministry. Colorado: West view Press.
- International Labor Conference. (2003). Time for Equality at Work. Global Report under the Follow-up to the ILO Declaration on Fundamental Principles and Rights at Work. International Labour Office Geneva. 92-2-112871-7.
- International Labor Conference. (2007). Equality at work: Tackling the challenges. Global Report under the Follow-up to the ILO Declaration on Fundamental Principles and Rights at Work. International Labour Office Geneva. 978-92-2- 118130-9.
- Lalive, R. Stutzer, A. (2004). Approval of Equal Rights and Gender Differences in Well-Being. Institute for Empirical Research in Economics University of Zurich. 1424-0459. NO. pp.194
- Mansour, M. Achoui, M. (2007) Job Satisfaction of Saudi Female Employees: An Exploratory Study. Retrieved on 3, October, 2011 from: <http://www.wbiconpro.com/12.Mourad.pdf>
- McSweeney, R. (2010). Women in Leadership Strategies for Change. Department for Communities, Women's Interests, Government of Western Australia. 978-1-921481-19-2

- Nzeukou, Marcel .2006. Detecting gender salary inequity in the presence of within gender inequities. Ph.D. dissertation, The University of Arizona, United States -- Arizona. Retrieved May 6, 2011, from Dissertations & Theses: Full Text.(Publication No. AAT 3208057).
- Sall, S. (2010) The Divorce Rate between Saudi Arabians Retrieved on 11, July, 2011 from <http://www.sauditocore.com/2010/05/divorce-rate-between-saudi-arabians.html>
- Scott-Jackson , Kariem ,Porteous ,Harb.(2010) .Maximizing Women’s participation in the GCC workforce. *Oxford Strategic consulting*. Oxford, UK.
- Statistical data and indicators on Saudi human resources for 2006-2009 (2009).Retrieved on 15, December,2011 from: <http://www.cdsi.gov.sa/docs/Stat-data-ind.xls>
- The Advisory Committee on Social Witness Policy of the General Assembly Council. (2004). Human Rights Update2003–2004. The Office of the General Assembly. U.S.A.
- UNDP, Ministry of Economy and Planning, (2008). Kingdom of Saudi Arabia Millennium Development Goals.2691 -1658