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The Challenges of Dual-Societies: The Interaction of Workforce Nationalisation and National Identity Construction through the Comparative Case Studies of Saudisation and Emiratisation

Júlia Palik

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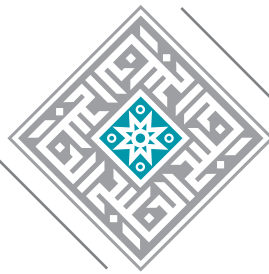
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VI

The Challenges of Dual-Societies: The Interaction of Workforce Nationalisation and National Identity Construction through the Comparative Case Studies of Saudisation and Emiratisation

*Júlia Palik**

Abstract: In recent years, the six Gulf Cooperation Council (GCC) states have undertaken steps to promote *hawweeya alwatani* (national identity) policies. This development raises multiple questions in light of the region's contemporary demographic picture and migratory dynamics. National economies in the region are characterised by resource dependency and over-dependence on a foreign workforce. In order to increase nationals' participation in the private sector, various workforce nationalisation policies were introduced. Generally, workforce nationalisation is taken as an economic issue; however, it encompasses cultural, societal and political aspects. This chapter demonstrates that in times of crises, the non-national workforce is often portrayed as a threat to the culture and identity of the GCC countries. The chapter identifies and compares through the analytical lens of constructivism the interrelationship between workforce nationalisation and collective identity

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construction efforts of Saudi Arabia and the United Arab Emirates (UAE). It applies and extends Catherina Kinnvall's group level ontological security theory and argues that powerful groups are capable of presenting their narrative as the national identity and thus excluding certain groups from the society. Building on this modified reading of Kinnvall's theory, the study then explores how ontological security seeking by Saudi Arabia and the UAE contributed to the emergence of Saudisation and Emiratisation policies, respectively. Research into this topic holds practical relevance for stakeholders wishing to gain a more nuanced understanding of nationalisation policies within the GCC as well as academic relevance for the assessment of the role of collective identity formation in nation-building policies in the Gulf region.

Introduction

Attempts to curb the growing number of foreigners in Saudi Arabia and in the UAE have resulted in the implementation of workforce nationalisation policies. The aim of these policies is twofold: Firstly, to reduce the heavy reliance on a foreign workforce; and, secondly, to increase the participation of the national workforce in the private sector. The numbers speak for themselves. According to the World Bank, in 2015 the population of the Kingdom of Saudi Arabia was 31.54 million and it had an annual population growth rate of 2.1 per cent and a GDP of \$646 billion.¹ At the same time, the unemployment rate was 11.2 per cent in 2016,² and it affected the younger generation the most. In 2015, the UAE's population was 9.16 million with a 0.8 per cent annual growth rate and the GDP was \$370.30 billion.³ In 2014, unemployment stood at 3.7 per cent.⁴ In fact, unemployment is a matter of increasing concern in both countries, especially because of the youth bulge.⁵ In 2015, 88.5 per cent of the UAE's population consisted of non-nationals and only 11.5 per cent

1. World Bank, Saudi Arabia country profile, <https://data.worldbank.org/country/saudi-arabia>.

2. *CIA World Factbook*, "Saudi Arabia," <https://www.cia.gov/library/publications/the-world-factbook/geos/sa.html>.

3. World Bank, "United Arab Emirates Country Profile," <https://data.worldbank.org/country/united-arab-emirates>.

4. *CIA World Factbook*, "United Arab Emirates," <https://www.cia.gov/library/publications/the-world-factbook/geos/ae.html>.

5. It is also worth mentioning that it became evident during the Arab Uprisings that the lack of employment opportunities coupled with authoritarian governing structures can easily fuel resentment and eventually it can culminate in riots or even in a civil war.

were nationals.⁶ This type of asymmetric demography is unprecedented. Among the GCC member states, Saudi Arabia has the highest number of nationals (67.3 per cent of the total population) but even there 32.7 per cent of the total population consists of non-nationals.⁷ When such a peculiar demographic composition exists, it is inevitable that various identity-related challenges will arise.

At the same time, Saudisation and Emiratisation policies are able to create new bonds between citizens through the practice of “negative othering” in which the foreign workforce can be portrayed as a threat to these countries’ economic well-being and national identity. A vivid illustration of the growing negative sentiments against foreigners is a 2007 survey in which 600 Emiratis participated and they ranked the UAE’s demographic imbalance as the top current and future challenge, ahead of health-related, economic, and traditional security challenges (Masour 2014). Nationalisation policies are favoured all around the world. However, in the case of the Gulf countries, they are not able to fully address the core structural challenges and the resulting economic disequilibrium. This chapter argues that socio-demographic imbalances within national labour markets have consequences beyond the economic and financial realms and they raise several interesting questions, such as: How can nation building efforts succeed with a continuously growing number of non-nationals? Why do an increasing number of nationals consider non-nationals as a threat not just to their economy but also to their culture? And, most urgently, how can these rather complex challenges be overcome?

Generally speaking, the GCC countries allow a larger immigration of temporary labour migrants than other countries. For instance, in 2016, the Ministry of Labour and Social Development in Saudi Arabia approved 316,212 work visa applications and rejected as many as 533,016.⁸ At the same time, the country has a unique and highly restrictive approach when it comes to offering permanent status and citizenship to migrants. Additionally, as a consequence of the lack of permanent legal status, migrants’ socio-cultural integration is virtually non-existent. Foreign workers live in geographically segregated areas, and they encounter various social,

6. Data obtained from the Gulf Labour Markets, Migration and Population (GLMM) Programme, “Total Population and Percentage of Nationals and Non-nationals in GCC Countries,” National Statistics, 2010-2015, <http://gulfmigration.eu/total-population-and-percentage-of-nationals-and-non-nationals-in-gcc-countries-latest-national-statistics-2010-2015/?print=pdf>.

7. Ibid.

8. *Saudi Gazette*, “62.77% Request For Expat Work Visas Declined,” <http://saudigazette.com.sa/article/513254/SAUDI-ARABIA/Expats>.

political, economic, and cultural challenges on a daily basis (ILO 2007). Generally speaking, foreign workers have always been treated as temporary economic assets and their sole duty was to contribute to national development goals, while wealth was primarily enjoyed by locals and their families. In this sense, nationals are rather passive actors in wealth generation compared to non-nationals. At the same time, it is noteworthy that nationals are not willing to take certain jobs because these jobs, mostly in the construction or service sectors, are considered to be less prestigious. The situation is further complicated by the fact that nationals in both countries enjoy a wide range of social benefits, such as free education, healthcare, and no income tax, thus they have less financial incentive to work.

Additionally, most nationals do not get the necessary education to be competitive either in the national or in international markets. In the long run, the effects of these structural problems translate into the lack of comparability between educational goals and national labour market demands. Historically speaking, the most preferred and readily available solution to overcome these challenges was to attract a foreign workforce. Thus, for many years now, immigrants from South Asian countries, such as Pakistan, Bangladesh, and India have come to these countries in overwhelming numbers in search of higher wages and better living conditions.⁹

The asymmetrical reliance on foreign workers has resulted in the emergence of a so-called dual society in Saudi Arabia and the UAE. Non-nationals are employed exclusively by the private sector and nationals are primarily employed by the huge public sector. The simple reason why most Saudis and Emiratis have traditionally worked in the public sector is because this sector had an almost unlimited absorption capacity. In addition, public sector employment has always served the interests of the ruling regime. Working for the state apparatus ensured that citizens remained loyal to the regime at least as long as they received extensive benefit packages and social security directly from the state. This rentier state (Beblawi 1984) practice is still the cornerstone of national identity formation, and, therefore, its reform is a

9. It is also relevant to highlight that not just blue-collar but white-collar jobs in the private sector are filled with foreigners. Western-Europeans and Americans occupy the upper end of the “non-national social class structure.” They are mostly employed in jobs that require considerable experience, such as managers or financial advisors, and, as a consequence, they earn significantly higher wages than other non-nationals. Asian workers stand at the lower end of the social class structure. They are mostly employed in the construction sector, and they are considered the most vulnerable group in terms of various human right abuses. This type of gap further complicates identity related questions, as an intra-workforce cleavage has emerged between non-nationals.

challenging task. The gap between the two sectors and their employees, however, entails long-term economic, political, and social consequences.

Theoretical Background: Ontological Security Seeking in Times of Identity Crises

This chapter builds on the emerging literature of ontological or reflexive security studies to develop an analytical framework in which national immigration policies can be understood and examined. According to the original sociological theory, individuals have a certain level of basic trust about their surrounding environment, and thus they are able to assess the consequences of their actions. Experiencing ontological security means that individuals have a “sense of continuity and order in events” (Giddens 1991: 243) and by establishing routines, they can cope with uncertainties and anxiety. This predictability in day-to-day activities¹⁰ provides actors with a stable identity, which is, in turn, the foundation of agency. Ontological insecurity, on the other hand, means that in times of rapid or fundamental changes, individuals are not certain anymore how to relate means to end; therefore, they are overwhelmed by anxieties and their identity becomes unstable. To overcome these challenges, individuals develop various balancing strategies such as formulating a new identity or returning to a previously established one, even if it is harmful in the long run. The ultimate goal of these adaption techniques is to gain back ontological security.

Recently, the ontological security theory has been extrapolated from individual to group and state level and incorporated in the realm of International Relations, especially by constructivists (McSweeney 1999, Mitzen 2004; 2006a; 2006b, Croft 2012, Steele 2007), although it should be noted that the utility of the theory at state level has been questioned by some (Rumelili 2013, Korlikowski 2008). The underlying argument of ontological security based theories is that all political actors face the need to maintain biographical continuity in order to realise a sense of agency. Moreover, this sense of agency has to be “recognized in and through actors’ relations with others” (Kinnvall 2004:2). In this sense, reciprocity is a crucial variable during identity construction and maintenance. The study agrees with Mitzen and Steele, who both claim that ontological security should be treated separately from physical security.¹¹

10. Predictability rests on routines. Routines, therefore, are the fundamental actions that anchor identity.

11. In this sense, one must differentiate between the traditional, realist type of understanding of

Therefore, the theory of ontological security provides a productive analytical lens for examining the complicated nexus between security and identity. This relationship becomes particularly apparent during changing immigration patterns which is a clear characteristic of the GCC region in general, and of Saudi Arabia and the UAE, in particular. The present study relies on Catherina Kinnvall's understanding of group level ontological security seeking behaviour (Kinnvall 2004). Kinnvall argues that globalisation made individuals and groups more ontologically insecure. During these tumultuous and transitional periods, individuals seek to draw closer to any collective that is perceived as reducing existential anxiety in order to reaffirm their self-identity. The feeling of "belonging" in turn helps actors to rebuild their ontological security. Kinnvall further argues that "as individuals' ontological insecurity increases, they attempt to securitize subjectivity, which means an intensified search for one stable identity (regardless of its actual existence)" (Kinnvall 2004:749). It must be emphasised that the subjectivity securitizing process always involves a stranger-other differentiation. As we will see later, identifying the "other" who can also turn into an enemy¹² is a crucial factor in times of identity construction and reformulation. Kinnvall's main observation is that nationalism and religion are both intimately linked to ontological security seeking. She argues that these concepts are "powerful identity signifiers in times of uncertain structural conditions, with the implication that they are likely to become more persuasive rallying points than other identity-signifiers."¹³

This chapter argues that if influential groups (i.e., decision-makers and the broader national elite) seek to securitize subjectivity, they are able to portray their narrative as the dominant national approach. In the case of Saudi Arabia and the UAE, this narrative is based on the grounds of religion (Islam) and nationalism (Saudi and Emirati culture and identity). This process is rather simple in real life. Influential groups are able to portray their narrative as the dominant one by controlling virtually all the financial resources and channels of communication

security, namely 'security as survival' and 'security as being.' A couple of points follow from this distinction: First and foremost, if ontological security is not an independent variable, but a goal to be achieved, then states must develop certain routines which help them to create, sustain and re-create the security of self. Secondly, it is safe to assume that physical security related measures are often the manifestations of ontological insecurity.

12. There are different types of othering: negative, positive, and neutral. It is also important to highlight that the process of othering is not a single decision, but rather a process and it is not constant, but subject to change.
13. The strength of nationalism and religion as powerful identity-signifiers lies in their ability "to convey unity, security, and inclusiveness in times of crisis."

to spread their message. Thereby they are able to frame both the origins of a particular crisis and the possible solutions to it. In this case study, ‘crisis’ is the rising unemployment and the national elite claims that the origins of this crisis can partly be traced back to the high number of non-nationals and, in turn, one proposed solution to this crisis is workforce nationalisation.¹⁴ This study posits that the rising unemployment in Saudi Arabia and in the UAE should be examined through two layers of security, i.e., economic and ontological.

In terms of ontological security, national leaders tend to portray rising unemployment as a “critical situation”¹⁵ in which the non-national workforce threatens employment opportunities (economic security) and the national integrity of Saudi Arabia and the UAE (ontological security). According to Abdullah al-Melfi, the Saudi deputy minister for civil service, “There will be no expatriate workers in the government after 2020.”¹⁶ Similarly, Saqr Ghobash, the UAE’s Minister of Labour, said policies must be developed to curb the numbers of overseas workers to make room for local talent.¹⁷ In addition, by claiming that the presence of non-nationals is a critical situation, leaders are able to legitimise extraordinary measures against the “common enemy” such as mass expulsion of the undocumented foreign workforce.

Nation-building and the Emergence of National Identity in Saudi Arabia and the United Arab Emirates

In order to provide a comprehensive overview of the peculiar national identity formation processes of Saudi Arabia and the UAE, it is best to begin by emphasising that in the case of the Gulf states, nation-building strategies and their historical circumstances were quite different as compared to the Western world. In the traditional Westphalian model, the emergence of nation-states can be traced back to inter-state conflicts. Generally speaking, in the aftermath of these conflicts,

14. It is important to emphasise though that neither Saudi Arabia nor the UAE blames foreign nationals exclusively for their high level of unemployment.

15. According to Giddens (1984:61), critical situations are “...circumstances of a radical disjuncture of an unpredictable kind which affect substantial numbers of individuals, situations that threaten or destroy the certitudes of institutionalized routines.”

16. “Sack all Foreigners by 2020,” Says Saudi Government,” *Al Araby*, May 10, 2017, <https://www.alaraby.co.uk/english/news/2017/5/10/sack-all-foreigners-by-2020-says-saudi-government>.

17. “Reduce Number of Expatriate Workers in the GCC, Says UAE Minister,” *The National*, April 22, 2014, <https://www.thenational.ae/uae/government/reduce-number-of-expatriate-workers-in-gcc-says-uae-minister-1.310175>.

nation-states emerged with fixed territorial boundaries and a population that shared common cultural values which, in turn, facilitated the evolution of a coherent national identity.

Contrary to this trajectory, in the case of the Gulf states, a different evolutionary process can be observed. In the pre-oil era, ruling families had to coexist with influential tribes and merchants and that period was characterised by a “sharpened control over local resources.” (Ulrichsen 2017:17) Even today, states in the region are often deeply divided societies along religious and tribal lines. During their tumultuous history, these deeply embedded divisions became a constant challenge to the GCC states in establishing a unitary state with a coherent national identity. In fact, loyalty to rulers and hence their domestic legitimacy often proved to be fluid, because local communities defined themselves on the basis of their tribal and kin affiliations and, as such, loyalty to the central government was not secured *prima facie*. In light of recent regional developments, such as the sectarian upheavals in Bahrain or Yemen, a rising Iran, or the economic downturn that began in 2008, rising unemployment became a key challenge to domestic stability. As a response to these complex challenges, the GCC states increasingly began to employ the concept of national identity as a state-building tool (Neil 2009:1) alongside soft and hard coercion strategies, such as increased wages or military intervention (Kamrava 2012).

Vivid illustrations of national identity strengthening policies are the ‘Vision 2021’s Cohesive Society and Preserved Identity’ initiative of the UAE and ‘Vision 2030’ in the case of Saudi Arabia. Both these ambitious projects seek to enhance individuals’ national identity on the basis of shared religious and national values. Furthermore, the state-sponsored nationalist discourse embodies itself in various celebrations like the so-called National Day in both countries (Kinninmont 2017). In light of these recent developments, it is worth asking: Who constitutes an identity threat to the Saudis and Emiratis? Identity, as constructivists argue (Wendt 1994), is a social construction; therefore, it is not given, but is in constant flux and evolution. It is important to make a clear distinction between external and internal identity-challengers. External identity challengers are, for instance, neighbouring states or non-state actors who pose a physical threat to the country, or even multinational firms which exploit the national workforce. Internal identity-challengers entail a wide range of groups, such as women or religious minorities, who are viewed as threats to regime legitimacy during uncertain periods. At the same time, framing the presence of foreign workers as a threat to national identity is a relatively new phenomenon, and its emergence can be traced to certain socio-economic structural

developments such as rapid demographic growth and urbanisation coupled with the lack of appropriate education and the limited availability of private sector jobs for nationals. As discussed, non-nationals are perceived as a homogenous community that threatens the nationals' employment opportunities and culture.¹⁸ For instance, a survey by the market research company YouGov found that 60 per cent of the Emiratis questioned said "they felt a sense of isolation as their cultural identity became increasingly diluted by large numbers of expatriates."¹⁹ This type of negative "othering" process in turn creates a new bond between citizens and unites them against a perceived threat.

When one seeks to examine nation-building processes in Saudi Arabia and the UAE, it is important to emphasise that both states are relatively young and their economic and socio-political development was shaped and transformed by the unprecedented financial benefits they were able to generate from oil. Saudi Arabia, as the spiritual leader of the Islamic Umma, and the custodian of the two Holy Mosques in Makkah and Madinah, asserted a leading religious, political and economic role in the Gulf region. The Saudi state was built on a special pact between the Wahabbi religious establishment and the founding father of Saudi Arabia, King Abdul Aziz. The Saudi national identity is exclusive in the sense that it is dominated by one single discourse which is determined by the royal family and which has a very strong Sunni Islamic religious aspect.

The lack of Western-type of political participation meant that religion and the provision of financial benefits provided the most important source of legitimacy for the ruling family. Ensuring regime stability and excluding any type of political opposition has been the constant aim of the House of Saud. At the same time, the religious and state apparatus had to defend itself from various identity threats. These threats stemmed from different exogenous factors, such as Pan-Arabism, or the Iranian Islamic Revolution of 1979 and from endogenous factors, such as the fear of the emergence of a coherent Shiite opposition in the Eastern provinces, or more recently the threat from the non-national workforce employed in the Kingdom. In 2016, for instance, a Saudi man was found beating a foreign petrol pump attendant with a stick.²⁰ This is an extreme example but verbal and other non-physical

18. In reality, however, the enormous foreign populations in both countries are far away from being monolithic. In fact, they are deeply divided by nationality, ethnicity, education, and employment.

19. "The Debate over Emirati Identity is Clearly Mistaken," *The National*, June 1, 2014, <https://www.thenational.ae/the-debate-over-emirati-identity-is-clearly-mistaken-1.252462>.

20. "Assault on Foreign Worker Sparks Debate in Saudi Arabia," *Al Araby*, December 18, 2016,

assaults on migrants take place on a daily basis. In 2017, Saudis launched a Twitter campaign with a hashtag “Saudi Arabia for Saudis.” These developments accurately describe the negative sentiments towards non-nationals. Due to declining oil prices and regional political developments, wealth distribution and thereby the quest for the population’s loyalty is getting more challenging.²¹ In sum, the Saudi identity formation process is still an ongoing project. At the same time, this chapter argues that this process should not be exclusive, and it should not try to create a new bond between citizens through the exclusion of particular groups.

In the case of the UAE, a different identity construction process can be observed due to the different historical heritage of the federation. Until the 1971 merger, the seven Trucial States were under the political and economic control of the British Empire. Even though British influence was extensive in the economic and foreign policy fields, internal affairs remained under the sovereign jurisdiction of the Trucial States. As a consequence, their political structure was shaped by tribal loyalties, and this feature remained unchallenged by the British. After the British government’s decision to withdraw protection from the region, local rulers were faced with the possibility of self-determination. From 1971 until 2004, Shaikh Zayed bin Sultan Al Nahyan, the founder of the UAE, served as the president of the federation. Eventually, Shaikh Zayed’s “flexible pragmatism” (Peck 2001) made the UAE a unique and stable political entity in the Middle East. The social contract was essentially the same as elsewhere in the region, i.e., rapid economic development and the resulting national wealth was exchanged for sustained acceptance and support for the patriarchal rule. An important additional factor that facilitated the creation of the federation was the institutional structure that the seven states inherited from the British era and which served as a model to the UAE’s own constitution. The unique combination of traditional political structures and the openness to modernity resulted in the emergence of a politically and economically stable federation. Infrastructure development and the integration of the seven states into the federation ensured that everyone benefitted from the

<https://www.alaraby.co.uk/english/blog/2016/12/18/assault-on-foreign-worker-sparks-debate-in-saudi-arabia>.

21. The Saudi Arabian National Dialogue launched by King Abdullah in 2003 was aimed at portraying and establishing a new image of the Kingdom in which it is inclusive of different communities. For instance, Shiite communities were included in the clerical establishment and there was an open policy dialogue about the inclusion of women in the national labour market. Although these efforts are valuable, in practice, the envisioned goals were paralysed, and they reached their limits relatively early on because of the need to preserve the delicate domestic status quo.

national wealth. Moreover, this move further increased the widespread support for the federal government, as the initially less wealthy or resource-rich states were also able to catch up.

Since 1971, the GDP of the UAE has increased by 231 times (Hassan 2017:3); however, the rapid economic growth resulted in a peculiar societal challenge, namely that around 85 per cent of the current population of the UAE consists of non-nationals. In a country where nationals constitute a minority, careful balancing measures are required from the government. At the same time, although nationals are a minority, they are still the main beneficiaries of the wealth generated by the efforts of the migrant workers, just like in Saudi Arabia. Yet, it must be emphasised that, in the last couple of years, the UAE has adopted a more flexible policy towards foreign workers. In 2015, for example, the UAE reformed its labour law because of which foreign workers can now terminate their contract and change employers. Furthermore, the ministerial decree aimed to end the practice of the so-called “contract substitution” under which foreign workers sign a contract before their departure, but as soon as they arrive to their host countries, they are forced to accept lower wages (HRW 2015).

Due to its internal political stability and economic attractiveness, both low- and highly-skilled migrants seek employment opportunities in the UAE even though citizenship is strictly defined by ancestry and only those whose ancestors lived in the seven Emirates before 1925 are entitled to Emirati citizenship (HRW 2015:5). Non-UAE nationals can live and work in the country only if they obtain a work permit and residency visa. The current president of the UAE Shaikh Khalifa Bin Zayed Al Nahyan declared 2008 as UAE’s national identity year. This step sought to reassure UAE citizens who worry that their culture, language and traditions are at stake because of the foreign workforce. Another noteworthy element in this process is that, contrary to the first foreigners who were Arabs or Muslims, today most of the foreign workforce comes from substantially different cultures, mostly from the West. Their cultural values, traditions, and languages are markedly different and that further increases the inter-cultural gap between the national and non-national population. According to the Arab Gulf States Institution in Washington, “This creates a dynamic in which Emirati nationals fear loss of cultural heritage and status, and respond by emphasizing their exclusivity and amplifying their sense of entitlement” (The Arab Gulf States Institution in Washington 2016:6).

Historical Background of Saudi and Emirati Immigration Policies

The lack of access to citizenship, the limited membership in society, and the fact that migrants can obtain only temporary residency has resulted in the emergence of a dual society in Saudi Arabia and the UAE. The concept of dual society entails a complex multidimensional socio-political model and it represents the existence and the persistence of increasing divergences between rich and poor both at the global level and at country level. Despite the extremely closed nature of their societies, Saudi Arabia and the UAE remain popular destination countries for migrants.²² Generally speaking, non-nationals residing in the Gulf are not categorised as migrants, but as temporary workers employed on a contractual basis. As it logically follows from this definition, foreign workers are not entitled to obtain citizenship or permanent settlement. This uncertain and temporary nature of their everyday lives, in most cases, goes hand in hand with insecure, non-transparent working conditions.

Both countries need to maintain economic growth rates that are sufficient to keep pace with their rising population and their changing consumption patterns. Unquestionably, foreign workers have made a significant contribution to the economic transformation of the Gulf states and they were generally welcome until a few years ago. This chapter relies on the categorisation of Philippe Fargues, who differentiates between three distinct phases of the history of immigration to the Gulf States (Fargues 2011). According to Fargues, the first period dates back to the late 1930s when crude oil exploration and production started to skyrocket. At that time, the majority of the foreign workforce was from neighbouring Arab countries, which were poor in capital but endowed with labour. It was a self-evident step to import a workforce from neighbouring countries as there were no language barriers and they were culturally similar to the host countries' population. However, the ruling elite soon realised the inherent risks in the presence of a mass foreign population, and it became an important strategic political goal to prevent the emergence of a broad working class and subsequently the possibility of strikes and labour protests against the unequal treatment of fellow Arab nationals.

The second phase started in the 1960s and intensified after the 1973 oil boom. An unprecedented demand for foreign workforce in the region emerged because of both qualitative and quantitative reasons. The national workforce was simply

22. According to Fargues "Nationals and non-nationals have grown as two independent populations." The main reason behind this phenomenon is the lack of intermarriages, thus "the two populations reproduce in isolation" (Fargues 2011).

inadequate in terms of size. Furthermore, they did not possess the necessary skills, training and education to properly execute large-scale oil infrastructure related projects. As regional political tensions started to increase, and the first Gulf War broke out, the domestic situation of non-nationals became even more complicated. The shift from Arab migrants towards those from Asia intensified during this period. Employers across the Gulf perceived Asian workers as less likely to settle or protest against certain policies or working conditions. As such, Asian guest workers were seen as the logical replacement for Arab workers because of their geographical proximity, historical economic ties to the region, and their abundant numbers. Generally speaking, earlier the modus operandi of the Gulf states concerning immigration was to utilise the foreign workforce to enhance their financial well-being. However, the contemporary approach is more restrictive, and nationals view the foreign workforce as a threat both to their economic and cultural integrity despite the fact that their government continuously relies on this workforce for sustained economic growth.

A specific characteristic of the immigration policies of Saudi Arabia and the UAE immigration policies is the existence of the sponsorship or the *kafala* system, according to which foreign workers must have a sponsor in order to be legally eligible to work in any of these countries. As a consequence, unemployment among non-nationals is almost non-existent simply because they cannot enter the country without having a proof of their job from their sponsor. At the same time, this employment system causes serious harm for those at the very bottom of the payment chain, and it is condemned by various international organisations, such as the Human Rights Watch (HRW 2004). In fact, this policy is the institutional embodiment of the subordination of non-nationals and their segregation. In practice, the *kafala* system ties workers to their sponsors (*kafeel*) and thus opens the door for exploitative relationships. Migrant workers are completely dependent upon their sponsor both for their livelihood and residency. It is not uncommon that unpaid non-national workers cannot even leave the country or apply for other jobs, as they need special exit permits or official approval from their employers to be able to take these steps. Furthermore, their passports are often held by their employers, so their mobility is fully constrained, and they have extremely little room for legal appeal in these countries, as in practice they are treated as lower-class citizens.

Contemporary Workforce Nationalisation Efforts and their Impact

Without doubt, the trend towards restricting the inflow of immigrants has been increasing both in Saudi Arabia and in the UAE. At the same time, Saudisation and Emiratisation policies that have been adopted in the last 20 years have achieved rather ambiguous results. An important indicator of the lack of effective implementation policies, for example, is that remittances from Saudi Arabia remain the second highest in the world, after the United States. (Hend 2015:4). Efforts to nationalise the workforce started as early as 1932; however, these attempts were not effective. The usual method adopted was to accomplish the replacement of foreign workers in the private sector with Saudi nationals through various employment quota targets. The aim of workforce nationalisation, however, is multifaceted: It seeks not just to protect Saudi nationals and increase their number in the private sector, but simultaneously it seeks to reduce the dependence on foreign workers and stop the outflow of income as remittances. The failure of previous nationalisation efforts in curbing the unemployment of Saudi nationals led the Kingdom, in 2011, to introduce the Nitaqat programme as a renewed approach to ensure effective enforcement of nationalisation policies. In order to incentivize employers to hire Saudi nationals, Nitaqat categorises all companies according to the number of Saudis they employ in order to allot support appropriately.²³ Unfortunately, the Labour Ministry's Nitaqat programme failed to achieve the desired results and it created harmful practices such as "fake Saudisation" or increased corruption.²⁴ Therefore, although national employment quota policies seem like attractive policy options, it is mostly because they can provide short-term visible effects. Over the long-term, however, less vivid, but more enduring human capital investments are needed, especially in the field of education.

The UAE has been endeavouring to correct the imbalance between the public and private sectors and, at the same time, expand employment opportunities for

23. The four classifications, Platinum, Green, Yellow, and Red, are separated by thresholds measured by the percentage of Saudis employed. These thresholds differ between employers based on activity (industry) and size (number of employees). During the implementation of Nitaqat, the MoL expanded the legacy list of 13 activities to 52, and created five size ranges. Therefore, there are 260 potential activity and size combinations (52 x 5), each with their own set of percentage thresholds. In order to be fair to employers, these ranges differ based on the difficulty to achieve Saudisation in different activities. For example, a higher percentage of Saudi employees is expected in a bank as compared to a construction company (Massoud 2013).

24. "Shoura: Nitaqat Failed to Yield Desired Results," *Arab News*, Jeddah, January 29, 2014, <http://www.arabnews.com/news/517201>.

nationals. The first Emiratisation related government resolution was issued in 1998 and it targeted the banking system; in 2003, a similar resolution was passed which targeted insurance companies; soon after, in 2004, trading firms and in 2006, secretarial and human resource workplaces were also included in the nationalisation policy framework. These resolutions in the beginning were non-mandatory; however, the lack of progress compelled the government to introduce various penalty systems. In 2011, the UAE reformed its *kafala* system to enable migrant workers to switch employers without first receiving their original employer's permission (Migrant Forum Asia, 2017). It is also noteworthy that due to these changes, "worker's real wages increased by more than 10% in the three months after their contract expires, whereas before the change they barely moved at all."²⁵ These positive impacts underscore that real market forces are welcome, though they should be closely monitored, and these emerging best practices should be adapted by neighbouring countries with similar structural patterns.

The Interrelationship between Workforce Nationalisation and National Identity Formulation

In order to arrive at a comprehensive assessment, it is important to unmask the hidden processes that connect workforce nationalisation and national identity construction. It is a rather challenging task, since it requires the combination of quantitative (employment/unemployment rates) and qualitative (national identity formation) factors. First and foremost, it must be highlighted that labour nationalisation policies differ in principle and practice. In the last century, an unprecedented demographic change took place in the Gulf region. The long-term aim of diversifying the economy and thus to transform resource-dependent economies into knowledge-based societies, however, requires bold policy changes that have the potential to threaten regime legitimacy. In order to make this transition, it is probable that the Gulf countries will rely even more on a high- and less-skilled foreign workforce for various types of jobs. In reality, the region's public sector is no more able to absorb the younger workforce, including females.

After the 2008 economic crisis, unemployment levels especially among the younger generation skyrocketed. In order to prevent widespread protests and a possible revolution, the Gulf countries began to strengthen the bond between their

25. "Migrant Workers in the UAE, Wages of Chain," *The Economist*, April 7, 2016, <http://www.economist.com/news/finance-and-economics/21696533-reform-highlights-how-much-previous-regulations-were-suppressing-pay-wages>.

governments and nationals by creating more public sector jobs and increasing the salaries of state employees in an attempt to mute any possible dissatisfaction with the status quo. At the same time, during this economic downturn, foreign workers were increasingly portrayed by governments and viewed by locals as competitors to national workers, regardless of their actual salaries and working conditions. According to the Gulf Business 2015 Salary Survey in Saudi Arabia, a Western expat is paid on average six per cent more than an Arab expat and almost 30 per cent more than an Asian one. In the UAE, Western expats earn 12.6 per cent more than Arab expats and 40.5 per cent more than an Asian worker (Anderson 2015). These differences create tensions between nationals and non-nationals, and it opens the door for the process of negative othering. According to Neil, the inward turning nation-building efforts of the GCC states “can include a nationalism expressed in the ethnopolitics of chauvinism towards non-national residents” (Neil 2009: 2). As such, from the government’s perspective, Saudisation and Emiratisation are designed not exclusively to address unemployment challenges, but they are often seen as politically beneficial moves.

The decisive underlying factor, however, is that despite their incredible wealth, neither Saudi Arabia nor the UAE has developed a competent educational system and, therefore, citizens are often not qualified enough to replace the foreign workforce in the private sector. In addition, because nationals in both countries demand higher salaries, more extensive benefit packages, and shorter working hours than non-nationals, the private sector faces an enormous challenge when it seeks to comply with workforce nationalisation policies. In order to create a mutually beneficial reform, responsible ministries in Saudi Arabia and in the UAE have to recognise that migration policies and national identity construction are inextricably linked processes. Identity and economic competitiveness can be developed and enhanced only through one channel and that is education. Nationals in both countries have to be endowed with the necessary skills to be able to become active citizens such that they also contribute to national welfare, not just foreign workers. By laying down the foundations of a better and more market-suitable education, national identities can also be enhanced. The feeling of belonging should not rest only on the fact that citizens are recipients of state welfare services. However, thus far, Saudisation and Emiratisation policies have failed to meaningfully contribute to these goals.

Conclusion

Unemployment and migration have been one of the most debated phenomena in the interactions of domestic politics and foreign policy. This chapter examined the non-national workforce identity related impacts in Saudi Arabia and the UAE. It also aimed to shed light on the links between national identity construction and workforce nationalisation strategies beyond the economic realm. As discussed previously, it is time for Saudi Arabia and the UAE to recognise that the presence of a non-national workforce is essential for the sustained economic well-being of nationals and the continued expansion and development of national economies. At the same time, national identity construction in both cases often utilises the phenomenon of “negative othering” and, as a consequence, the non-national workforce is presented not just as an economic threat, but also as an identity threat during times of structural challenges.

Finally, these cases illustrate that the rentier type economy of these states and their special social contract with their citizens prevents governments from introducing the required structural changes in their employment policies. In short, maintaining popular support to the regime enjoys priority over practical concerns. It is highly unlikely that either Saudi Arabia or the UAE will abandon the *kafala* system or reduce the wages of public sector employees. When workforce nationalisation policies are implemented, they are able to increase nationals’ participation in the private sector in the short run, but this change comes with enormous costs for private companies. Together, these findings demonstrate that reform has to begin in the field of education. In a broader sense, national governments need to direct their resources to obtain the following long-term goals: improved work ethics, transferable skills, and an educational system that is able to meet the demands of the national market. These findings open an important avenue for further studies regarding national identity construction and workforce nationalisation in the post-Arab Spring regional order.

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Migration to the Gulf: Policies in Sending and Receiving Countries

International migration is a ubiquitous reality in the Gulf states where foreign citizens are a majority in the workforce as well as in the total population of several states. Migration is instrumental in the Gulf nations' prosperity and at the same time regarded as a challenge to their identity. For many countries of origin in Asia, the Arab world and East Africa, migration to the Gulf is an integral part of the daily lives of tens of millions and a constitutive element of economies and societies.

On the sending side, there is a widespread view that emigrants serve the prosperity of their nation, through financial remittances, enhanced skills, and enlarged business networks, and that they must be protected in the countries where they live. State institutions have been created to look for migration opportunities and to defend the rights of their expatriate nationals in terms of living and working conditions. Fair recruitment and decent work have become an integral part of their agenda. Emigration is now regarded as a resource for national economies in the same way as trade, and a matter for external policies and politics.

On the receiving side, Gulf policies must address the challenge of admitting contract workers needed by ambitious development programmes and welfare goals, while tackling a number of migration-related imbalances: too much dependency on foreign labour; too few women in the labour force; too much unused education and wasted skills among nationals; too much money flooding out of the country in the form of workers' remittances; and too rigid regulations ending up in high levels of irregularity.

This book is about policies designed to regulate migration and protect the migrants and enable them to contribute to the prosperity of the Gulf and the development of their home countries. It brings unique knowledge to all those striving to improve current systems, from a state's as well as a migrant's perspective.

