Shedding light on the Gulf's middle class
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Little is known about the middle class in the GCC states, but a recent survey illuminates the hopes, fears, and expectations of this important segment.

A vibrant middle class is generally seen as a hallmark of a modern, growing economy. Spanning a large swath of professions, the middle rung of society is a source of stability and entrepreneurial spirit. It has a clear stake in the future and will work hard to see its dreams fulfilled.

Yet in the states of the Gulf Cooperation Council (GCC)—Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (UAE)—one of the world's fastest-growing regions, very little is known about this key social segment. The academic literature is small. An Internet search yields contradictory descriptions of the region's middle class—variously depicted as "growing" and "shrinking," "energized" and "distressed," "empowered" and "threatened"—without any useful definition of it.

To gain a better understanding of the attitudes and role of the region's middle class, Zogby International and McKinsey surveyed nearly 2,400 people in three GCC states: Bahrain, Saudi Arabia, and the UAE.1 The project is the first phase of a long-term effort to examine the region's middle class and track the changes within it. We asked respondents about their jobs, families, attitudes, and concerns, as well as what social class they belong to.

While our analysis is not yet complete, initial findings suggest that the middle tiers in Saudi Arabia and the UAE are generally positive about the future, while Bahrainis have a much bleaker outlook.

Who's in the middle class?
In each of the states we surveyed, about two-thirds of the respondents described themselves as members of the middle class. Experi-ence shows that self-selection tends to inflate its size, since many people in the upper and lower tiers are prone to say that they are middle class. Indeed, the salary range of those so describing themselves covers a wide range: from 5,000 dirham (about $1,350) to 30,000 dirham a month in the UAE, for example, with the mean in the range of 10,000 dirham to 20,000 dirham.

What's more, the tribal and traditional family structures of the Arab world can create a complex picture of social class. Nevertheless, with rapid urbanization, economic growth, and the expansion of government bureaucracies, a new group of urbanized and salaried employees has clearly emerged. By and large, our respondents reflected this reality.

They were remarkably forthcoming, and their answers enabled us to start defining the characteristics of the region's social classes. Whether employed in the public or private sectors, those who described themselves as middle class were largely salaried employees. Except for people in the military, most would fit the Western description of white-collar workers: professionals, teachers, health care and office workers, and salespeople, for example.

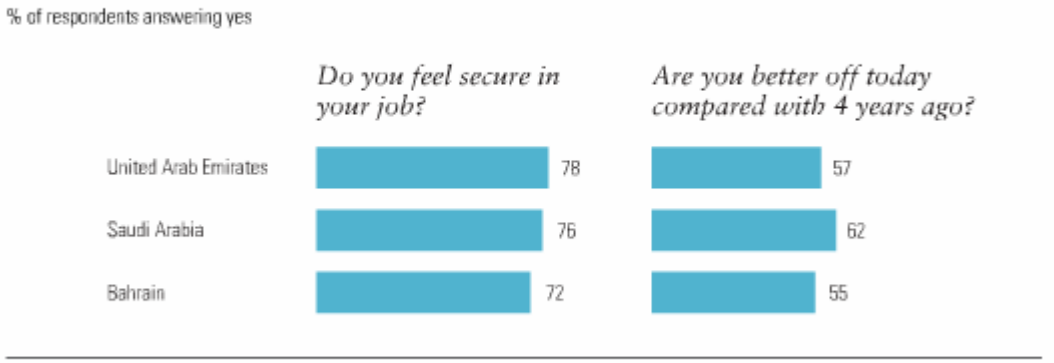
Reinforcing the role of self-selection, the responses of those who described themselves as middle class fall roughly in the middle of our total survey pool, between the responses of people describing themselves as upper or lower class. Whether the issue was salaries, attitudes, expectations, or confidence, the responses of the people who call themselves middle class fall, in fact, right in the middle of the spectrum in almost every area measured in our research.

An upbeat outlook
About three-quarters of the middle-class respondents in all three states say that they feel secure in their jobs. More than one-half say that, in general, they are better off today than

they were four years ago (Exhibit 1). Majorities also give passing grades to their country's educational and health care systems, though it is important to note that Bahrainis are significantly less satisfied with them (Exhibit 2).

EXHIBIT 1

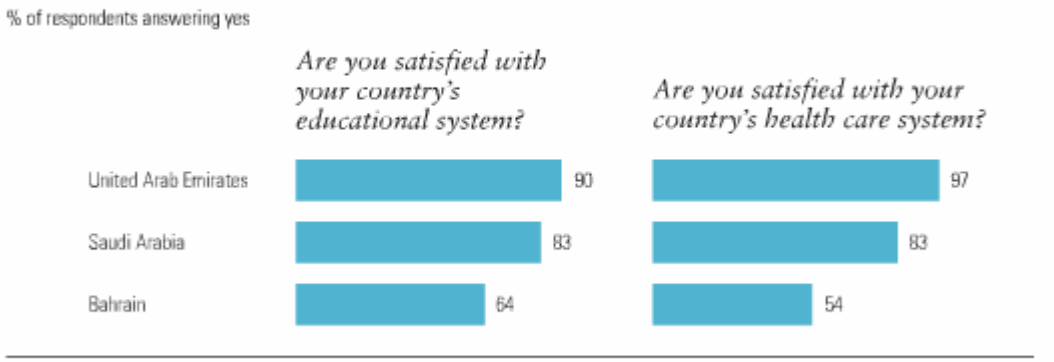
Job security and progress



Source: 2006 Zogby International–McKinsey survey of 2,387 nationals >18 years of age in Bahrain, Saudi Arabia, and United Arab Emirates

EXHIBIT 2

Health and education

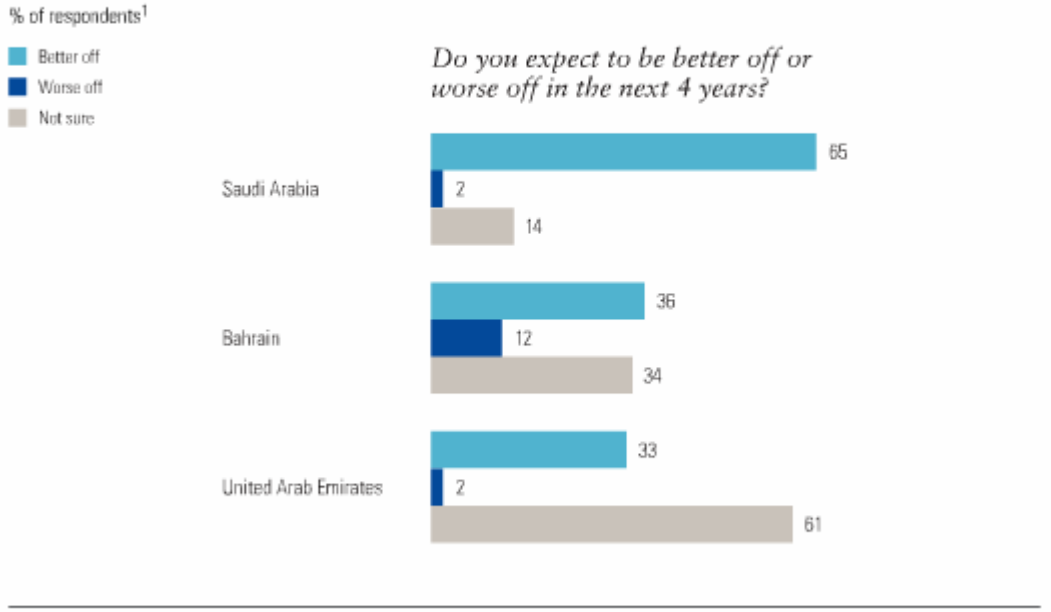


Source: 2006 Zogby International–McKinsey survey of 2,387 nationals >18 years of age in Bahrain, Saudi Arabia, and United Arab Emirates

Looking to the future, the middle class in each state shows confidence, but Saudis are nearly twice as likely as Bahrainis or Emiratis to expect that they will be better off in the next four years. Indeed, respondents in Bahrain and the UAE express a much higher degree of uncertainty across social classes: for instance, 61 percent and 34 percent of middle-class respondents in the UAE and Bahrain, respectively, say that they aren't sure if they will be better off four years from now (Exhibit 3).

EXHIBIT 3

Expectations for the future

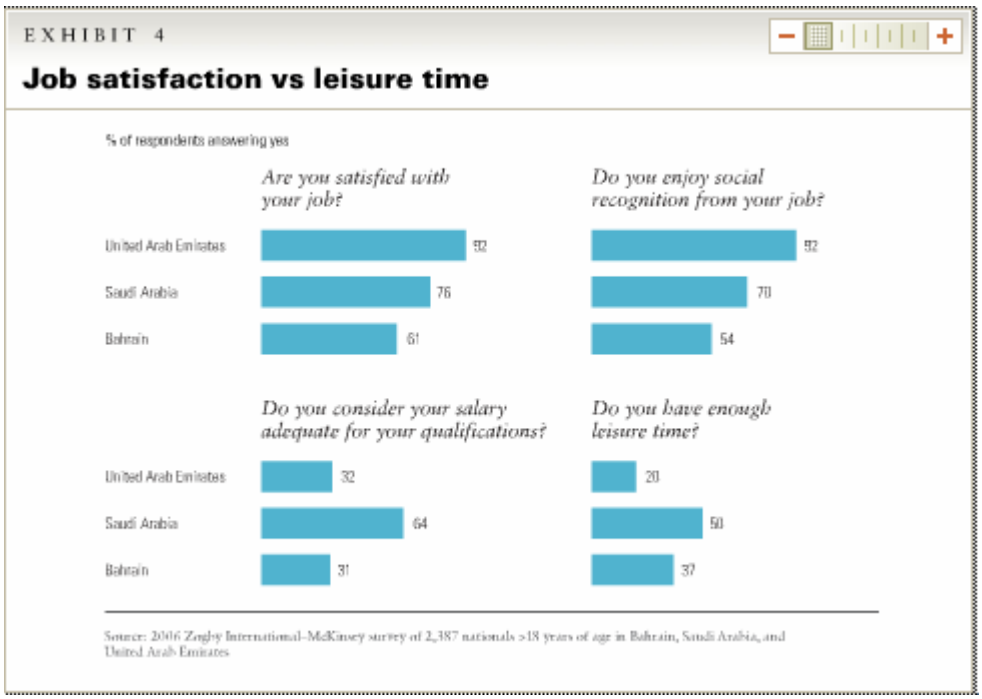


[1] Figures do not sum to 100%, because respondents who answered 'don't know' are not shown.

Source: 2006 Zogby International–McKinsey survey of 2,387 nationals >18 years of age in Bahrain, Saudi Arabia, and United Arab Emirates

Some of these attitudes might reflect the interplay of national developments and regional tensions rather than individual circumstances. The strong inflow of petrodollars to the GCC, for example, has helped keep overall economic expectations high. Conversely, the rapid pace of internal change, coupled with regional concerns about Iran and Iraq, may be tamping them down, which could help to explain the uncertainty respondents expressed. In addition, during the past three years we've noticed a swelling sense of national pride. Increasingly, nationals in the Gulf region have tended to identify more closely with their own countries than with Arabs or Muslims in general.

Saudi Arabia and the UAE have the GCC's largest and most dynamic economies, and middle-class Saudis and Emiratis are more satisfied with their jobs than are their Bahraini counterparts. Of the middle-class respondents in the three states, Emiratis report getting the most satisfaction and enjoying the greatest social recognition from their employment. They are also the most confident that "hard work and ambition" alone—rather than "connections" or "family status"—can bring career advancement. On the flip side, relatively few middle-class Emiratis say that they are paid sufficiently or have enough leisure time (Exhibit 4).



The Saudi middle class appears to be the most financially secure: almost two-thirds of these respondents indicate that their salaries are fair (as opposed to less than one-third of the Emiratis and Bahrainis). More than one-half of the Saudi middle-class respondents list sources of income in addition to their jobs, such as families, stocks, and rental properties. As a result, almost two-thirds of the Saudi middle class report having "extra income" to spend or save, compared with a substantially smaller percentage of middle-class Emiratis and Bahrainis (16 percent and 24 percent, respectively). Finally, more than two out of five middle-class Saudis disclose having at least as much "extra income" to spend or save as they did three years ago, compared with only 10 percent and 15 percent of middle-class Emiratis and Bahrainis, respectively.

Distress in Bahrain

While some yellow flags arise from the UAE, of the three groups we studied the Bahrainis are certainly the most troubled.

In Bahrain, more than 20 percent of our middle-class respondents say they are unemployed and actively looking for work, compared with less than 10 percent in Saudi Arabia and the UAE. Sixteen percent of the Bahrainis surveyed report losing their jobs in the past two years. Middle-class Bahraini job seekers report not only having little or no income but also coming from households where only one person is working, which contributes to their hardships. In contrast, most Emirati and Saudi job seekers come from households where two or more people are working. Although unemployed, they say they have fairly substantial incomes from family support and other sources.

Of the employed middle-class Bahrainis, only six in ten find satisfaction in their jobs, and only slightly more than half indicate that they enjoy the social recognition that comes from their work. In both respects, respondents in Saudi Arabia and the UAE are considerably more upbeat.

The pattern continues throughout the survey, with Bahrainis indicating that they are less well off, less optimistic, less satisfied, and less confident than their middle-class counterparts in the other two GCC states.

It is also important to note the concerns of those nationals in the three states who describe themselves as lower class. In all three, the gaps in income, confidence, and satisfaction between people in this group and those in the middle class are significant enough to warrant serious attention.

A deeper mining of our rich data will reveal still more insights and allow for more comparative analysis. With this benchmark study complete, further research will also enable us to measure trends within the GCC's middle class. Is it growing or shrinking? Are levels of confidence and satisfaction increasing or declining? Answers to such questions will offer solid indications of the health of the region's economy.

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