

**Accounting for National Business Models'
Adaptation and Restructuring
Evidence from Saudi Arabia**

**A thesis submitted for the degree of Doctor of
Philosophy (PhD)**

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DECLARATION

The work described in this thesis has not been previously submitted for a degree in this university or any other university and otherwise reference the author's work.

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Table of Contents

Acknowledgement	2
Declaration.....	3
Statement of Copyright	4
List of Tables	10
Abstract.....	11
Chapter 1: Introduction.....	12
Statement of the Problem.....	20
Research Aims and Objectives	21
Main Objective.....	21
Specific Objectives	21
Research Question	22
Significance of Saudi Arabia for the research study.....	22
Contribution and Significance of the Research Study	23
Chapter 2: Literature Review.....	25
Introduction.....	25
Business Model.....	25
Business Model Drivers and Components	27
Adaptation and Transformation of Business Model	29
Table 2.2 – Concepts and Definitions.....	30
Corporate business model	36
Business model and stakeholders’ theory	37
Function of business model to the economics	38
Transformations of corporate business model	40
Restructuring of the corporate business models	41
Significance of Business Model.....	42
National Business Model	43
National Business Model, Entrepreneurial State and Varieties of Capitalism	55

Conclusion	58
Islamic Finance	58
Introduction.....	58
The framework of Islamic Finance	59
Macro-economic Aspects of Islamic Finance	61
Conclusion	66
Culture.....	67
Introduction.....	67
Culture.....	70
Cultural Values	71
Cultural Diversity.....	72
Model of National Culture	72
Hofstede's model.....	73
Trompenaars model	75
Culture and Management Practices	77
Culture and organization.....	78
Culture and strategy	78
Culture and human resources management	79
Culture, Islamic finance and National Business Model.....	79
Conclusion	80
Theoretical Framework.....	80
Saudi Arabia Economic Performance.....	84
Recent Economic Developments in Saudi Arabia.....	86
Conclusion	97
Chapter 3: Vision 2030	100
Introduction.....	100
A Brief History of Saudi Arabia	102
Historic economic developments that led to Vision 2030	105
Saudi Arabia's Economic Transformation.....	107
Reforms in Saudi Arabia – Vision 2030	108

Chapter 4: Methodology	115
Introduction	115
Research methods	116
Philosophical Framework for Scientific Research.....	116
Research methods in business management & accounting.....	118
Research methods used in accounting research	120
Research approach and methods for this study	122
Role of literature	123
Methods, data, and structure of analysis	126
The role and structure of qualitative analysis	127
The role and structure of quantitative analysis	130
Ethical Considerations	131
Conclusion	132
Chapter 5: Qualitative Analysis	132
Introduction.....	132
Objectives of the qualitative analysis	133
Government sector	134
Corporate Sector	142
Financial Sector	152
Households and their role in the KSA economy.....	157
Cultural interventions.....	161
Conclusion	166
Chapter 6: Quantitative Analysis	169
Introduction.....	169
Government Sector	170
GDP per capita and GDP growth.....	180
Oil exports.....	182
Diversification of the economy	183

Corporate sector's business model adaptation to Vision 2030.....	185
Vision 2030 impact on the tourism, SME's and construction.....	187
Financial Sector	191
Banking sector	191
Islamic versus conventional banking	192
Development of the stock exchange	193
Foreign Direct Investment (FDI) contribution to the National Business Model	195
Households and their role in the economy of the KSA	196
Cultural interventions.....	199
Women participation in the economy	199
Conclusion	202
Chapter 7: Conclusion.....	205
Theoretical framework and contribution to the extant literature	205
Findings from the research study	207
Key findings from the qualitative analysis	207
Findings from the quantitative analysis	212
Limitations of the research.....	214
Practical implications and recommendations.....	215
Practical implications of the findings	215
Potential outcomes for the current Vision 2030 national plan.....	216
Policy recommendations for the Saudi government	217
Research recommendations and future research paths	218
References.....	220
Appendices.....	252
Appendix 1 – Letter of ethics approval.....	252
Appendix 2 – List of the regulatory documents.....	253
Appendix 3 – Government Sector – 2030.....	254
Appendix 4 – Corporate Sector – Vision 2030.....	269
Appendix 5 – Household Sector – Vision 2030.....	299

Appendix 6 – Culture – Vision 2030	307
Appendix 7 – Overall Goals Country Economy – Vision 2030	314

LIST OF TABLES

Table 2.1 - Business Model definitions	26
Table 2.2 – Concepts and Definitions	30
Table 6.1 – Privatisation in Saudi Arabia between 2014 and 2020	174

ABSTRACT

This thesis contributes to accounting for business models theory by extending its “adaptation and restructuring” concepts, originally developed for research within corporate settings, to the national context of Saudi Arabia. Adopting an exploratory inductive approach, I use national business models’ theory as a frame to loosely conceptualise the impact of the Saudi Arabian government’s recent initiatives, as stated in their Vision 2030 government plan, to transform the country’s economy. Saudi Arabia has been heavily reliant on crude oil and its by-products, and the crisis in oil prices monumentally impacted the economy. To reduce its reliance on revenues from the oil industry, the Saudi government introduced an economic transformation program named Vision 2030. As a result, Saudi Arabia aims to reshape its position in the international field with a plan to diversify and increase revenues from non-oil sources. Involving a significant shake-up of the national economic policies and regulations, the transformation intended via Vision 2030 at country level, provides a unique opportunity for research that evaluates the application of theory on business model adaptation and restructuring and its practical implications at national level. The term business model describes the procedures and processes, that can transform organizational business functions and corporate activities. The business models’ concept has also been used to frame national economic development by describing and evaluating a country’s policies, regulations, and economic developments.

However, prior research has focused on evaluating national business models of well-developed and diversified economies, where the opportunity to capture and frame adaptation and restructuring processes has been limited. To initiate the filling of this gap in accounting for national business models’ literature, this thesis employs a mixed methods approach to analyse relevant narratives and numbers which then lead to the construction of a *‘descriptive national business model’* for Saudi Arabia. This loose conceptualisation improves our understanding of the interplay between government regulatory initiatives and other factors, such as culture and religion, that influence a national business model’s ability to restructure and adopt in the phase of modern economic challenges.

CHAPTER 1: INTRODUCTION

Background of the Study

Although there is no universally accepted definition of a business model, consensus exists regarding its characterization. It is agreed that a business model is a framework through which companies implement their strategy (McGrath, 2010; Nielsen and Montemari, 2012; Nielsen et al., 2009). It clarifies how monetary and non-monetary value is generated and sustained (created and captured) by the business (Osterwalder and Pigneur, 2010; Teece, 2010). According to Taran et al. (2016). The fundamental significance of a business model lies in its capacity to identify vital elements and relationships that comprehensively describe how one may create business value. According to Morris et al. (2005):

"The business model concept views a company as a set of interrelated decisions that concern its main strategic elements, such as the value proposition, along with the activities, resources, and partners required to develop the value proposition itself, as well as target customers and the channels and relationships needed to reach the customers themselves"

(Morris et al., 2005: 728)

This research study is initiated to understand the business model concepts at a national level. Moreover, the explanation is presented to the corporate sector's adaptation and restructuring of the business model. Based on the understanding of the business model and the business model adaptation and restructuring, this research study contributes to the existing literature by conducting exploratory research to explain the process of adaptation and restructuring at the national level using Saudi Arabia's case.

Business Model

The business model activities, according to Shafer et al. (2005), can be broken down into four categories: strategic decisions, the value network, creating value, and capturing value. A business model also depicts a company's basic core logic and strategic decisions for adding value to and capturing it within a value network. A business model, according to Osterwalder (2005), is a conceptual instrument that

includes a collection of elements and their interactions and enables the expression of the business logic of a particular firm. It is an explanation of the value a business provides to one or more client groups as well as the structure of the organisation and its network of partners for developing, promoting, and delivering this value as well as relationship capital to build a successful and sustainable business.

National Business Model

The main characteristics of a national business model, according to Haslam et al., (2013), are a generation of surplus (liquidity) and meeting continual recapitalizations (solvency). The methodology calls for separating the corporate (financial and non-financial), government, and household institutional categories from the national business model. It also looks at how much the cost structures in these three institutional groups have changed. The processes and mechanisms of national economic development and change are described using a "business model" conceptual framework rooted in accounting. As a result, national business models exist in a large economic environment where they adapt to new knowledge because of stakeholder and institutional interactions. These exchanges result in financial data that is reported and displayed as current income flows (revenue, expenditure), balance sheet accumulations, and changes in net worth (assets and liabilities outstanding).

The dramatic fall in oil prices plunging from a towering \$115 per barrel in 2014 to a mere \$35 per barrel in 2016 critically weakened the economies of oil-exporting countries. As a result, they sustained tremendous financial losses from income from international markets. The hardest hit were those countries whose GDP primarily depends upon revenues from oil; one such economy is Saudi Arabia.

Saudi Arabia is primarily a Petro-based economy. However, the country is a critical player in the production and export of oil. In 2015, Saudi Arabia exported crude oil worth \$135 billion, accounting for 17% of total crude oil exports globally (IMF, 2016). The contribution to the national GDP of Saudi Arabia from the oil sector averages 44.2% between 2010 and 2015. In addition, the country has the second-largest proven oil reserves in the world.

In summary, the economy of Saudi Arabia historically has been heavily reliant on crude oil and its by-products. Therefore, a sharp decline in oil prices adversely affected the national growth and development in Saudi Arabia (Chapman, 2014). Compelled to free itself from the shackles of oil-export revenues, Saudi Arabia announced a \$500 billion plan to build a business and industrial zone extending into Jordan and Egypt.

This industrial zone comprises a 26,500 square km (10,230 square miles) zone, known as NEOM, to be powered entirely by renewable energy. The focus will be on industries including energy, water, biotechnology, food, advanced manufacturing, and entertainment, as announced by Saudi Crown Prince Mohammed bin Salman at the opening of a three-day international business conference drawing over 3,500 people from 88 countries. Officials hope a privatization program, including selling 5% of oil giant Saudi Aramco, will raise \$300 billion. In addition, Saudi Electricity Co 5110.SE, the state-owned utility, announced Government officials would consider selling a significant stake to the Soft Bank Vision Fund, the world's biggest private equity fund. To generate investor confidence, Riyadh has simplified the investment process by cutting red tape, vowing to allow strategic foreign investors to own more than 10% of listed Saudi companies.

Another method via which the Saudi government wants to generate non-oil revenues is Vision 2030, which would require the transformation of the Saudi economy into a well-diversified economy, increasing the non-oil revenues and reducing the public wages (Vision 2030). This research study plans to understand the National Business Model of the Saudi Government via which the proposed economic changes are to be implemented, including the processes and mechanisms for economic development and transformations.

In this research study, it is argued that the process of financialization can best be understood within an augmented accounting framework that deconstructs national business models into their institutional and focal entity constituents. This research study is grounded in accounting; therefore, financial numbers are applied to make visible cost structure, cash generative capacity, and balance sheet capitalization (asset and liabilities) upon which the narratives about economic transformation are constructed (Froud et al., 2006; Haslam et al., 2012). A long-standing tradition within

economics is concerned with how national accounts can capture the relation between income, expenditure, and capital accumulations in the balance sheet.

The term business model describes the procedures and processes which can help to transform the organizational business functions and corporate activities. Similarly, the business model concept can be extrapolated for use in national economic development and transformation. This can allow an analysis of policies, regulations, and macro-economic developments within a country (Al-Debei and Avison, 2010). Saudi Arabia has in the past been inaccessible to foreign investors. Cultural diversities between Saudi Arabia and other nations, particularly Western regions, meant conducting business has been difficult over the past few decades. However, globalization has allowed Saudi Arabia to open its borders to foreign investors.

Although cultural barriers have been eased to facilitate foreign investment over the years, it is worth noting that foreign companies entering Saudi Arabia have also grown more accustomed to the local culture of the Kingdom. According to Al-Adaileh and Al-Atawi (2011), the effect is on both sides. With foreign investors and companies entering Saudi Arabia, businesses have learned to operate according to international standards. Consequently, this has had a significant impact on the economy of Saudi Arabia. Moreover, according to Cassell and Blake (2012), many individuals in managerial positions in the companies operating in Saudi Arabia are ex-pats with previous managerial experience, meaning they have the necessary skills to manage the culturally diverse workforce available in the country.

Cultural diversity within an international organization influences management style and other procedures and functions (Khan and Law, 2018). Culture is a deep-rooted, vital component of Saudi society. Hence, these factors play a critical role in shaping the environment of the Saudi workplace, from elementary gestures to the strategic decisions and execution of tasks. This is amongst the factors considered when designing a National Business Model for Saudi Arabia.

Religion and culture hold a very high standing in Saudi Arabia. Therefore, both factors must be included in the theoretical framework of Saudi Arabia (Humphreys, 1979). While not considered significant in the Western workplace environment, religious and

cultural influences are essential in the Saudi workplace environment. Therefore, any study into the national business model in Saudi Arabia would require a comprehensive analysis of these factors.

Saudi Arabia is the Muslim country with the largest economy, its history, and religious importance means that its religious leaders have a role in the running of the state and, therefore, its economy. Analysing the fundamentals and principles of Islamic finance and their impact on the country's economic development can help understand the impact of the fundamentals and principles of Islamic finance on the national business model of Saudi Arabia particularly and Muslim countries in general. Islamic finance and economic system are primarily based on the laws of Shariah. Three fundamental principles govern Islamic finance: equity, participation, and ownership. These principles imply that financing can only be extended to productive activities such as trade and tangible assets in an Islamic financial system. Thus, it is often considered an asset-based financial system. If fully complied with, these principles ensure appropriate leverage and help limit speculation and moral hazard. A strong preference is attached to risk-sharing modes of financing, as they are closest to the spirit of Islam. In addition, financing is linked to real assets even in debt-like modalities, limiting the extent of leverage associated with funding. Islamic finance has expanded rapidly and is spreading across many regions. However, Islamic finance still represents a minimal share of global financial assets despite this growth.

Thus far, the research has analysed the impact of culture, both organizational and national, on the macro-economic aspects of Saudi Arabia. The country's national culture plays a major role in the national economy of Saudi Arabia. According to (Esmail, 2019), the national culture of Saudi Arabia has a significant impact on the country's economy. Individuals' social and economic patterns, as well as their cultural traditions, help to demonstrate various development-related variables. Culture is the aggregate of all the ways that human resources have learned to live with it. It has an impact on Saudi Arabia's economic behaviour in terms of consumption and output. The social and economic performance of Saudi Arabia is improved. Moreover, he concluded that there have been noticeable changes in Saudi citizens' consumption behaviour recently, particularly in the wake of the oil price crisis and the austerity measures implemented by Princess Mohammed bin Salman. According to Ismail,

culture has a significant influence on lowering the level of luxury spending compared to earlier in history. Particularly in the knowledge-based and creative economies, the economic culture has developed into a trend that will not go away. The expanding economic influences on culture are growing steadily, and the economic influences on culture are growing as well. This suggests that without a change in culture, the Saudi economy would not advance. It can be said that the generation is attempting to construct promising future access to a cultural transformation in accordance with the 2030 Vision and the policies of the promising leadership of King Salman and his son prince Mohammed bin Salman. The diversity of cultures in Saudi Arabia will have a significant impact on sustainable development. One of the foundations of economic progress is culture. It contributes to the creation of value added and considerable economic opportunities for employment.

An analysis of the cultural elements and their impact on the country's economic performance is a powerful tool in understanding the effects of local culture on the national business model of the country. The analysis of the cultural aspects and their impact on the economic performance analyses such factors for other countries. Rapid globalization and progressively expanding interdependence between countries means that national culture is becoming increasingly crucial for modern business processes.

With this global expansion, understanding the impact of national culture on organizational variables becomes one of the most influential factors in the success or failure of companies conducting business globally. Therefore, understanding and accepting national culture with its values, beliefs, attitudes, and forms of behaviour is a prerequisite for success in the modern business environment (Cassell and Blake, 2012).

Cultural differences are constant and persistent, presenting many challenges, especially for multinational companies. Companies managing adaptation can achieve advantages in the different cultural environments and simultaneously extend this advantage across borders. In some cases, it even makes cultural diversity itself a source of advantage. The impact of national cultures in international companies goes beyond management style – it influences other business functions and organizational parts of companies (Tellis et al., 2009).

Saudi Arabia's borders are ever-expanding to international markets, making it vital for any global company targeting the Saudi market to integrate the Saudi cultural norms and customs into their business to reap the maximum benefits of globalization. Saudi Vision 2030 provides a perfect opportunity for international investors to invest in Saudi Arabia and cross-cultural learning and practice.

The applied methodology uses an accounting framework through which financial data is employed to demonstrate balance sheet capitalization (of both assets and liabilities), generative cash capacity, and cost structure. The critically engaged narratives of the economic transformation of the Saudi economy can be constructed on such a framework (Haslam et al., 2013; Andersson et al., 2014). Furthermore, accounting models and constraints will be used to analyse the relationship between capital flows and stocks. Drawing upon the work of Minsky (1978), Bezemer (2009) states that the accounting model can be applied to make informed decisions related to policy and responses to the future financial crisis. This is one reason why the national business model (with regards to accounting) for Saudi Arabia is being analysed in this research.

Data from the sources such as World Bank, International Monetary Fund (IMF), and the official Saudi Arabian government website is employed to evaluate the expansion of the national and corporate balance sheets, which will be measured as the outstanding market value of debt and equity. This will allow us to scrutinize the impact of the flow of funds and balance sheet data on GDP trajectory and the evolution of capitalization over time.

According to Haslam et al. (2013), the principal attributes of a national business model are a generation of surplus (liquidity) and to meet ongoing recapitalizations (solvency). The methodology requires dividing the national business model into three institutional categories: corporate (financial and non-financial), government and households. It further examines the degree to which transformation of the cost structure in these three institutional categories. It also argues that the equality of assets and liabilities (assets = liabilities) does not accurately depict the variable motivations and calculations rooted in the non-financial, corporate finance, and government-directed business model.

According to the House of Commons Scrutiny Unit, the assets are recorded at their "fair value," which is the market price for which an asset could be swapped, or a liability resolved. Fair value provides users of the accounts with more current information about the worth of things on the Balance Sheet, but it may also inject volatility into the accounts, which departments may need to explain, and in other situations, it may be challenging to arrive at a valuation (House of Commons Scrutiny Unit, 2009: 3). Therefore, if the fair value of comparable assets is shifting, the grantor (or public sector reporting organisation) may find that it is exposed to asset valuation risk in some situations. When balance sheets are marked to market, the implementation of Fair Value Reporting (FVA) in the public sector will have a substantial impact on financial stability (Haslam et al 2015). The public sector reporting organisations that must record the adjusted value of PFI assets relative to liabilities on balance sheet will suffer from the inclusion of expected impairment losses on assets. Those reporting central or local governments that are subject to asset write-downs may discover that their balance sheets show negative net worth since their asset valuations are less than their outstanding liabilities. Additionally, although reporting entities in the public and private sectors can function temporarily with negative equity, this will force adjustments to resource allocation. In addition to serving as neutral disclosures, reported financial data also serves as a management tool and influences behaviour changes (see Biondi 2011). For instance, repairing a balance sheet can involve raising taxes, cutting spending, or a mix of the two.

Further significant characteristics, which can assist in the analysing changes in the national business model in Saudi Arabia, are changes in the country's demographics. Population growth in the recent past has affected interest rates, savings levels, together with changes in financial innovation via the advancement of technology and capital markets. It will benefit from considering the national accounting data of Saudi Arabia to comprehend the magnitude of change in cost structures (namely internal labour costs and external costs). Furthermore, to understand how gross output bears the share of cash extracted from the gross production. The data gathered from diverse sources will be employed using the methodology discussed above to achieve significant conclusions concerning the national business model of Saudi Arabia.

Vision 2030 is a unique opportunity to extend a theory developed for the corporation to the state level. No research has been conducted in this area when reviewing past research on the national business model. Therefore, this presents a pragmatic opportunity to research and investigate the adaptation and restructuring of the national business model.

Statement of the Problem

Saudi Arabia is the largest economy in the Arab world and the second-largest economy in the region, after Turkey. However, the per capita GDP of the other five countries of the Gulf Cooperation Council (Bahrain, Kuwait, Oman, Qatar, and the UAE) are all greater. Since the 1970s, the Saudi government has attempted economic diversification to steer away from the previous status of revenue generation from the petroleum sector. According to IMF (2016), GDP has fallen from \$754 billion in 2014 due to historically low oil prices. Additionally, the IMF warned Saudi Arabia risks having no foreign reserve currency within five years. It has come to light that the economy of Saudi Arabia has been heavily reliant on crude oil and its by-products, negatively affecting national economic growth and development during periods of oil prices crisis

To tackle this problem, in 2016, the Saudi government introduced Vision 2030. There were several plans; one involved transforming the Saudi economy into a well-diversified economy by increasing non-oil revenues and reducing the public wages. Moreover, to reduce the country's dependence on oil revenues and diversify the economy. In 2017, the Council of Economic and Development Affairs (CEDA) established thirteen Vision Realization Programs (VRPs) to achieve the strategic goals and target of Vision 2030. These programs are; Quality of Life Program, Financial Sector Development Program, Housing Program, Fiscal Balance Program, National Transformation Program, Public Investment Fund Program, Privatization Program, National Companies Promotion Program, National Industrial Development, and Logistics Program, Strategic Partnerships Program, Hajj, and Umrah Program, Human Capital Development Program and lastly was Saudi Character Enrichment Program.

Moreover, during the implementation of Vision 2030, many challenges were identified by the Saudi Arabian Monetary Authority (SAMA) that hindered the mission and vision of the development plan of 2030. Significantly, among the critical challenges mentioned in the same year (2017), it projected that SAMA's net foreign assets would continue to decline, though remaining at a "comfortable level". In addition, it expects that the fiscal deficit will continue to improve over the coming years, also noting that non-performing loans remained low, despite a slight increase to 1.4 percent in 2017.

The concept of a national business model concerning Saudi Arabia is a fascinating subject right now, especially given the transformation in national economic policies and regulations. This is due to a lack of evidence on such an approach being applied to developing countries, especially Saudi Arabia. Therefore, the research will evaluate the national business model employed in Saudi Arabia by adopting the accounting business model concept.

Research Aims and Objectives

Main Objective

The prime objective of this research study is to understand the business model and business model concepts at a national level. Moreover, the explanation is presented concerning the corporate sector's adaptation and restructuring of the business model. Therefore, based on the understanding of the business model and the business model adaptation and restructuring, this research study contributes to the existing literature by employing exploratory research and explaining the process of adaptation and restructuring at a national level using the case of Saudi Arabia.

Specific Objectives

The research question of this thesis is addressed through the following specific objectives:

- To understand the business and business models concepts at a national level.
- To better understand the corporate sector's adaptation and restructuring of the business model.

- To conduct exploratory research to explain and understand the process of adaptation and restructuring at a national level using the case of Saudi Arabia.

Research Question

The research aims to answer the following questions.

- 1) How can the adaptation and restructuring of the national business model theory be taken from a corporate level to a state level?
- 2) What is a national business model, and how a national business models' framework can be adapted to reveal and explain the transformative impact on corporate activities, business functions, and overall national economic performance under the new financial planning of the Saudi Government?
- 3) How theory on adaptation and restructuring of business models grounded in accounting can be applied to a state level. It mainly focuses on a non-free market economy such as Saudi Arabia, unique in its culture and regulatory framework.

Significance of Saudi Arabia for the research study

Research on national business models is conducted in developed economies, however, there is no research on the adaptation and transformation of national business models in developing economies, so the application of national business models in developing economies is not clear (Lei, 2007; Birkin et al., 2009). As a result, this research is carried out in Saudi Arabia. Moreover, Saudi Arabia is chosen for the research study because it is interesting to understand the transformation of the Saudi economy from a Petro-based economy to a diversified economy.

Moreover, it is important to comprehend Vision 2030 because it presents plans to expand the entire economy and assist Riyadh in becoming a financial hub for the Middle East. Vision 2030 is not just helping the Saudi economy transition from a petroleum-based economy to a diversified one, whereas, at the same time, vision 2030 is presenting policies to develop the entire economy and help Riyadh to become a financial hub for the middle east. Furthermore, the lack of study that situates Saudi Arabia's national business model within the context of a comprehensive accounting framework to analyse the underlying logic, risks, and inherent inconsistencies in the

process of economic development is therefore intriguing, consequently, a distinctive contribution to the body of literature is made.

In addition, the social and economic culture of Saudi Arabia adds to the importance of this Ph.D. study. In contrast to Western laws, Saudi Arabia's cultural and governing rules are essentially based on Islamic law, or Sharia (Khan et al., 2010). Due to Saudi Arabia's Sharia-based legal system, Vision 2030-led transition from a highly concentrated to a more diversified economic structure, and status as a developing nation, this research work is very important and adds to the body of knowledge. This means that the existing gap in the literature will be filled by this Ph.D. research, notably the evaluation of the national business model in the context of Sharia law and the local culture.

Contribution and Significance of the Research Study

Literature on accounting for the business models is conducted extensively. In addition, research is performed on understanding the adaptation and restructuring processes that shape the development of corporate business models (Anderson et al. 2014; Haslam et al. 2013). However, adaptation and restructuring within a state-level business model specific to Saudi's economy have not yet been put under the scrutiny of academic research. Therefore, the concept of a national business model for Saudi Arabia is currently of interest. Moreover, the importance of this topic enhances after the transformation of the Saudi government's national economic policies and regulations, which resulted because of the vision 2030. Therefore, it is rather interesting to see that no such research exists that locates the national business model in Saudi Arabia within the context of a broad accounting framework to analyse the underlying logic and the risks and inherent contradictions in the process of economic development. Therefore, a unique contribution is made to the existing literature. Moreover, the findings and results of this research study will be of great importance for the regulators and policymakers.

Research has been conducted on evaluating the adaptation of the corporate business models (Haslam et al., 2012). However, no research has been done that examines the transformation and restructuring of the national business model. Therefore, this

research study extends the application of accounting business model theory for business model adaptation and restructuring from the corporate level to the state level for Saudi Arabia.

CHAPTER 2: LITERATURE REVIEW

Introduction

Many authors (Zott, Amit, and Massa, 2010; Shafer, Smith, and Linder; 2005; Onetti, Zucchella, Jones, and McDougall-Covin, 2010) say that business model literature still lacks a precise and comprehensive definition of what business model is. According to Zott et al. (2010), there are many different definitions, and different scholars have not agreed with the standard definition of business model. The term 'business model' (BM) is generally used to describe the possibilities of transforming corporate activities and business functions (Osterwalder et al., 2005; Magretta, 2002). A business model is a company's plan for generating revenues and profit. It explains what products or services the business plans to manufacture and market and how it intends to do so, including what expenses it will incur. This concept can be adapted to describe the macro-economic processes and mechanisms driving national financial development and transformation.

Business Model

For staying competitive within the continuously changing business environment, enterprises are increasingly forced to adapt their current business models to dynamic external and internal factors (IBM 2010). A business model is commonly viewed as a mediator between strategy and business processes, reflecting in different granularity levels of the concepts (operational vs. tactical vs. strategic) (Morris et al. 2005). It explains how a company performs by representing an abstract view on resources or supply chains of specific products within the company. During the Internet boom, the concept of business models has established itself and has gained importance ever since (Magretta 2002). Meanwhile, business models are popular in e-business and the research fields of strategic management and information systems (Osterwalder & Pigneur 2010). Especially in terms of diffusions of innovation from information technology into business, the concept of business models has proven to be increasingly important (Magretta 2002). There are a few other definitions as well that are provided by different scholars; these are as follows.

Table 2.1 - Business Model definitions

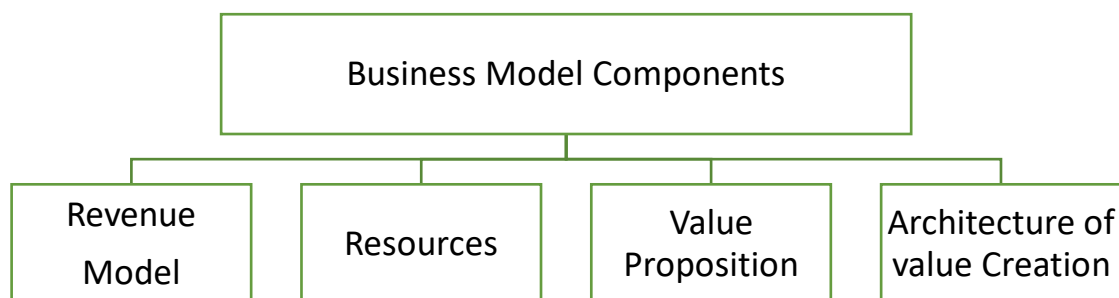
Author	Definition
Teece (2010)	"How a firm delivers value to customers and converts payment into profits."
Zott and Amit (2010)	"... a system of interdependent activities that transcends the focal firm and spans its boundaries."
Williamson (2010)	Cost innovation business model offers advantages in radically new ways meaning more for less
Gambardella and MacGahan (2010)	A business model is a mechanism for turning ideas into revenue at a reasonable cost
Itami and Noshino (2010)	"... Business model is a profit model, a business delivery system and a learning system."
Yunus, Moingeon And Lehmann - Ortega (2010)	A value system plus a value constellation.
Casadesus and Ricart (2010)	"The logic of the firm, the way it operates, and how it creates value for its stakeholder."
Demil and Lecoq (2010)	The way activities and resources are used to ensure sustainability and growth
Sabatier, Rousselle and Mangematin (2010)	Crossroads of competence and consumer needs
Osterwalder and Pigneur (2010)	"Business model describes the rationale of how an organization creates, delivers, and captures value."

Chesbrough and Rosenbloom (2002)	The role of the business model is to make sure that the value is delivered to customers from the technological core of the innovation
----------------------------------	---

Business Model Drivers and Components

Each business model is composed of several core elements. Business model elements do not represent an entire business model but describe its constituent parts. Hence, an analysis of each business model element helps determine the whole combination and composition of a business model. Dynamic factors can be better considered by breaking down a business model into its constituent parts. Thus, a precise analysis of the interdependencies of business model components among each other can be carried out (Demil & Lecocq 2010). For deriving the constituent elements of a business model, several articles dealing with business model elements have been considered (Afuah & Tucci 2004; Amit & Zott 2001; Betz 2002; Chesbrough, Henry & Rosenbloom, Richard 2002; Hamel 2002; Linder & Cantrell 2000; Mahadevan 2000; Petrovic et al. 2001; Osterwalder & Pigneur 2001; Stahler 2001; Timmers 1998). Furthermore, several literature reviews concerning business model elements have also been considered (Morris et al. 2005; Richardson 2008; Di Valentin et al. 2012; Burkhart et al. 2011). A business model comprises the following components: Revenue Model, Resources, Value Proposition, and Architecture of Value Creation.

Figure 2.1. Constituent Elements of a Business Model



Source: Valentin, Pussep, Weiblen and Schief, 2012, 454.

The Revenue Model refers to the different ways in which revenues are being generated (Michael, et al., 2002). The method for managing a company's income

streams and the resources needed for each revenue stream is called a revenue model. A business model is a framework that unites all a company's components, including its revenue model and income streams, and it explains how they all interact (Teece, 2010).

Resources related to a company's performance potential describe the required basis to gain competitive advantages. Key Resources are necessary for every business plan. Your company's resources enable it to develop and offer a value proposition, reach markets, keep up connections with customer segments, and generate income. Depending on the type of business model, different Key Resources are required (Baden-Fuller and Morgan, 2010).

The Value Proposition represents the perceived value promised to a company's customers considering the fulfilment of customer needs (Kotler & Armstrong 2012). The business model value proposition offers a special mix of goods and services that add value to the customer by helping to solve a problem they are having or by giving them something they want. This is when the impulse to purchase your goods and the rationale for the customer's action collide. There may be just one value proposition for a product, or there may be several (Osterwalder and Pigneur, 2010).

In comparison, the Architecture of Value Creation contains information about several channels of information flow and the products and activities required to translate a specific business model into practice. The business model value creation architecture is a strategy area made up of business orientations and strategic postures that refer to "the correct things to do" to create value for the client. The design of a company's value generation architecture is of utmost importance (Casadesus-Masanell and Ricart, 2010).

Most authors concerned with business models agree about these four constituent elements of a business model. However, it should be noted that these derived business model components are interconnected and therefore cannot be considered in isolation. The literature analysis has also shown that business models are not flexible enough to cover an automated analysis and controlling of service level agreements and key measures. However, these are essential aspects for a rapid

adaptation of business models and providing up-to-date information to strategic management.

Adaptation and Transformation of Business Model

Despite recent strides forward in the understanding of the drivers, processes, and facilitators of business model change (notably Achtenhagen et al., 2013; Andries and Debackere, 2006, 2007; Andries et al., 2013; Bohnsack et al., 2014; Mason and Leek, 2008; McNamara et al., 2013; Willemstein et al., 2007), there is still little knowledge of how firms adapt their business models in response to external threats and opportunities. This is problematic because a contingency perspective would suggest that the fit between the firm's business model and its environment may influence profitability (Galbraith, 1973, 1977; Lawrence and Lorsch, 1967) and that a timely response may be necessary. In determining organisational responses, managerial cognition, in particular the perception of environmental changes, can be quite important (Barr, 1998; Barr, Stimpert & Huff, 1992; Ginsberg & Venkatraman, 1995; Tripsas & Gavetti, 2000). However, there is conflicting evidence about which framing of events—a perceived threat or an opportunity—is more likely to spur an organisational response. According to proponents of the threat-rigidity theory, managers tend to rely on their current routines when they perceive a threat, while opportunities inspire managers to take more risks (Dutton & Jackson, 1987; Staw, Sandelands & Dutton, 1981). Interestingly, prospect theory predicts the exact opposite: Managers are more driven to take hazardous action when they perceive a threat than when things are favourable (Kahneman & Tversky, 1979; Barberis, 2013). Additionally, research shows that route dependencies that affect organisational transformation and adaptability can occur from a firm's strategic orientation as it develops from prior experience, solutions, and heuristics (Day, 1994; Gatignon & Xuereb, 1997; Lant & Mezias, 1992). In opposition to this, businesses and managers who are focused on consistently identifying and seizing new market opportunities may be more observant and better able to modify their business model in response to developing risks and opportunities (Teece, 2007).

Increasingly, the literature has been moving from conceptualizing, characterizing, and explaining a business model at a given point in time towards a more dynamic view that

examines phenomena like business model innovation and adaptation. Table three lists several concepts that refer to a change in an existing business model.

Table 2.2 – Concepts and Definitions

Concept	Definition	Authors
Business model evolution	"A fine-tuning process involving voluntary and emergent changes in and between permanently linked core components."	Demil and Lecocq (2010, p. 239)
Business model renewal	It is the race to change as fast as the environment is changing around you, the race to invent new sources of profit before the old ones disappear, and the race to reinvent your strategy and your business model before they become obsolete.	Doz and Kosonen (2010)
Business model replication	The replication strategy refers to the innovator firm's learning about and refining its (new) business model by choosing the necessary components to replicate that model in suitable geographical locations, developing capabilities to routinize knowledge transfer, and maintaining the model in operation once it has been replicated.	Dunford et al. (2010)
Business model learning	An established firm modifies its business model in the face of competition from a new business model.	Teece (2010)
Business model erosion	The declining competitiveness of established business models.	McGrath (2010)
Business model lifecycle	"A business model lifecycle involving periods of specification, refinement, adaptation, revision, and reformulation. A process of trial-and-error follows an initial period during which the model is fairly informal or implicit, and several core decisions are made that delimit the directions in which the firm can evolve."	Morris et al. (2005, p.732)
Business model transformation	"...A change in the perceived logic of how value is created by the corporation, when it comes to the value-creating links among the corporation's portfolio of businesses, from one point of time to another."	Aspara et al. (2013, p.460)
Business model innovation	"Business model innovation is the discovery of a fundamentally different business model in an existing business."	Markides (2006, p. 20)
	"...Initiatives to create novel value by challenging existing industry-specific business models, roles and relations in certain geographical market areas."	Aspara et al. (2010, p. 47)
	"At root, business model innovation refers to the search for new logics of the firm and new ways to create and capture value for its stakeholders."	Casadesus-Masanell and Zhu (2013, p. 464)

Source: Various as summarized by the author.

Based on the research summarized in Table 2.2, two main types of business model dynamics can be identified. One group of studies refers to the changes occurring in existing business models over time, often in response to an external trigger. This includes work on business model "evolution", "learning," "erosion," and "lifecycles" (cf., Demil and Lecocq, 2010; McGrath, 2010; Morris et al., 2005; Teece, 2010). For example, Saebi et al. (2017) define these changes as business model adaptation, that is, the process by which management actively aligns the firm's business model to a changing environment, for example, changes in the preferences of customers, supplier bargaining power, technological changes, competition, etc. In contrast, another group of studies refers to the need to create (typically, disruptive) innovation through implementing an innovative business model (cf. Aspara et al., 2010; Casadesus-Masanell and Zhu, 2013; Markides, 2006). Often, business model innovation is defined as the process by which management actively innovates the business model to disrupt market conditions.

Companies constantly adapt their business models to changes in their surroundings in the quickly changing world of today. An effective approach to changing business models achieves a balance between conserving investments in current business processes and taking advantage of new opportunities. Business model evolution is a fine-tuning process involving voluntary and emergent changes in and between permanently linked core components (Demil and Lecocq, 2010).

Due to its theoretical and practical importance, the word "business model" has drawn interest from academics and practitioners over the past ten years. Business models serve as a fundamental framework for describing how an organisation interacts with and relates to its clients, rivals, and suppliers within its value network (Magretta, 2002). Business models include value generation (Amit and Zott, 2001), primary and secondary operations, cost and value (Stabell and Fjeldstad, 1998), and management's function (Hedman and Kalling, 2003). The idea of a business model has also been viewed as a collection of distinct types rather than being included in a broad idea that encompasses a variety of real-world scenarios. Early attempts to define and categorise business models for electronic markets (Dubosson-Torbay et al., 2002; Rappa, 2004), make policy evaluations (Poel et al., 2007), analyse firm performance (Malone et al., 2006), and comprehend business model economics have

led to the development of the "business model" concept (Osterwalder et al., 2005; Brousseau and Penard, 2007).

The cornerstone for creating the evolution of the business model (EBM) framework is an evaluation of business model components. The majority of business model research concentrated on elements, conceptual models, design techniques and tools, taxonomies, methodologies, evaluation models, and adoption variables (Petrovic et al., 2001). (Pateli and Giaglis, 2004). Most of the publications under examination concentrated on a small number of topics, including value proposition, customers, and competitors (Van Bossuyt & Van Hove, 2007). (Bouwman et al., 2007). 42 business model elements were discovered by Shafer et al. (2005) and grouped into four categories: strategic choice, value network, value generation, and value capture. The following seven recurrent components were observed by Pateli and Giaglis (2004) to be comparable components that were emerging. These components are mission, target market, value proposition, resources, key activities, cost and revenue model, and partner network.

The business model is conceptualised in a variety of ways; some focus on a narrow range (e.g., are primarily based on e-business), while others encompass a wider range of possibilities. As a result, the idea has come under fire for being vague, shallow, and lacking a solid scientific foundation (Hedman and Kalling, 2003). Additionally, a recent review by Zott, et al. (2011) highlights the ongoing debate over the definition of a business model and claims that present research has grown out of discrete scientific silos, which gives us another reason to push for greater clarity in business model research. The potential of the business model as an analytical framework that offers a comprehensive perspective of the firm and the emphasis on business activities to explain value creation are two recurrent themes they discovered, though.

Typically, discussions of causality between components centre on revenue models, customers, and rivals (Methlie and Pedersen, 2007). In their alternative model, Hedman and Kalling (2003) incorporated a longitudinal component that interacts with five other causal components: the customer market, the product, the activities and organisation, the resources, and the factor market. The longitudinal component is based on the work of Mintzberg, while the causality between the components is drawn

from Porter's (1991) dynamic strategy theory (1998). However, in developing procedures that enable the creation of a significant offering that is based mostly on industrial organisation (I/O) logic, both research studies neglect to take the convergence of the customers, suppliers, and vendors into account.

Through a case study, Hedman and Kalling (2003) also attempted to explore how a business model should be handled as it evolves. However, since the creation of a core service is no longer a linear process, it is essential to develop a meta-level business model concept that is sufficiently general to encompass both old and new business processes. We propose a general EBM framework based on the strategy process perspective's theories (Barnett, 2008; Daneels, 2010; Mintzberg et al., 1998; Porter, 1991), which contend that business factors are causally connected and that businesses co-evolve with their rivals through time. It builds on Hedman and Kalling's (2003) work and adds value configuration analysis (Stabell and Fjeldstad, 1998). The capacity to recognise alternative value configurations and incorporate business processes is essential for a company to evolve. Four generic elements make up the first EBM framework: (1) market, (2) resources, (3) business processes and value structure, and (4) offering.

The competitive environment (consumers, rivals, and substitutes) in which technical breakthroughs take place is captured by the market component. It is based on Porter's (1980) theories regarding the danger of substitute goods or services, long-standing rivals, recent entrants, customer and supplier negotiating power, and new competitors. It is crucial to define and comprehend the potential, negotiating strength, and influence of different entities to decide and regulate the game's rules.

The Resource-component deals with the acquisition of the firm's essential resources, such as physical, labour, expertise, and financial capital. It incorporates the firm's resource base perspective (Barney, 1991). There are not many physical resources in the ERP sector (such as computers, server halls, and sales office's locations). Money, stocks, and bonds are examples of financial assets that are crucial to the business's survival. Labour refers to individuals, their abilities, and the many sourcing strategies that can be used to find the best candidates for the job. Brands, patents, and partners

are examples of intangible assets. Particularly in the design, development, and distribution of offerings, partners are crucial.

The operations carried out to acquire and transform resources into offerings and distribute them to the client market are referred to as the business processes and value structure component. It is based on the value chain analysis of Porter (1985), which discusses primary and secondary operations. We use the concepts of value chain, value shop, and value network from Stabell and Fjeldstad (1998) instead because the value chain is not relevant to all organisations. The long-linked, intense, and mediating technology typology described by Thompson (1967) serves as the foundation for this value configuration study. Long-linked technologies apply to value chains—companies that turn inputs into output. Intensive technologies are used by so-called value shops, which are businesses that address consumer concerns. The value network based on mediating technologies is the final category.

The value proposition is a common name for the offering-component. How effectively resources increase the cost or price (or customer perceived quality) of the item ultimately determines value (Barney, 1997). What a corporation markets to its current and potential customers is based on the general strategies of differentiation and cost leadership. Value propositions are not objective since customers attach meaning to an offering. To comprehend the function of the offering, it is crucial to recognise these perceptions.

Four general components that connect to one another are explained by the reasoning in Figure 1. When compared to all alternatives offered by its rival, a company in a market (1) needs to pinpoint its target market and (2) create an offering to sell its goods and services. Resources (4) (labour, physical, intangible, and financial) are bought from diverse parts of the market in response to technology and customer requirements (1). The resources (4) are subsequently changed or utilised in the company procedures and value framework (3) as a value chain, value store, or value network to make an offering (2), the finished good or service.

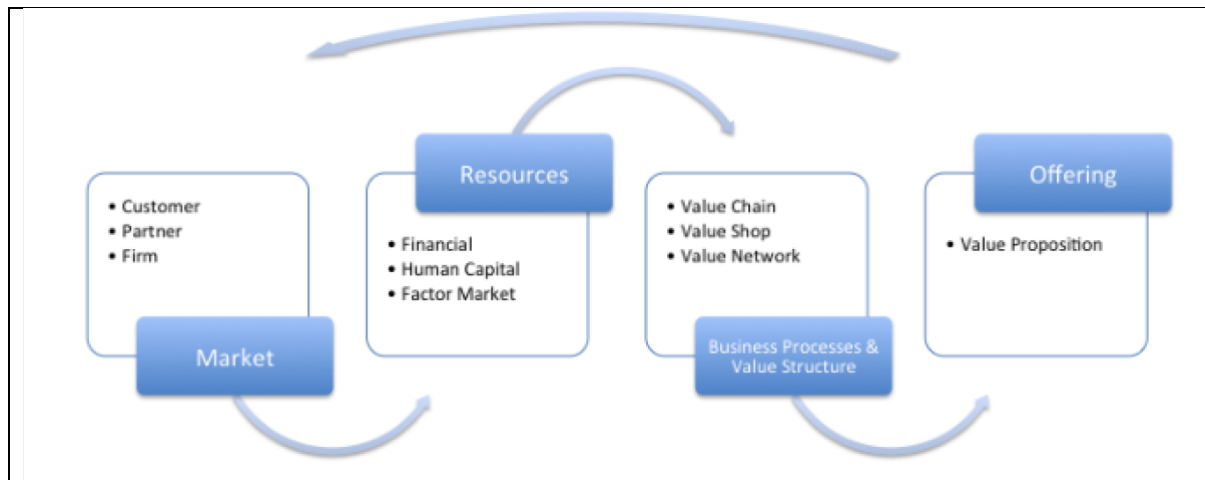


Figure 1 – Generic components of the Evolutionary Business Model (EBM) framework

Business model innovation is the discovery of a fundamentally different business model in an existing business (Markides, 2006). Business model innovation is an Initiative to create novel value by challenging existing industry-specific business models, roles and relations in certain geographical market areas (Aspara et al., 2010). At root, business model innovation refers to the search for new logics for the firm and new ways to create and capture value for its stakeholders (Casadesus-Masanell and Zhu, 2013). The last ten years have seen research yield compelling proof that successful business model innovation (BMI) and value generation are related (Giesen et al., 2007; Johnson et al., 2008; Sinfield et al., 2012). BMI has developed as a path to growth and value creation based on these insights, emerging alongside acquisition and market expansion, service development, and product development (Shelton, 2009; Sinfield et al., 2012; Wang et al., 2015). BMI is also regarded as a potent management tool that aids businesses in coping with today's heightened worldwide rivalry and dynamic market conditions (Johnson et al., 2008). Because of the growing number of business model configuration choices made possible by technical advancement, changing consumer preferences, and deregulation, BMI has "become increasingly relevant both in academic research and in practise" (Casadesus-Masanell and Zhu, 2013).

According to Aspara et al. (2013, p. 460), transformation is a change in the perceived logic of how value is created by the corporation when it comes to the value-creating links among the corporation's portfolio of businesses, from one point of time to

another." Enterprises must also measure the quality of their adapted business model, as they continuously need feedback about the quality of their current business models. Therefore, the transformation evaluates the mechanism from business models into business processes. In this regard, the key measures can be derived as feedback parameters to measure the quality of business models (Valentin et al., 2012).

Corporate business model

It is an extended-run plan of the company, institution, or state for economic improvement through business diversification (Furrer, 2013). This model seems to attract investment and help to recruit talent and motivate management and staff. In addition, to develop a new business, a corporate business model is inevitable. Established companies must revisit and update the business plans often or fail to anticipate trends and challenges ahead. Typically, the investors need to review and evaluate companies' business plans that interest them. The second pillar of Saudi vision is to become a global investment powerhouse by holding strong investment capabilities, harnessing the economy, and diversifying the revenues.

More significantly, a corporate business model is a high-level plan for profitably operating a particular business in a specific marketplace. A primary component of the business model is the value proposition (Masanell and Ricart, 2009). This model should also cover projected start-up costs and sources of financing, the target customer base for the business, marketing strategy, a review of the competition, and projections of revenues and expenses (Ricart and Ricart, 2015).

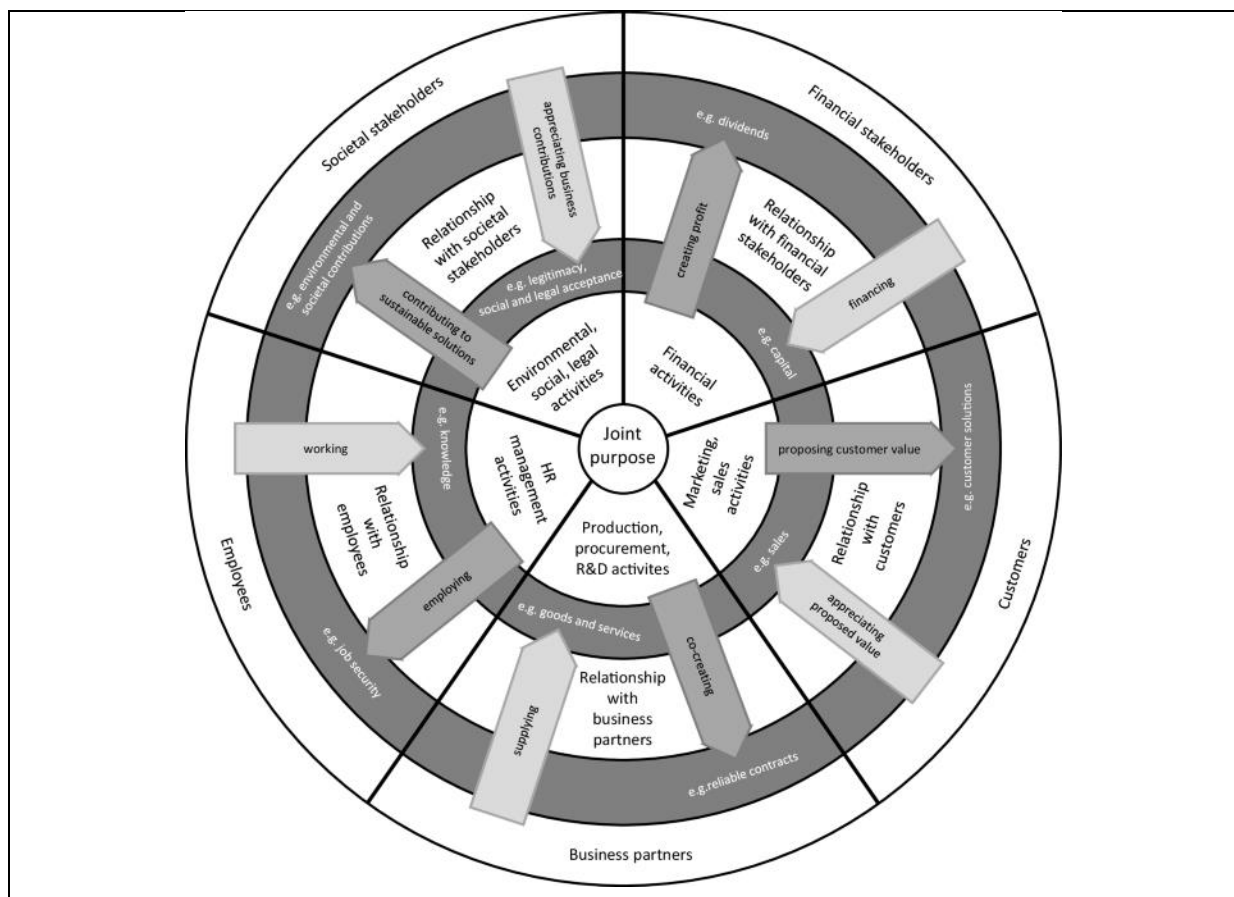
However, a common mistake in creating a corporate business model is underestimating the costs of funding the business until it becomes profitable, whereas counting costs to introduce a model is not enough (Jasimuddin, 2001). Moreover, this model may also define opportunities for partnering with other established businesses in the country.

There are as many types of business models as there are types of business. The Saudi company law recognizes five types of business entities: the establishment, the limited liability company, the joint-stock company (corporation), the partnership, and the branch of a foreign company. Within these broad categories, each business plan

is unique. For example, the corporate business model rests on giving away the handle to advance categories in the country (Luqmani, Yavas, and Quraeshi, 1989). This type of business model can be applied to companies in any business that sells a product at a deep discount to supply a dependent good at a considerably higher price.

Business model and stakeholders' theory

Business models ought to be created, developed, and implemented in the context of interactions between an organisation and its stakeholders. As a theoretical basis for the inclusion of various stakeholders in business models, a theory-based stakeholder value creation framework must thus analyse relationships (Freudenreich et al., 2019).



Source: Freudenreich et al., 2019

Stakeholder theory is a way of looking at capitalism that emphasises the connections between a company's clients, suppliers, workers, investors, communities, and other parties with an interest in the organisation. According to the principle, a company should generate value for all parties involved, not just shareholders (Laplume Sonpar and Litz, 2008). The business model has received a lot of attention recently from

academics and practitioners alike. The business model has variously been referred to as a statement (Stewart & Zhao, 2000), a description (Applegate, 2000; Weill & Vitale, 2001), a representation (Morris, Schindehutte, & Allen, 2005; Shafer, Smith, & Linder, 2005), an architecture (Dubosson-Torbay, Osterwalder, & Pigneur, 2002; Timmers, 1998), a conceptual tool or model (George & Bock, 2009; Osterwalder, 2004; Osterwalder, Pigneur, & Tucci, 2005), a structural template (Amit & Zott, 2001), a method (Afuah & Tucci, 2001), a framework (Afuah, 2004), a pattern (Brousseau & Penard, 2006), and a set (Seelos & Mair, 2007).

Scholars' attention seems to have been drawn to two key distinct aspects. The first is the conventional focus on competitive advantage, value capture, which quantifies the return to investors and other stakeholders, and strategy. While the idea of a business model appears to place more emphasis on collaboration, partnership, and shared value generation (Magretta, 2002; Mäkinen & Seppänen, 2007; Mansfield & Fourie, 2004). The focus of the business model idea on the value proposition and a broader emphasis on the role of the customer, which appears to be less prominent elsewhere in the strategy literature, is the second element of interest to management experts. Their analysis demonstrates that there is broad agreement that the business model centres on creating value for customers (Chesbrough & Rosenbloom, 2002; Mansfield & Fourie, 2004). When seen from this angle, the business model includes the pattern of the company's economic interactions with third parties (Zott & Amit, 2008). It also describes the key components of the value proposition a company offers to its various stakeholders as well as the activity system the company employs to create and provide value to its clients (Seddon, Lewis, Freeman, & Shanks, 2004).

Function of business model to the economics

The contribution of the business model to the economic development and implementation of the country's strategic business plans grows exponentially as the sophistication of the planning process increases. According to Marx (1989), clarifies that a broad array of macroeconomic, industry, competitive, regulatory, and trade analyses are required to support an advanced planning system built upon a comprehensive assessment of the competitive opportunities and threats present in the external environment. More importantly, the emergence of new business models can

be the catalyst of economic development by employing new visions and strategies (Benghozi and Paris, 2008).

Successful firms have adopted a corporate business model that enables them to satisfy customer expectations at a price that is competitive and that is sustainable (Roberts, 2003). Many companies periodically update their business models throughout time to reflect shifting market conditions and competitive dynamics. A business model's success can be assessed by analysts and investors by looking at the company's gross profit (Furrer, 2013; Fama and French, 2006). A company's gross profit is its entire revenue less the cost of products sold (Bodie, et al., 2014). The efficiency and efficacy of a company's business model can be determined by comparing its gross profit to that of its main rival or its sector (Fama and French, 2006).

Nevertheless, many analysts consider gross profit more critical in evaluating a business plan. An excellent gross profit suggests a sound business plan. If expenses are out of control, the management could be at fault, and the problems are correctable. As this implies, many analysts believe that companies that run on the best business models can run themselves.

Meanwhile, Magretta (2002) the former editor at the *Harvard Business Review*, suggests that,

"There are two critical factors in sizing up a corporate business model. When business models don't work, she states, it's because the story doesn't make sense, or the numbers just don't add up to profits".

An excellent example to look for effectiveness and efficiency is the airline industry. For years, major carriers such as American Airlines, Delta, and Continental built their businesses around a "hub-and-spoke" structure. All flights were routed through a handful of major airports. (Reiff, 2019). The business model produced big profits by ensuring that most seats were filled most of the time. This implies that adopting the business model needs more careful investigation and evaluation of the existing model.

Transformations of corporate business model

Business Transformation is a change management strategy that aims to align the People, Process, and Technology initiatives of a company more closely with its business strategy and vision (Morrison, 2012). In turn, this helps to support and innovate new business strategies. For any transformation of a business or business process, innovation is one of the key drivers. Therefore, having a robust, innovative capacity within the culture of the business can be the make or break of a transformation process.

The transformation process was introduced by Dr Frederick Griffith, a public health microbiologist studying bacterial pneumonia during the 1920s. The founder explains that business transformation implies a holistic approach to transforming across the business, which means the only good strategic process towards achieving the corporate vision or way forward.

The need for business transformation may be caused by external changes in the market, such as an organization's products or services being out of date, funding or income streams are being changed, new regulations coming into force, or market competition becoming more intense (Heikkinen, 2014). Nlawade (2016) clarifies that the transformation process can be combined by three t's that comprise of team, tools, and timelines. The right team will define an achievable roadmap and then execute the plan. Whereas an effective marketing tool will manage the organization plan and the achievement of the expectation needs time.

Keen and Qureshi (2006) provide that the transformation of the business model can bring effects on organizations. As the environment changes, the organizations must adapt to these changes; new strategies and models must be implemented. To stay in business in a new environment, companies should scale their environment constantly and adapt to the changing circumstances (Heikkinen, 2014). That is to say that this process of transformation can accomplish the Saudi government's vision of 2030 in diversifying the country's economy.

Savic et al. (2015) identify six generic drivers of successful business model transformation: transformational leadership, discovery-driven decision-making,

industry improvement— customer-specific orientation, content-oriented communication, self-initiative collaborators, and phased separation strategy. This means that by employing these drivers, the transformation can be completed.

Restructuring of the corporate business models

Restructuring the business model is the process of adapting the company existing model to changed external or internal conditions. Such an adjustment may be necessary due to the change in the business environment, such as economic crisis, the entry of new competitors on the market, the increase in purchasing prices of raw materials, technical progress, and other factors due to many different reasons (Nina and Iztok, 2016). Restructure can be taken place to save the company's life.

In 2014, the Inc. company had faced some challenges, such as they had more than 30 medium-sized businesses as clients when the marketing technology started to shift. Due to this and other difficulties, the company decided to restructure its business model to include custom programming, e-commerce systems, and integration (Downes, 2018). The section which had to be structured was new departments, documentation, relationships, sales strategies, and executions. All these were done to secure the company to remain in a profitable position.

A carefully planned major restructuring program, the main goal is effective management of available models and reduction of other unnecessary costs. In addition, the goal is to set a satisfactory corporate business model regarding financing and covering liabilities; that is a model which will allow a company to pay most of its attention to the business (operational) part.

It is believed that once the restructuring process is completed, things should work in smoother, more economically sound business operations. After the investors adjust to the new environment, the investments are better equipped to achieve greater production efficiency. For example, in late March 2019, Bloomberg reported that.

"Savers Inc., the largest for-profit thrift store chain in the United States reached a restructuring agreement that cuts its debt load by 40% and sees it taken over by Ares Management Corp. and Crescent Capital Group LP."

This implies that restructuring in any organization can bring a more remarkable change to the business environment.

Significance of Business Model

Significantly, the ability of a given business model to scale depends on the maturity of the business model itself (Kubzansky, 2012). That is, its ability to provide socially beneficial goods, services, or livelihoods and recover its costs at scale. To be more specific, this practice depends on several different factors, such as:

- (a) whether it is promoting a pull product, for example, mobile phones and credit
- (b) how much of the surrounding ecosystem the business model also must manage and organize, especially but not only in models that involve supply chains; and
- (c) whether the task at hand requires market entry or market creation. The time to scale will depend on combining all three and additional factors, such as building out credible distribution and sales capabilities.

Furthermore, some models can scale up quickly, but many require years or decades to get right before even being suitable for scaling up; thus, microfinance took more than 30 years, and contract farming more than 50 years (Kubzansky, 2012). As a result, many participants in inclusive business still tend to have unrealistic and overly optimistic expectations about how quickly a given model can reach large numbers of customers or suppliers. This is especially true for expectations of small, inclusive commercial and social enterprises. There is, in fact, a broad diversity across business models, and each varies in its maturity, scale, reach and cost recovery. Figure 1 charts the maturity of different business models encountered, with a key break at covering costs. However, most donor funding approaches for inclusive business approaches miss the lens of the business model, focusing more often on a vertical sector or technology, and do not consider the lessons from the businesses themselves.

Masanell and Heilbron (2015) conclude that firms' business models may impact their negotiation outcomes. Several of the proposed pathways work intuitively through the intrinsic characteristics (motivation, personality, etc.) of agents negotiating on behalf of the firm; others operate independently of those characteristics. In addition to that,

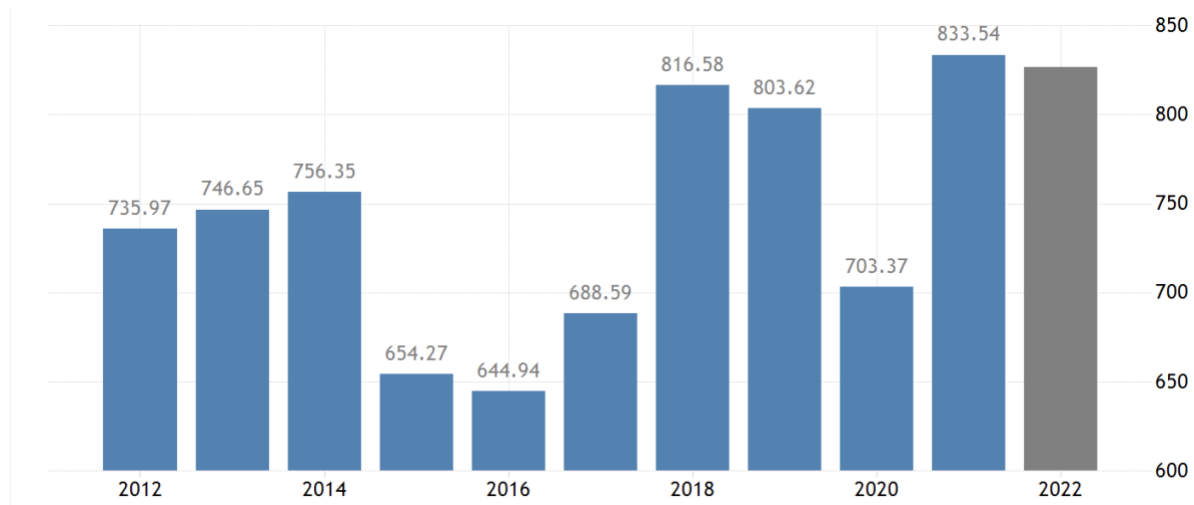
business models can also specify incentive structures, how much an employee stands to gain for their actions. Firms have many incentive structures to choose from. They may pay employees on a wage or salary basis, reward specific efforts or measurable outcomes, or individual or group performance. They may increase or decrease the levels of remuneration of employees working at different organizational levels. Incentive structures also include details about how employees earn promotions or move up to different pay scales

More practically, the term business model can describe the procedures and processes used to transform the organizational business functions and corporate activities. Similarly, the business model concept can be used in national economic development and transformation. This can be used by analysing the policies, regulations, and macro-economic developments within a country (Al-Debei and Avison, 2010). Therefore, fund research and activities to solve issues that block business models from a range of sectors from being successful, such as distribution, payment, aggregation, customer education, and supplier training. These solutions can and should be crosscutting and help make these elements cost-neutral for any firm undertaking an impact-oriented business serving the poor.

National Business Model

According to Magretta (2002), the term business model describes the procedures and processes to transform the organizational business functions and corporate activities. Taking the inspiration from the business model concept in the corporations, Anderson et al. (2014) propose that the business model can describe the policies, regulations, and macro-economic developments to transform the national economies. The prime objective of this research study is to thoroughly examine and understand the concept of the national business model concerning Saudi Arabia. Research studies are explained and apply the national business model to transform the national economic system and development. However, most research is conducted in developed countries, and the research on the developing and emerging markets is minimal. According to Haslam et al. (2013), the national business model approach is rarely applied in developing countries.

Saudi Arabia is the 20th biggest economy globally, with a nominal GDP of \$646 billion in 2015. However, the GDP has fallen from \$756 billion in 2014 due to the historic low oil prices in the last few years (IMF, 2016). It is a well-known fact that Saudi Arabia is mainly a Petro-based economy. The country is both the biggest oil producer and oil exporter globally. In 2015, Saudi Arabia exported crude oil worth \$135 billion (which accounted for 17% of total crude oil exports across the globe) (IMF, 2016). The oil sector has contributed, on average, 44.2% to the national GDP from 2010-2015 (Financial Times, 2016).



Moreover, the country has the second-largest proven oil reserves in the world. In a nutshell, the economy of Saudi Arabia has been heavily reliant on crude oil and its by-products. And that has affected the national economic growth and development during the oil prices crisis (e.g., the financial crisis of 2008 and oil over-supply in 2015-2016) (Chapman, 2014). To tackle this problem, the Saudi government has introduced Vision 2030. The plan involves transforming the Saudi economy into a well-diversified economy by increasing the non-oil revenues and reducing the public wages (Vision 2030). According to Albassam (2015), the Saudi economy has passed through a fascinating period. The transformation of the economy opens the space for new concepts and ideas to be implemented in somewhat conservative Saudi economies and corporations.

Saudi Arabia's idea of a national business model is subject to changes in the laws and policies governing the country's economy. Saudi Arabian economy is a Petro-based economy generating revenue from oil products, approximately 87% of the Saudi Arabian budget and 90% of export earnings are generated from oil products (Haque,

2018). These facts and figures show that the Saudi Arabian economy is heavily dependent on oil products. Considering the high reliance on the oil sector, the Saudi Government plans to make significant changes to its national business model by reducing its dependence on oil products and investing in a more diversified economy. These new developments and substantial changes to their existing national business model make this topic more important and enhance its importance.

Saudi Arabia launched Saudi Vision 2030, a set of economic and financial reforms that aim to change the Saudi economy's structure into a diversified and sustainable economy focused on improving productivity, boosting the contribution of the private sector, and empowering the third sector, to develop and diversify the economy and lessen dependence on oil.

Since the introduction of the Vision, Saudi Arabia has been successful in putting several programmes and structural changes into place to support economic development. To achieve this transformation, significant efforts were made to improve the local industry, and national content, launch and develop promising economic sectors, and add an enabling component aimed at maximising the contribution of the private sector and SMEs as well as improving the sustainability of public finances. Considering several investment programmes under the Public Investment Fund and top corporations, it is anticipated that the pace of this structural transformation would continue in the years to come. Additionally, it is anticipated that the localisation of cutting-edge technology and information will accelerate.

Through localising the production of goods and services to increase their competitiveness and generate long-term job prospects, Saudi Vision 2030 seeks to increase local content in several industries. A variety of measures were started to speed up localization, boost domestic products, and broaden the Kingdom's industrial base to include the creation of new goods. Along with the establishment of the Local Content and Government Procurement Authority and a business dedicated to the military industries that aimed to accelerate localization in the military sectors, a new government procurement mechanism that encourages local content was also introduced. Customs system changes have been made with the intention of making national industries more appealing, encouraging the creation of jobs for citizens, and,

while taking into consideration the competitive advantage of vital sectors, implementing initiatives to promote and stimulate investment.

The Vision launched a campaign to promote non-oil exports, and several programmes were started to help Saudi enterprises reach international markets, including the formation of strategic alliances. The General Authority for Global Commerce was founded to maximise the Kingdom's benefit in overseas trade, boost its competitiveness, and enable its access to foreign markets. The Saudi Export-Import Bank (EXIM) was established to simplify export financing and enable export development. By establishing the required laws and regulatory frameworks, encouraging and enabling investments, and providing support to promising industries, Saudi Vision 2030 aims to build them into a new economic pillar.

The Vision has increased the use of renewable energy in the Kingdom through a number of projects, including the Sakaka renewable energy plant. The Kingdom also kept expanding its oil and gas industries, notably raising its domestic gas production capacity. Ras al-Khair and Waad Al-Shamal are two industrial cities that have benefited from the vision's efforts to strengthen their roles in the development of the mining industry. Launching a mining investment system and enhancing the infrastructure for transportation services and investments have both further enabled the business.

Saudi Arabia wants to encourage the growth of tourist destinations, make it easier for visitors to get visas, and prepare and develop historical and heritage sites. The Tourism Development Fund was established to support the industry and finance and accelerate its growth, which will quicken the rate of expansion of tourism activity that the Kingdom saw prior to the pandemic crisis. With the travel balance entering a surplus for the first time in 2019 and the spending gap between international and domestic travel expanding from a deficit of 54 billion SAR in international travel expenditures in 2010 to a surplus of 4.8 billion SAR influx in 2019, the goal is to increase the sector's contribution to economic growth and employment.

The Public Investment Fund (PIF) finally implemented its strategic plan for the next five years, under which it will operate on several goals, the most significant of which

are: injecting at least 150 billion SAR yearly into the domestic economy on an increasing scale until 2025; the PIF aims to by the end of 2025 to surpass the amount of investments 4 trillion SAR; creating 1.8 million jobs, both intrinsically and extrinsically; and focusing on 13 important strategic sectors.

Almost tripling the size of assets to 1.5 trillion SAR by the end of 2020 and helping to activate 10 new sectors that have produced more than 365,000 direct and indirect jobs by the end of the fourth quarter of 2020 are just two of PIF's accomplishments during the past four years.

Additionally, the government is putting the finishing touches on a national investment strategy that will promote the expansion of both domestic and foreign investments, as well as luring major international corporations to establish headquarters in the Kingdom and advancing the privatisation programme to strengthen the private sector's role and increase productivity rates.

The Vision undertook several efforts to make it possible for the private sector to boost its contribution to GDP in order to increase GDP. As the Kingdom's ranking improved in the annual global competitiveness index and reached eighth out of G20 countries in 2020, the features of transformation began to become clearly apparent in the business environment in Saudi Arabia. The Kingdom launched the privatisation system to provide the regulatory structure for the partnership between both the public and private sectors, as well as several other regulations and legislations to improve the business environment and employment opportunities.

The vision has made it easier for new businesses to enter the market by making it easier for small and medium-sized businesses to get financing and by establishing daring capital funds, which will enhance their contribution to GDP.

By establishing the parallel market (Nomu Market), a derivative market, and membership in international developing market indices, The Vision has attempted to increase finance options for businesses (FTSE Russell Index and MSCI Index).

The Vision also aims to enhance the Kingdom's labour market policies through the modernization of the labour system, the introduction of flexible work schedules (part-

time), and the enhancement of the contractual relationship between employers and foreign employees in a way that enhances the value of local competencies and raises the level of foreign workers. Shareek, a cooperative government framework that aims to launch up to 5 trillion SAR in private sector investment by 2030, was also recently introduced by the Kingdom. Shareek is a large corporate investment programme that is intended to benefit several pillars, which include financial, monetary, operational, and regulatory cooperation as well as asset investment.

By increasing the effectiveness of government expenditure on capital projects and operating expenses, diversifying the government's revenue streams by creating non-oil revenues, providing supportive financing tools to enable the Kingdom's general budget through the National Debt Management Centre, and raising the efficiency of financial planning, budget execution, digital and technological advancements, Saudi Vision 2030 has contributed to enhancing the sustainability of public finances.

During the previous decade, the Vision and its projects also worked to establish the groundwork for the Kingdom's economic change. As the Kingdom continues to implement its major development projects, completes the implementation of Vision Realization Programs, and works to create new promising sectors, empower the private sector to contribute more to economic growth, create new job opportunities for citizens, and improve economic and social well-being, it is anticipated that the Saudi economy will experience a remarkable increase in economic growth in the coming years.

It is rather interesting to see that no such research exists that locates the national business model in Saudi Arabia within the context of a broad accounting framework to analyse the underlying logic and the risks and inherent contradictions in the process of economic development. Another aspect that makes this research study fascinating is the country's social and economic culture. The cultural and regulatory laws in Saudi Arabia are primarily based on Sharia law (Islamic law), which is different from Western laws. This means that this research study, particularly the evaluation of the national business model from the context of Sharia law and the local culture, will add to the existing gap in the literature. Therefore, in this research study, a national business model is examined which could be employed for Saudi Arabia.

As discussed in the introduction, the term business model describes the procedures and processes to transform the organizational business functions and corporate activities. The business model concept can be similarly used in national economic development and transformation by describing the policies, regulations, and macro-economic developments within a country (Anderson et al., 2014). For example, the financial crisis of 2008 caused extreme market volatility, causing considerable disturbances in the financial structure of most companies and countries. This resulted in corporate and governmental interventions throughout the world to stabilize the financial system. For instance, the governments made robust prudential and risk management regulations, lower interest rates, injecting cash in the financial markets, etc. (Johnson and Christensen, 2008). Analysing the national business models through the accounting business model concept allows us to demonstrate the effectiveness of this technique better. For example, according to Koen et al. (2011), only analysing the bottom-line GDP results is not enough to understand the broader situation. It is more effective when the different variables that make up the final GDP outcome are analysed holistically. This individual and holistic analysis allow evaluation of the outcome and effectiveness of various policies and regulations. The accounting framework is very critical in the composition of these variables and factors. It will be used in this research study to analyse the national business model of Saudi Arabia.

The accounting framework analyses the financial stock (i.e., balance sheet capitalization and net worth) as well as the financial flows (expenditure, income, and flow of funds) (Chikan, 2008). According to Demil and Lecocq (2010), the national business models view how all the concerned parties within a country (i.e., investors, stakeholders, institutions, government regulators, etc.) work and interact with each other. Such an accounting framework can analyse and describe a national business model. The prime objective of this research study is to analyse the national business models within the accounting framework by aiming to develop a national business model that better fits the Saudi Arabian economy.

In line with the approach adopted by Andersson et al. (2014), this thesis considers households, corporations (financial and non-financial), and government as the main interrelated functions of a national business model. In this section, it is discussed how the accounting system transmits and amplifies modifications as well as some of the

reasons that initiate recapitalization between assets and liabilities. Their accounting framework of analysis begins with the national balance sheet accounting identity, where the beneficial holdings of assets and liabilities by households on the right-hand side of the identity balance the assets and liabilities held by corporations and the government on the left-hand side. Because some assets and liabilities net out on one side or the other while others do not cross from one side to the other, this account has been somewhat simplified.

Corporate + General Government = Households (Financial and non-financial)

The analysis is significant because it captures a sizeable portion of the capitalization of national balance sheets, with the goal being to consider how changes that are activated on one side of the arithmetic identity spread across institutional boundaries when accounting systems amplify financial changes when they are marked to market. Furthermore, financial leverage reverses when capitalization changes, causing injections of GDP from holding gains to become withdrawals as holding losses are realised.

However, for the case of Saudi Arabia, these functions are examined within a distinct economic environment which is heavily influenced by unique cultural, regulatory, and social factors. As a result, this thesis contributes to accounting business models literature by extending our understanding of its applications within a distinctly different economic system.

Although the literature on the national business model for Saudi Arabia is minimal, research on the national business model is conducted in other developing countries, which could be used to determine the national business model for Saudi Arabia. For instance, a study of China's national business model shows that the balance sheet capitalization (equity and debt) increased faster than the gross operating cash surplus in recent years (Lei, 2007). Theoretically, firm value (balance sheet capitalization) is determined by discounting the operating cash surplus. Therefore, it can be stated that the balance sheet capitalization and the present value of operating cash surplus should be equal. In addition, the national business models of Turkey (Temiz and Gokmen, 2014) and Russia (Birkin et al., 2009) show the exact financial trends.

Several factors caused this increase that comprises low-interest rate, development, and deployment of innovative financial products in the last decade (which has increased efficiency of the financial products). Introduction of better accounting practices and suppression of dubious accounting practices, robust regulatory measures, the emergence of real estate, venture capital, private equity firms, etc. (Hedman and Kalling, 2003). However, this idea contradicts the results obtained through the analysis of the national business models of the developing countries. According to Crucini et al. (2011), the balance sheet capitalizations in the national business model also comprise brusque asset trading, financial innovations, speculative gains, goodwill accumulations, etc. In general, the balance sheet capitalization combines all such factors. Power (2010) summarizes the concept of balance sheet capitalization within the context of a national business model as a twofold function. Firstly, it accumulates capital from sales of products and services to the final customers. Secondly, it levers the value of assets and liabilities by using 'financial manipulation'. These two functions combine to generate gains for wealth accumulation.

According to Lundvall (1999), the most effective and efficient way of examining the process of capitalization within the context of accounting framework is through individually and holistically analysing the different factors of the national business model. Therefore, the accounting framework and principles are employed by using financial data to analyse and determine the national business model of Saudi Arabian's economy. The financial data includes balance sheet capitalization, cost structure, cash flows, etc. According to the general economic theory, the relationship between income, capital accumulation, and expenditure can be determined through the balance sheets of the national accounts. However, according to William et al. (1998), even though capital gains are considered a major source of unearned income, national accounts cannot apprehend the relationship between personal income/business income and capital gains.

Within the economic theory, the boundary and nature of the firm are determined through managerial decision-making concerning the specific productive activities that need to be carried out inside and outside the organization. The underlying rationale for the firm boundary conditions and the make or buy decision-making is the

minimization of the transaction costs by firms (Coase, 1937). According to Coase (1988), a transaction cost is the "cost of using the price mechanism". The emphasis of Coase on transaction cost is attributed to the prevalence of this concept across the market-oriented transactions in the contemporary environment (Haslam et al., 2013). On the other hand, Ghoshal and Moran (1996) argue that there is little evidence that supports that for any particular transaction type, the dominant governance model is preferred over the other, despite the high level of competition. For example, firms that compete in the same industry can operate differently in the production of components, as Toyota outsources.

In contrast, Ford produces the parts in-house, with both firms' solid financial positions. In this regard, Madhok (2002) criticizes the work of Coase and argues that a company as an institution can enjoy an organizational advantage that allows it to undertake the economic activity that markets may not necessarily be able to. This is because there is heightened interdependence of organizations on one another, as they segregate the work among themselves in a network of firms. Consequently, firms have a more significant role in the market interaction where the price is only one of the several factors.

A long-standing tradition exists within economics, which is related to how national accounts can capture the relationship between income, expenditure, and capital accumulation in the balance sheet. In this regard, a key observation is made by Ruggles and Ruggles (1973). They state that national accounts fail to consider the financial relationship between capital gains and personal or business income, even though this can be a key source of unearned income. However, for a growing economy such as Saudi Arabia, where the asset prices (e.g., equity, bonds, and real estate) experienced a considerable increase in prices, capital gains can be a significant source of growth. Thus, national accounts have a limitation in that they do not account for this important change source in a growing economy like Saudi Arabia. Therefore, the measurement of income inequality or understanding the distribution of income must take this key source of unearned income measure into account. Likewise, Eisner (1980) states there is a need to account for capital gains, as they inform us of the adequate level of investment needed to maintain the productive renewal. In addition,

they explain how capital gains can influence the level of consumption and consequently the gross domestic product (GDP) in an economy.

In the study regarding the relationship between the capital gains and the national accounts, Lundvall (1999) states that it is very intricate and complicated to re-valuate the assets and estimate the capital gains. This is highly technically complex in specific industries and sectors. According to him, the assets revaluation and capital gains should be considered, mainly for two reasons. Firstly, such an initiative indicates the needed level of investments. Secondly, this helps in the movement of GDP since such initiatives influence consumption.

The relationship between changes in balance sheet capitalizations and income flow is described by Andersson et al. (2014) as the 'changes in the adjustments in asset valuation and patterns of the financial transactions. The concept of double-entry book-keeping is fundamental in this context. The idea of double-entry book-keeping is used to characterize the differences between income and expenditure by matching adjustments to the flow of funds. This eventually leads to the corresponding adjustments in assets and liabilities. In the entire process, a constant balance is retained. The flow of funds, national income, and balance sheet statements are the product of double-entry book-keeping. Similarly, Godley and Lavoie (2007) stress the significance of the double-entry book-keeping and state its definition as 'the interlocking system of financial assets and liabilities. Such an interlocking system efficiently captures the changes in financial stocks and the movements in financial flows both across and within the industries.

The construction of countries' financial accounts is essential since they make up the key economic growth and development stats. Investors and lenders (and other concerned parties) rely heavily on these numbers and information while engaging with the countries and institutions operating in these countries. Moreover, these numbers and information are significant secondary data sources for the concerned parties. Therefore, such financial accounts must reflect the true situation of the country's economy. According to Mitchells and Coles (2003), all transactions and price adjustments between the industries must be considered to get accurate financial accounts. When these are considered, the net between the changes in financial assets

and liabilities and transactions (income, expenditure, flow of funds) must be zero. However, if the net between these two does not result in zero, the accounting framework will be dubious and cannot be relied upon. This research study examines the existing Saudi Arabian business model by employing the accounting business models framework. Once the analysis is done, the recommendations will be presented for the decision and planning of policymakers in Saudi Arabia.

The financial flows, as well as the financial stocks (i.e., equity and debt), flow from households to government and institutions (financial and non-financial), and households from government and institutions (financial and non-financial). In an ideal situation, incoming flows are equal to outgoing flows, lending is equivalent to borrowing, and assets are equal to liabilities. However, all financial flows and stocks are not accounted for. Thus, incoming flows are not equal to outgoing flows, lending is not equal to borrowing, and assets are not identical to liabilities (Cour-Thimann et al., 2012). Moreover, it must be noted that there are other groups as well. Still, these three groups (household, institutions (financial and non-financial), and government) account for a substantial chunk of the national totals. This PhD research will, in future papers, also investigate other issues such as the extent and nature of the capitalization and financial stocks (i.e., equity and debt), prerequisites and signs of an economic revolution, methods of dissipating financial stimulus, and their apparent outcomes. Moreover, it must be noted that the economic analysis of the economic development of the countries focuses on the circular flow of the national income. Therefore, it ignores the structural relationship between financial stocks and financial flows between the three groups (household, institutions (financial and non-financial), and government). However, the methods used in this research study will mostly overcome this issue and will design a holistic national business model.

According to Andersson et al. (2014), accounting frameworks and models are fundamental to examining the relationship between financial flows and financial stocks. However, the economic analysis cannot give an accurate picture of the overall scenario. Moreover, the accounting frameworks and models can be used in policymaking and regulatory stimulus. For instance, they can help the regulatory and policymaking authorities identify financial crises or financial booms so that the authorities can modify the required stimulus according to the situation (Bezemer,

2009). Bezemer draws upon the work of Hyman Minsky (1980), called 'Financial Instability Hypothesis. According to Minsky, the financial system increases its returns, leverage, and risk when it passes through a lengthy period of prosperity. The financial system, according to Minsky, basically passes through 'hedge finance', 'speculative finance' and 'Ponzi finance' respectively. His hypothesis is based on three underlying foundations. The first foundation is financing the economy, which signifies the important role of financial institutions in providing funding, services, and expertise to the financial markets. These services, expertise, and budget are provided based on earnings expectations. The second foundation is the concept of financial structure, which signifies the flow of cash and services within the financial markets and other industries. The final foundation is financial innovation, which represents constant evolution's importance in providing new stimulus and energy to the financial markets.

National Business Model, Entrepreneurial State and Varieties of Capitalism

Both the Entrepreneurial State (Mazzucato, 2013) and Varieties of Capitalism (Hall & Soskice, 2001) theories are mostly focused on the role of government and corporate sector, which are the key elements of a national business model. The entrepreneurial state concept seeks to change public perceptions so that instead of perceiving the government as a bureaucratic impediment to innovation, people regard it as the entity most willing to take calculated risks when investing in emerging technology. This new growth plan demands a change in the way that governments operate. Economic growth cannot be accelerated by the government alone. The choices made by business owners, employees, and corporate leaders form the foundation of the economy. The government may create the ideal environment for a new economic dynamism by utilising economic strengths, removing barriers that prevent markets from supporting enterprise, and giving the private sector priority when making decisions regarding tax, regulation, and expenditure.

The most influential but heavily contested method for studying political economy is the Varieties of Capitalism (VOC) framework, which was created by Hall and Soskice in 2001. Saudi Arabia is classified as a "patrimonial market economy" or "patrimonial capitalism" in an extensive post-VOC analysis of rising economies (Buhr and

Frankenberger, 2014). Additionally, it is now referred to as a "patrimonial market economy" (Buhr and Frankenberger, 2014). Patrimonial capitalism is a neo-institutionalist framework based on the Weberian concept of "neo-patrimonialism" and the "rentier state theory" (Mehdavy, 1970; Beblawi and Luciani, 1987). (Eisenstadt, 1973; Erdmann and Engel, 2006). An expansion of the original VOC, patrimonial capitalism has lately been utilised to incorporate several emergent political economies (such as Saudi Arabia) into CC study (Buhr and Frankenberger, 2014).

The actor-centered theory of patrimonial capitalism (Wehr, 2015) sees a political economy as a space populated by many players (such as the state, businesses, employees, and social organisations), who engage in 'rational' interaction with one another. Each player is simultaneously working to further their own interests within certain institutional contexts. corporate governance, employment relations, or VOCation education and training are a few examples. In this way, institutions serve to define the formal and informal norms that make up a political economy's "rules of the game" (North, Wallis and Weingast, 2013). While it is stated that corporations play a crucial role in coordinated market economies (CME) and liberal market economies (LME), patrimonial market economies (PME) place a greater emphasis on the role of the state (PME).

According to Buhr and Frankenberger (2014: 394), coercion and co-optation are two techniques used to coordinate state and state-business ties in some patrimonial regimes, such as those in Saudi Arabia and Russia, to maintain a "functional" variety of capitalism (see also Wintroppe, 1998). The "rational-choice" institutionalism and transaction cost economics (such as moral hazard and adverse selection) have recognised the coordination problems that the players must collectively solve (Streeck, 2010; May and Nölke, 2015). The patrimonial system mainly relies on buying the allegiances of different players through the exclusive patronage of elites, even while it represses any challengers by the threat of force, including military action as a last resort (i.e. coercion). Therefore, mutual benefits are built on patron-client relationships and inclusive benefits for citizens, mostly through employment in the public sector and tax relief (i.e. co-optation) (Schwarz, 2004; Hertog, 2007; Levins, 2013).

According to the original VOC, Buhr and Frankenberger (2014) use the idea of "institutional complementarities" to describe how some SMEs, like Saudi Arabia, can sustain a high growth rate. Regardless of whether they are in the same domain, complementarity of institutions happens when the presence of a certain institution in a domain boosts the returns from one or more institutions (Hall and Soskice, 2001; Hall and Thelen, 2009; Amable, 2016). Saudi Arabia is used as the ideal example of the institutional complementarities of SMEs by Buhr and Frankenberger (2014). They contend that the state heavily regulates the field of industrial relations, primarily by reducing the role of labour (i.e., coercion) and securing its control over significant economic sectors by 1) owning (whether fully or partially) the core conglomerates, particularly banks and petrochemical companies, and 2) upholding "coherent" relationships with business elites (i.e., co-optation). Therefore, certain types of polity-economy interaction produce "a particular kind of competitive institutional advantage. Because it cannot account for institutional change and inconsistency, this analysis of institutional complementarities has received harsh criticism in the CC literature. The patrimonial capitalism model relies on the political theory of "neo-patrimonialism" to provide more detail on state-business relations while incorporating "rentier state theory" (Mehdavy, 1970; Beblawi and Luciani, 1987), a political economy approach used to analyse oil-rich countries in the Middle East region (Eisenstadt, 1973). Schlumberger (2004; 2008) examines the political economics of the Arab world and contends that the "neo-patriarchal" social structure (i.e., the dominance of older men over younger men) is the cause of "neo-patrimonial" political rule in this region (see also Sharabi, 1988). Additionally, the social norm of *wasta* codifies the nature of the informal/personal relationships between the ruling class and the commercial elite (an Arabic term for intermediation or even nepotism in some cases).

It is important to note at this point that, even though the word "patrimonial capitalism" is used throughout this thesis, it is acknowledged that it is a bit of a catch-all. Recent research has shown that typologies, such as the LME/CME dichotomy, are frequently misused to generalise countries with similar institutional configurations because there is frequently significant variation within typologies (e.g., Almond and Ferner, 2006; Walker, Brewster, and Woody, 2014; Witt et al., 2018). Wehr (2015) argues that the classification of patrimonial capitalism lacks a systematic comparison based on precise criteria in his review of post-VOC typologies. Numerous authors have used

the typology of patrimonial capitalism, which appears to be the most extensive, to describe the "highly corrupt" political economies in a variety of geographical areas, including Russia (Robinson, 2011), the Arab world, and Indonesia and the Philippines (Buhr and Frankenberger, 2014). (Schlumberger, 2004; Stacher, 2007). The capitalist system in Saudi Arabia appears to embody many of the traits of patrimonial capitalism. But focusing on "patrimonialism" makes it impossible to comprehend Saudi capitalism's dynamics and difficulties.

Conclusion

The research will make use of the terminology from Andersson et al. (2014) and attempt to locate the national business model for Saudi Arabia within an accounting framework whereby accumulated capitalization and financial flows are significant, along with the application of a framework that undertakes a critical evaluation of the development of the national business model in Saudi Arabia. There are several reasons, which make this research study a major contribution to the existing literature. First, there is minimal research conducted on the national business model about Saudi Arabian's economy. Second, the Saudi Arabian economy is rapidly expanding and making significant changes in their economic system, which are a part of vision 2030. Third, the Saudi Arabian economy is converting its economy from a Petro-based economy to a diversified economy. They are planning to develop and invest in other sectors that also contribute to Saudi's economic growth (Zott and Amit, 2010). In the following chapters, this research study examines the role of religion and culture informing the national business model, particularly concerning Saudi Arabia. This will help assess the trends within Saudi Arabia compared to other developing countries over the last few years.

Islamic Finance

Introduction

This part of the literature review will comprehensively investigate the fundamentals and principles of Islamic finance and how these fundamentals and principles impact the macro-economic aspects of the Muslim countries. The prime objective of this research study is to analyse and examine the existing national business model of

Saudi Arabia. Given that Saudi Arabia is the biggest economy amongst the Muslim countries. Religion has a big role in the running of the state, analysing the fundamentals and principles of Islamic finance. Their impact on the economic upbringing of the country will help in understanding the impact of the fundamentals and principles of Islamic finance on the national business model of Saudi Arabia particularly and Muslim countries in general. Therefore, this chapter will discuss the principles and fundamentals of Islamic finance and their macro-economic aspects in detail.

The concept of Islamic finance has raised, and still presents, arguments throughout the world. This is mainly because the idea of Islamic finance has always been looked at from an ideological viewpoint. Ahmad (2006) argues that Islamic finance is generally related to religion, and in doing so, people consider it an attempt to go backward from modern to medieval practices. However, there is more to Islamic finance than its religious and ideological perspectives. Islamic finance is a part of an entire system, where each component complements the other features and the whole system. So basically, Islamic finance belongs to a broader concept of Islamic economics (Hasan, 2007).

This part of the literature review will try to analytically examine the concept of Islamic finance and Islamic economics. Like any other economic doctrine (capitalism, socialism, communism, etc.), Islamic finance is based on its values, beliefs, morals, and standards (Sairally, 2007). The Islamic values and ways of life put primary focus on the ethical and moral standards of the individuals. They are rooted in the Shariah law, which does not only cover the worship life but covers all the aspects of a Muslim's life. Therefore, Islamic finance also puts high consideration on the ethics and morals of both the individuals and the institutions (Iqbal, 1999).

The framework of Islamic Finance

Islamic finance and economic system are primarily based on the laws of Shariah. The Shariah law does not distinguish between the religious and other aspects of life. It deals with all the spheres of life, including social, political, or economic issues. An individual is expected to be at his/her utmost ethical and moral standards in all spheres

of life (Saeed, 2004). Islam encourages its followers to remain productive. Therefore, productive human activity is mandatory in Islam. Moreover, Islam does not allow its followers to engage in certain activities on the moral and ethical bases (Choudhury, 1997). Such activities include gambling, alcohol, drugs, tobacco, speculation, destructive weapons, etc.

Three basic principles govern Islamic finance: the principle of equity, the principle of participation, and the principle of ownership (Zaher and Hassan, 2001). The principle of equity is used as a basis for the prohibition of interest or predetermined payments (i.e., Riba) in Islam. This principle is used to protect a weaker party in the financial system of Islam. Riba means interest income or fixed income earned on money lent as a loan in Islamic finance or Arabic. In other words, riba refers to the increase in wealth without engaging in productive activity. Another application of the principle of equity in Islamic finance is the prohibition of uncertainty (i.e., gharar) (Ahmad and Hassan, 2006). Therefore, it is essential for the parties involved to disclose all relevant information, thus reducing uncertainty (gharar). Another crucial application of the principle of equity is the system of Zakat. The method of Zakat is one of the pillars of Islam, and theoretically, forms the foundation of the economic system of Islam (Nienhaus, 2006). Zakat is a 2.5% levy on cash or in-kind wealth imposed on all Muslims with a specific minimum level of income and wealth. According to Shariah, this levy raises social harmony and supports the less fortunate in society.

The prohibition of interest (i.e., riba) in Islam does not mean that Islam is against reward on capital. According to AlFarra (2015), reward/profit comes with risk-taking in Shariah law. This means that the returns on the investments correspond to the risk taken and not the passage of time. Chapra (2008) states return on capital is determined by the performance of the asset or project's outcome, and by taking such a risk, the return on the capital is legitimized. This also ensures that the individuals earn rewards/profit by engaging in productive activities. This is known as the principle of participation. This ensures that, in Islamic finance, the real and financing activities are interlinked and that the increase in wealth comes from engaging in productive activities.

The third principle of Islamic finance is regarding the ownership of the underlying asset. Islam prohibits short selling, which is the sale of assets or securities without owning them. In Shariah law, a person cannot be dispossessed of a property or asset except in situations in which it is required by law. It can also be to settle a dispute among the parties based on their rights and duties in the agreement. These facts make it essential for an individual to own the assets/securities before selling them. According to El-Gamal (2006), the principle of ownership makes Islamic finance asset-based financing. This further creates a very healthy link between the real economy and finance. Moreover, the principle of ownership in Islamic finance and economics adds to the reverence and protection of property rights.

Macro-economic Aspects of Islamic Finance

Financial Stability

The financial crisis in 2009 was not significant on the Islamic financial institutions; however, there were indirect effects of the financial crisis on the Islamic financial system. With the economic turmoil propagating throughout the world and negatively impacting the real economy by the start of 2009, the value of assets and securities plummeted, commodities prices declined, property and real estate prices decreased. Consequently, the non-performing Islamic financing increased. This resulted in losses on the Islamic finance institutions and Islamic banks (Chapra, 2011).

According to Bley and Kuehn (2004), the Islamic banks are theoretically more prepared than the conventional banks to deal with the financial and economic shocks. The main reason is the following of the principle of Gharar, which does not allow the Islamic banks to invest in unreasonably risky assets (such as toxic assets and betting on derivatives). Given their asset-based nature, Islamic financial institutions do not take excessive leverage. Moreover, they also promote investment in wealth-creating and risk-sharing activities (whereas conventional banks encourage transfer risk). The direct connection between the trade industry and the financial sector reduces speculation and promotes real economic growth. The investments in highly leveraged assets, as well as short selling is also restricted in Islamic financial institutions. These factors essentially suggest that the Islamic finance system promotes stability and

sustainability in the financial system, thus significantly reducing the chances of a financial crisis (Hussain et al., 2016).

According to Sundrarajan (2007), Islamic banks face higher withdrawal risks than conventional banks, and for this reason, they act more cautiously than traditional banks. One of the main principles of Islamic finance is the prohibition of interest. Due to this, the Islamic banks and financial institutions are less prone to interest rate risk (as compared to the conventional banks, whose business model is based on the interest rate). However, given the interconnectedness of the financial system, the interest rate changes do impact the Islamic banks and financial institutions to a certain extent. According to Wilson (1997), even though the financial crises do impact the performance of the Islamic banks, the concept of risk-sharing mitigates the risk to a certain extent.

There is no consensus in the empirical findings regarding the Islamic financial institution's performance during the economic downturn. According to Chapra (2011), Islamic banks showed better resilience during economic and financial downturns than conventional banks, considering the higher capital and liquidity buffer. According to Beck et al. (2013), based on the cross-country data, there is no significant difference in the insolvency between the Islamic banks and the conventional banks. However, the credit risk was different for both banks, mainly dependent on the measures used. They concluded that both types of banks show a similar level of stability, and therefore should be subject to similar internal and external frameworks. According to Samad and Hassan's (2010) study on Islamic finance in Malaysia, Islamic banks are less risky and more profitable than conventional banks, probably because they hold more capital. However, given the saturation of the markets, particularly in the aftermath of the financial crisis, this difference between both types of banks in Malaysia is narrowing down. ArchIn their study, er et al. (2010) state in t the loan default risk, both individual and systematic, in the Islamic banks is less likely to materialize as, given the dynamics of Islamic finance, the loans issued by the Islamic banks are less likely to default. Finally, according to Rethel (2011), the size of the bank, be it an Islamic bank or conventional bank, matters a lot in determining its stability. He finds that small Islamic banks are more stable and sustainable than similarly sized traditional banks.

Islamic banking on a global scale, the Islamic finance industry should develop a standardized and internationally recognized set of frameworks and regulations to ensure its stability. IFSB is a similar international regulatory authority designed to achieve a higher level of regulatory integration globally, thus ensuring the stability and sustainability of Islamic finance operations. Lewis (2008) state that more measure is necessary to increase the resilience and strength of the Islamic Finance industry. These measures include developing a robust liquidity structure, strengthening the Islamic financial infrastructure, accelerating the effective implementation of Shariah and prudential standards and rules, and building a constructive dialogue between the regulators.

Monetary Policy

Interest is forbidden in Islam, and therefore, based on the principles of Islamic finance, interest is prohibited in the Islamic economy. Central to Islamic banking is an interest-free financial system, which uses a modified monetary policy framework. According to the principles of Islamic finance, all the market participants should be provided an equal playing field. This can help reduce poverty and ensure economic expansion and sustainability (Ayub, 2009). In a conventional economy, the general focus of the monetary policy is to control inflation and alleviate the fluctuations in the output by altering the interest rate. However, in the Islamic financial system, the monetary policy focuses on just the allocation of resources and mobilization of savings, which are in accordance with the country's economic development objectives. The objective of both monetary policies, i.e., conventional, and Islamic financial systems, is the same to make a profit; however, both methods work differently. The traditional approach of banking return is fixed. It generates turn from interest, whereas the Islamic banking system's return is variable and depends on the profit and loss of an entity.

According to Ahmed (2007), conducting an effective and efficient monetary policy through prevailing financial tools is a big challenge for the authorities responsible for economic policies in the Islamic countries with Shariah law because the tools available are insufficient. However, Islamic finance is conducting innovative proposals regarding the tools that are, on the one hand, compliant with Shariah law, and on the other hand, comparable with the conventional monetary policies. According to Ahmed (2007), these innovative tools comprise issuing central bank certificates and Sukuk, setting

required reserve rates, direct control over banking activities using the central bank's regulatory powers, limits on lending and deposit rates, credit ceilings, and special deposits in the central bank. According to Ahmad and Hassan (2006), the key is to design the financial instruments that absorb the excess liquidity from the system, and that being without directly linked to a particular underlying project. However, the main issue remains to set a rate of return, which could be used as a proxy to the central bank and government securities.

Most Islamic countries have used national monetary policy instruments and tools in monetary policy in the past. At the same time, they have been working for the last several decades to develop new devices and tools consistent with the Shariah principles. According to Hussain et al. (2016), this effort of creating new instruments and tools related to monetary policy issues has accelerated in recent years. However, they state that the central banks in Shariah-compliant Islamic countries still predominantly use conventional monetary policy instruments and tools.

A challenge for the Islamic banks in the contemporary global market environment is their lack of involvement in the open market operations. According to Hesse et al. (2008), Islamic banks have excess liquidity on their balance sheets, which leads to inefficient liquidity management. This is primarily due to the lack of tools and instruments to manage liquidity and a specific framework for the standing facilities and the inefficient monetary policy instruments. Generally, the economic policies require the financial institutions and banks to have their reserve accounts with the central banks. However, the level of these funds is different for Islamic and conventional banks, and therefore, the fines imposed for not maintaining the level of funds with the central banks differ for these types of banks. Furthermore, according to Ahmed (2010), even though the central banks in Shariah-compliant Islamic countries control their monetary policy using instruments, such as Sukuk bonds (issued by the government) and other securities, such effective central bank instruments is still unknown.

Different tools and instruments of monetary policy are undertaken by various countries, depending on their situation. For example, Bahrain and Kuwait mostly use different forms of Sukuk and reverse Murabahah. On the other hand, United Arab Emirates mainly uses the Islamic Certificate of Deposits (ICDs) and foreign exchange

swaps for monetary policy implementation and liquidity, based on the commodity Murabahah contracts. Moreover, the central bank of Malaysia has introduced several securities to increase the participation of Islamic banks in the open market. These include Murabahah, Mudarabah, Ijarah and Bay Bithaman Ajil contracts. However, many Islamic countries have a parallel banking system, which gives rise to the problem of liquidity management within the country's economy. This leads to excess or shortage of liquidity, and the optimum liquidity is hardly maintained in the system (Dar and Presley, 1999).

Al-Zoubi and Maghyereh (2007) state that conventional tools and instruments govern monetary policy and liquidity management systems even in the advanced Shariah-compliant Islamic economic systems. This is because designing Shariah-compliant tools and instruments in an interest-based global financial system faces several legal and regulatory issues. For example, new tools and instruments, such as Mudarabah, need proper legal and regulatory review before introduction. However, the United Kingdom is an exception. The Islamic banking sector has seen remarkable growth in the UK and attracted significant investment of Islamic financial institutions and banks in the UK. UK main business activities of all these Islamic banks include capital markets, trade finance, fund management, and real estate.

Regarding the monetary policy, Ainley et al. (2007) state that 'none of these banks have joined the reserve scheme, partly because they do not meet the required minimum threshold to be subject to the cash ratio deposit regime. Another causative factor is the conflict between the Shariah and the Bank of England's floor system, in which reserves are remunerated at the Bank rate'. These are some hurdles hindering the participation of the Islamic banks in the open market in the UK, U.K.us pushing them towards the conventional banking system.

Alexakis and Tsikouras (2009) state that the dynamics and structure of Islamic finance allow it to use the standing facilities of the central banks optimally. The Islamic banks and financial institutions must hold excess liquidity with the central banks and practice Shariah-compliant tools and instruments to manage their liquidity.

Fiscal Policy

Independently of the objectives of an Islamic society, most conventional fiscal policy tools seem to be consistent with Shariah principles (Hussain et al., 2016). Zakat could be a unique revenue instrument for the government in Islam, although not all countries collect Zakat through the official revenue system. There is a standard agreement that the government unambiguously could impose taxes as and when needed. Shariah does not prohibit any form of taxation. The government could also levy different forms of taxes (Dar and Presley, 1999). A fundamental pillar of Islam is Zakat, a poverty reduction, income redistribution, and stabilization scheme. While Zakat could be an effective instrument for alleviating poverty, it is not the only means to achieve an Islamic government's objectives that need a budget deficit. It seems Shariah would not prohibit the government from running a budget deficit. Nevertheless, the government could use Shariah-compliant instruments such as Sukuk to finance capital or current spending. On the other hand, when it comes to tax policy, the prohibition of Riba could have tax implications for levelling the playing field, as unlike return on debt, return on equity is not a deductible cost for income tax purposes (Khan and Bhatti, 2008).

The conventional debt management framework may also offer guidance for improving the efficiency of Shariah-compliant public financing instruments. As in traditional economies, synchronization between monetary policy operations and public debt management would enhance macroeconomic stability and help develop primary and secondary debt markets, improve depository facilities, facilitate clearing and settlement arrangements, and build buyback Shariah-compliant alternatives to repo facilities (Jobst, 2007). In addition, regular issuance of government securities is also critical to establishing benchmark rates of return to develop a Shariah-compliant money market.

Conclusion

Three crucial principles govern Islamic finance: equity, participation, and ownership. These principles imply that financing can only be extended to productive activities, trade, and real assets in an Islamic financial system – thus, it is often considered an asset-based financial system. If fully complied with, these principles ensure

appropriate leverage and help limit speculation and moral hazard (El-Gamal, 2006). A strong preference is attached to risk-sharing modes of financing, as they are closest to the spirit of Islam. In addition, even in debt-like modalities, financing is linked to tangible assets, thereby limiting the extent of leverage associated with funding (Dusuki and Bouheraoua, 2011). Islamic finance has expanded rapidly and is spreading across many regions. However, Islamic finance still represents a tiny share of global financial assets despite this growth.

This literature review part of the research has looked at the topic from the perspective of Islamic finance and has comprehensively discussed the principles and fundamentals of Islamic finance and the economic system and their macro-economic aspects. The issue of Islamic finance is comprehensive and intriguing. This paper has tried to analyse the link between Islamic finance and its impacts on the macro-economic structure of Islamic countries. However, some areas still need to be covered in Islamic finance. These topics include the instruments of Islamic finance, facts about Islamic finance, and the growth of Islamic finance. Furthermore, the role of Islamic finance in influencing the national business models of countries, particularly Saudi Arabia, still needs to be discussed in detail.

Culture

Introduction

This part of the literature review will comprehensively investigate the impact of the organization and national culture on the macro-economic aspects of the Muslim countries in general and organizational performance in Muslim countries. Therefore, this chapter will discuss the importance of culture concerning corporate performance and macro-economic performance in detail.

A state's national economy is significantly influenced by its culture. Max Weber (1930) concentrated on the significance of culture and ethics in the development of capitalism in Europe. In a book titled "Under Development is State of Mind: A Case Study of Latin America" published in 1985, Lawrence Haarrison, who was interested in culture and its role in developing societies by the end of the nineteenth century, concluded that the backwardness of the countries was caused by their outdated ideas and beliefs.

On the other hand, Jim Granato et al. (1996) combined the cultural variables into an economic growth model and used OLS to examine the influence of cultural elements on economic growth in 25 different countries. Additionally, Forson et al. (2013) used an input and output growth model to examine the importance of culture and its impact on economic growth. Both research studies concluded that there is a major role of culture in the economic growth of a country.

Ancient culture needs to be strengthened, as Kgosietsile Maripe (2012) noted. According to the study's findings, culture is crucial to achieving social and economic stability. Additionally, Petrakis (2011) looked at the connection between culture and development with reference to Greece. His research examined the distinctions between Northern Europe's nations and those in the Mediterranean. He discovered that the fundamental traits of the economic and trade environment reflect cultural evolution.

Sviatlana Bulovich (2010) provided an overview of the major cultural institutions and their contribution to the growth of labour as a means of innovation in businesses in culture of creativity and innovation. Additionally, as a means of funding, he incorporated various requirements and factors to help achieve the desired economic development. As one of the most significant strategies that could increase the national GDP, Titan et al. (2013) focused on the analytical technique to quantify culture.

Additionally, Chunyan Shao (2009) evaluated the innovative culture that will heighten competition amongst institutions to accomplish development to analyse the relationship between the creative culture and sustainable development. A quantitative analytic method was also employed by Xiufang Li (2015) to study and analyse the local culture of the minority during the economic transformation period as well as their economic activities.

The United States of America showed attention to the cultural sector between 2008 and 2011, claiming that it had an impact on employment creation, providing evidence of the significance of culture in economic development. Even France's economy has benefited from the contribution of the cultural sector, which accounts for 5% of GDP (Note 1). South Korea's model likewise places a high value on the success of cultural

creativity and the role it plays in the country's development, in addition to the United States and France (Esmail, 2019).

It can be inferred from the above discussion that there is a strong relationship between the culture and national economy of a country. The culture of Saudi Arabia is unique since it differs from all the nations where most of the research on national business models has been done up to this point. The Sharia laws (Islamic law), which are distinct from Western laws, provide the foundation of Saudi Arabia's cultural and governing laws (Khan et al., 2010). This research study adds to the body of current literature by specifically evaluating the national business model in the context of Sharia law and the local culture. In addition, the national business model is utilised to comprehend an economy like Saudi Arabia's, which has Islamic finance and Shariah law as its foundations.

In the globalization process and the growth of economic interdependence between countries, national culture is becoming crucial for modern business processes. According to Leung et al. (2005), the best and most concise way to express the cultural impact on management is with the statement that what managers do is the same in the whole world, but how they do it can be entirely different. Today, the globalization of business is expanding rapidly and continues to be much researched and discussed. Understanding the impact of national culture on organizational variables becomes one of the most influential factors in companies' success or failure globally with this global expansion. For most multinational companies, sensitivity to national differences and the ability to develop national variations in the rules and ways of operating companies in different parts of the world may improve the success of these corporations (Dalby et al., 2014).

Understanding culture can equip individuals for the challenges of the modern business environment. Nevertheless, an appreciation of the importance of cultural differences helps organizational leaders understand their international partners and competitors and ultimately helps to improve their managerial skills (Sanchez et al., 2007). However, it is rather difficult to recognize the direct influence of culture on business. Cultural diversity influences many processes in everyday business, and thus it is relatively essential to manage it adequately to get the best results.

This section examines how the uniqueness of culture in Saudi Arabia justifies this research on national business models. Therefore, this research study analyses and discusses the existing national business model from a cultural perspective. In addition, the middle eastern economy is the largest in Muslim countries, and in the middle east, Saudi Arabia is the biggest economy. Therefore, it is imperative to understand the middle eastern culture and Saudi culture to understand Saudi's national business model better. Moreover, culture analysis will allow this research study to analyse the state affairs from the cultural perspective and to understand its impact on the national business model of Saudi Arabia in Muslim countries in general and Saudi Arabia particularly.

Culture

A significant challenge to organizations in today's globalized workplace environment is successfully adapting diverse cultures and their impact on daily operations. Thus, in the last few decades, there has been an increase in interest in this subject and have carried out a considerable amount of research related to cultural dimensions and attitudes in recent years. This research has demonstrated the importance of addressing this issue to improve business performance.

There is unanimity among scientists and business individuals about the importance of national culture. However, this cannot be said for the definition of national culture. Different authors from different scientific fields define culture by starting from different levels and forms (Johnson et al., 2008). Culture is the shared values and beliefs that enable individuals to understand their roles and norms (Lewis, 2007). The word derives from the Latin "cultura", which refers to a cult or an object of worship. In a broader sense, the term refers to the results of human interaction. Anthropologists see culture in many ways. One of the most widely used definitions of culture is (Dwyer et al., 2005):

"Culture consists of explicit and implicit patterns, and behaviours acquired and transmitted symbols, which form the characteristic achievement group of people, including embodiments in artifacts; essential core of culture consists of traditional

ideas and especially their values added; system of culture, on the one hand, can see as a product of action, on the other hand, as conditional elements of future action".

(Dwyer et al., 2005, 357)

Culture can be defined as a general pattern of behaviour based on the values and beliefs that develop over time in each society (Hofstede, 2011). These are common knowledge, views, values, norms of behaviour, and opinions of members of society.

The essential characteristics of culture are as follows (Gong, 2009): it is learned, not inherited, commonly accepted, generational, symbolic, structured/integrated, and adaptive. Due to different cultures globally, an understanding of their impact on behaviour is critical for global business. If global managers do not know a country's culture with whom or in which they operate, business performance can be highly damaging. According to one of the most used definitions, culture is the collective programming of thought that the members of one group or category of people are distinguished from others (Berry et al., 2010).

Cultural Values

The basic concept in cultural studies is precisely the values (Hofstede, 2005). Values represent the fundamental, relatively enduring beliefs and concepts desirable that provide general standards for assessing specific behaviours, actions, and goals and the criteria for assessing what is good or bad, acceptable, or unacceptable, and creating individual and group preferences (Venaik and Brewer, 2008). Values provide the basic principles of organizing and integrating individual and group goals, prioritizing a hierarchy of needs and the importance of goals, satisfaction with the assessment, selecting the preferred lifestyle, and general human and social behaviour. Can be individual, group, community, and universal human values (Freeman and Browne, 2004). Beliefs are fundamental values that people have regarding good and evil, right and wrong, important and unimportant (Johnson et al., 2008). In general, the results show the diversity and similarity among work and organizational values in diverse cultures. Culture is often demonstrated by the model of culture that is reminiscent of concentric circles, the inner circle, which is the core of the basic assumptions that determine human behaviour; the middle represents the

norms and values that are the foundation of society, while the outer part of explicit artefacts and products of the company (Stahl and Tung, 2015). This research study examines whether and how the culture of Saudi Arabia is different.

Cultural Diversity

There are many ways to examine cultural differences and their impact on international management. It also has a significant effect on people – how they behave and think. Diversity exists both within and between cultures, yet some may encourage the behaviour while others hinder it within each culture. Social norms are the most common and most widely accepted forms of behaviour (Erez and Gati, 2004). It should be noted that the cultural orientation of society describes the attitudes of most of its members at a particular time, but never all the people all the time. Certain stereotypes reflect social and cultural norms. Culture affects many business activities, starting with a simple handshake (Morris et al., 2015).

Model of National Culture

In the first half of the twentieth century, social anthropologists developed the idea that all societies face the same fundamental problems – only the answer to those problems differs from society to society. As an answer to this paradigm, social scientists attended to identify what problems are common to all societies (Leung et al., 2005). They suggested that the following issues qualify as common basic problems worldwide: a) relation to authority; b) conception of self, in particular the relationship between individual and society, and the individual's concept of masculinity and femininity and c) ways of dealing with conflicts, including the level of aggression and the expression of feelings. Furthermore, determining the causes and consequences of cross-cultural behaviour may be achieved by classifying and systemizing it. Hence, a clear understanding of culture creates a positive synergy between the operating performances of diverse cultures. The two most used models discussed in this section comprise Hofstede's cultural dimensions and Trompenaars' model of cultural dimensions. Hofstede's model consists of six cultural dimensions, and Trompenaars' model shall consist of seven cultural dimensions.

Hofstede's model

The major components of the national business model comprise of government, households and corporations. Culture being a significant part of a country's business and corporate (national and multi-national corporations) environment becomes an important ingredient of the national business model. Geert Hofstede created the Hofstede's Cultural Dimensions theory as a framework for understanding how cultures differ between nations and how business is conducted in various cultural contexts.

National culture has a powerful influence on work values (Hofstede, 2001). Hofstede's dimensions of national culture, determined for 53 countries and regions of the world, are led by the number of quotes and importance in cross-cultural management (Hofstede, 2011). The basis of the model is the research conducted among employees of IBM on a sample of 60,000 workers in the period 1967-1969. The inclusion of other authors who have used an identical methodology produced a selection that includes 71 countries and three regions. The extension of the model with the original four-dimensional culture of the society got one extra dimension. Database eliminates the differences that arise as the impact of corporate policies and procedures because of the effects of various strategies. Therefore, any variation between countries can be reliably attributed to national culture. Hofstede also found that employees and managers vary according to the following dimensions of national culture: (1) power distance, (2) uncertainty avoidance, (3) individualism vs. collectivism, (4) masculinity vs. femininity, (5) long-term vs. short-term orientation (in a later phase of the study) (Hofstede, 1980).

- (1) Power distance represents the degree of inequality in distributing power within societies to be considered socially acceptable. It is derived from the fact that power in institutions and organizations is not evenly distributed (Hofstede, 2011). Therefore, communities with high power distance accept more significant differences in power within the organization. For example, Saudi Arabia's score is 95 (out of 100) based on the power distance, suggesting that people accept a hierarchical order. Hierarchical order indicates that the system is highly centralized and controlled at the top level. In addition, the top management communicates commands and orders to the lower levels (Hofstede Insights, 2021).

- (2) Uncertainty avoidance dimension measures "the extent to which the members of a culture feel threatened by uncertain and unknown situations". Uncertainty avoidance indicates the extent to which a society feels threatened by ambiguous situations and how a society tries to avoid these situations by adopting strict codes of behaviour, believing in absolute truths, establishing formal rules, and not tolerating deviant ideas and actions. Individuals with high uncertainty avoidance are concerned with security in life, feel a greater need for consensus and written rules, less likely to take risks. In contrast, individuals in low uncertainty avoidance societies are less concerned with security, regulations and are more risk-tolerant (Hofstede, 1980). The uncertainty avoidance dimension score for Saudi Arabia is 80 (out of 100), which suggests that the extent to which the people of Saudi Arabia feel threatened by uncertain and unknown situations is very great. Those countries that show high uncertainty avoidance mostly maintain rigid codes of belief. Moreover, the people of these countries are highly intolerant of unorthodox behaviour and ideas. In addition, it can be stated that in these types of cultures, people are punctual, like to be busy, and work hard (Hofstede Insights, 2021).
- (3) Dimensions of individualism refer to societies in which the ties between individuals and the poor of every individual are expected to look after themselves and their immediate families. In contrast, collectivism refers to societies where people from birth include the solid and cohesive groups protected throughout their lives in exchange for unquestioning loyalty. It is noted that the degree of individualism in a country complies with the wealth of the country (Hofstede, 2001), and countries with a high degree of individuality are more inclined to the Protestant ethic, individual initiative, and progress to the market shift. Countries with a low level of individualism are less prone to the Protestant ethic and show less unique initiative with age progression. Dimensions of individualism score for Saudi Arabia is 25, which is low. A very low score suggests that Saudi society is a collectivistic society. Moreover, the relationship is strong in this type of society. In addition, everyone takes responsibility for fellow members of their society.

- (4) Masculinity refers to a society in which one can observe the social roles by gender (Hofstede, 2001). Femininity refers to a society in which gender roles overlap, and that of the women and men are expected to be humble, gentle, and focused on quality of life (Hofstede, 2007). Dimensions can be compared using a two-dimensional matrix. The integration of cultural factors in the two-dimensional image helps illustrate the complexity and understanding of the impact of culture on behaviour. The societies with high power distance should be less individualistic, and vice versa, but the behaviour of individual members in such a multicultural environment due to the influence of other factors may differ significantly from the behaviour that implies Hofstede's matrix. For example, Saudi's masculine dimension score is 60, from which it can be inferred that people in Saudi are self-confident and believe in equality, competition, and performance.
- (5) The fifth dimension of long-term versus short-term orientation was added later (Hofstede, 2003) and refers to the degree of orientation of the society, in the past or the future. Long-term direction is characterized by the virtues of focusing on future rewards, particularly perseverance and thrift. In contrast, the short-term orientation focuses on the past and present and is characterized by the expectation of quick results, high consumption, and low savings (Hofstede, 2001). This dimension score for Saudi Arabia is 25, which is low. A very low score suggests that people in Saudi Arabia are normative in their thinking. In addition, they greatly respect their traditions and religious values. Moreover, their propensity to save for the future is low, and they believe in quick results.

Trompenaars model

The national business model becomes a key component when culture is a substantial component of a nation's business and corporate environment. Trompenaars and Charles contend that there are significant cultural differences among countries, and that these differences have an impact on how businesses are conducted, and organisations are managed. However, in this context, culture is simply understood as "the way a group of people resolves problems and reconciles dilemmas" (Trompenaars & Hampden-Turner, 1997). The challenges that arise when cultural

boundaries are crossed primarily relate to the management processes that become less effective when multinational corporations attempt to implement in their foreign subsidiaries management formulas that are derived from their own cultural context and have proven successful in that culture while ignoring cultural differences. It is crucial that we recognise and comprehend cultural variations and keep in mind that there is no "one ideal approach to manage" organisations because of these differences (Trompenaars and Woolliams, 2003; Trompenaars and Hampden-Turner, 2004).

Trompenaars and Hampden-Turner chose to define culture as the very matrix of presuppositions, categories, concepts, and values that serve as the foundation of peoples' attempts to solve various problems that arise in day-to-day life as well as in business, and as a result, to look at the way people solve problems under three headings: "those which arise from our relationships with other people; those which come from the passage of time; and those which relate to the environment (Trompenaars and Hampden-Turner, 1997).

Trompenaar's model is based on two rounds of the survey, which comprise more than 45,000 managers in 50 countries. The results and conclusions of his research are seven bipolar dimensions (Trompenaars, Hampden-Turner, 2008):

- (1) Universalism believes that ideas and practices can be applied everywhere without further modification. On the other hand, particularism represents the belief that circumstances dictate how ideas and techniques should be implemented.
- (2) Individualism refers to people seeing them as separate individuals, while communitarianism relates to people in the sense that they see themselves as members of the group
- (3) A neutral culture is a culture in which it is expected to refrain from expressing emotion. Members of neutral cultures try not to show feelings. Vibrant cultures are those in which emotions are expressed openly and naturally.
- (4) Two cultural dimensions include specific culture and diffuse culture. The exact dimension refers to how people communicate and interact with one another in their society. This culture uses more precise and direct descriptive words, frankness, and facts. However, diffuse culture understands and prefers indirect communication that carefully uses contextual clues to convey understanding

and message. Based on the analysis of Saudi Arabia, it could be stated that Saudi Arabian culture carries the attributes of specific and diffuse culture. However, the Saudi Arabian culture is more like specific culture.

- (5) Culture achieved the status that characterizes access to people based on how well they do their job. A civilization is characterized by an attributed status based on the level of what or who that person is. Thus, the high-grade culture attributed to assessing the long-in the company or having a high-ranking friend while the culture reached the position of respect capable individuals, regardless of age and sex relationship.
- (6) The cultural dimension of internal routing refers to the relationship with the environment. Internal guidance emphasizes what is happening to somebody due to his activities, while external orientation emphasizes the force beyond our control.
- (7) Sequential access refers to the orientation on just one activity, firm adherence to time agreements, and precise planning preference. Synchronously notion of time involves dealing with more things than one, agree with that about the time and can change in the blink of an eye, and schedules are adjusted according to the relations.

Culture and Management Practices

Globalization has changed international trade and business by integrating foreign companies with domestic culture. Moreover, this will continue to happen as the countries worldwide open to other countries for work and business. The impact of national culture on international business affects the core functions in human resources management, marketing and finances, corporate strategies, organizational structures, and business ethics. Differences in national culture are reflected in business decisions. Improving the alignment or congruence between management practices and cultural contexts yields tangible business benefits (Deephouse et al., 2016):

- a) Participative management can improve profitability in low power distance cultures but worsen it in high power distance cultures.
- b) Quick fixes can improve profitability in more short-term oriented cultures but worsen it in more long-term oriented cultures.

c) Merit-based pay and promotion policies can improve profitability in more masculine cultures and reduce it in more feminine cultures.

d) Emphasizing individual contributions can improve profitability in more individualistic cultures and worsen it in more collectivistic cultures.

To understand the connection between culture and managerial practice, it is essential to understand cultural explanation for differences – their cultural roots, as management practice represents only the tip of the iceberg. With cultural maps (Al-Debei and Avison, 2010) it is possible to create a country profile as a reminder that managers in different countries tend to have other preferences for ways of organizing (Crossland and Hambrick, 2007).

Culture and organization

When talking about the influence of the national culture of an organization, the attitude toward it is bipolar – the culture-free approach is connected to the argument that organizational features determine the structure, and the other that argues that the social context creates differences in structure in different countries (Rabl et al., 2014). To understand cultural differences, pairs of cultural dimensions will be compared to get a better perspective regarding business behaviour. Cultural maps are beneficial to the managers to overcome cultural shock and to understand differences. Still, we need to know countries and their customs better to be sure how somebody will behave. Policies and procedures are also culturally rooted. This is particularly true for Saudi Arabia, where culture forms a crucial part of the policies and procedures.

Culture and strategy

Countries need to assess their external environments and internal capabilities in developing and implementing strategy. Managers making strategic decisions often confront the socio-political environment, structured problems, or environmental uncertainty (Tellis et al., 2009). Moreover, they react according to their subjected reality. Managers from different countries have different assumptions about who should take the consequences or control them. Cultural roots affect what kind of information one should consider necessary, what models are used to analyse that information, which should be involved, and what strategic decisions are taken (Lopez-

Duarte et al., 2015). Culture and strategy are very much aligned with the case of Saudi Arabia, where cultural roots are a key determinant of strategic decisions.

Culture and human resources management

For international companies going globally, it is essential to choose a human resource strategy that can support its design. Cultural roots are vital for selection, socialization, training compensation and reward system, performance appraisal, and career development system (Berry et al., 2010). Unfortunately, there is a lack of adequate theory to explain the complexity of differences between the meaning, policies, and practices of HRM in different countries. Still, three groups of views contribute to that area (the first one focuses on differences, the second one predicts that the strong logic of global capitalism is leading to similar approaches at the organizational level, and the third one is the world polity approach) (Kaptein, 2008).

Culture, Islamic finance and National Business Model

One of the prominent features of the Saudi's economic culture is Islamic Finance. Islamic finance is founded on moral standards that follow Islamic religious law. Islamic finance essentially encourages financial transactions connected to the real economy and forgoes sponsoring harmful socially destructive activities. The national business model is deconstructed into its institutional parts, which include corporate financial and non-financial, government and households. These factors being contributing factors to GDP and economy are directly affected by the Islamic finance in Saudi Arabia. The fundamental tenet of Islamic finance is partnership and cooperation, which necessitates a system of equitable participation and risk sharing. Such a system ought to encourage fair risk allocation and cooperation between money-providers (households) and money-users (financial and non-financial organizations). Islamic finance places a strong emphasis on productivity and the physical expansion of economic production and services. It is also entrepreneurial- and community-oriented. Thus, it changes the overall emphasis from financial collateral or a borrower's financial worth (the current dominating practise) to the credibility of the entrepreneur and the viability and utility of the project. This characteristic has significant effects on both the distribution of credit risk and systemic stability. Islamic finance is so categorised as

ethical finance. Both pay attention to how financial choices affect society and draw investors who care about moral issues.

Conclusion

This research study aims to conduct an exploratory, middle-range, inductive approach to explain and understand the process of adaptation and restructuring at the national level using Saudi Arabia's case. Therefore, it is imperative to understand the model from a cultural perspective to manage transformation and restructuring effectively. There is also a great deal to be gained in managing adaptation by focusing on what unites us rather than what divides us. Culture and cultural diversity can be both an asset and a liability. Managers must be able to tie the issue of managing cultural diversity to the need of business and be skilful in business issues, goals, and results. Moreover, the impact of national culture in international companies goes beyond management style. It influences other business functions and organizational parts of companies. Given the deep roots of culture and traditions in Saudi society, these factors play a significant role in the Saudi workplace environment, from elementary gestures to tasks' strategic decisions and execution. Moreover, these factors, along with others, form the basis for the national business model of Saudi Arabia.

Theoretical Framework

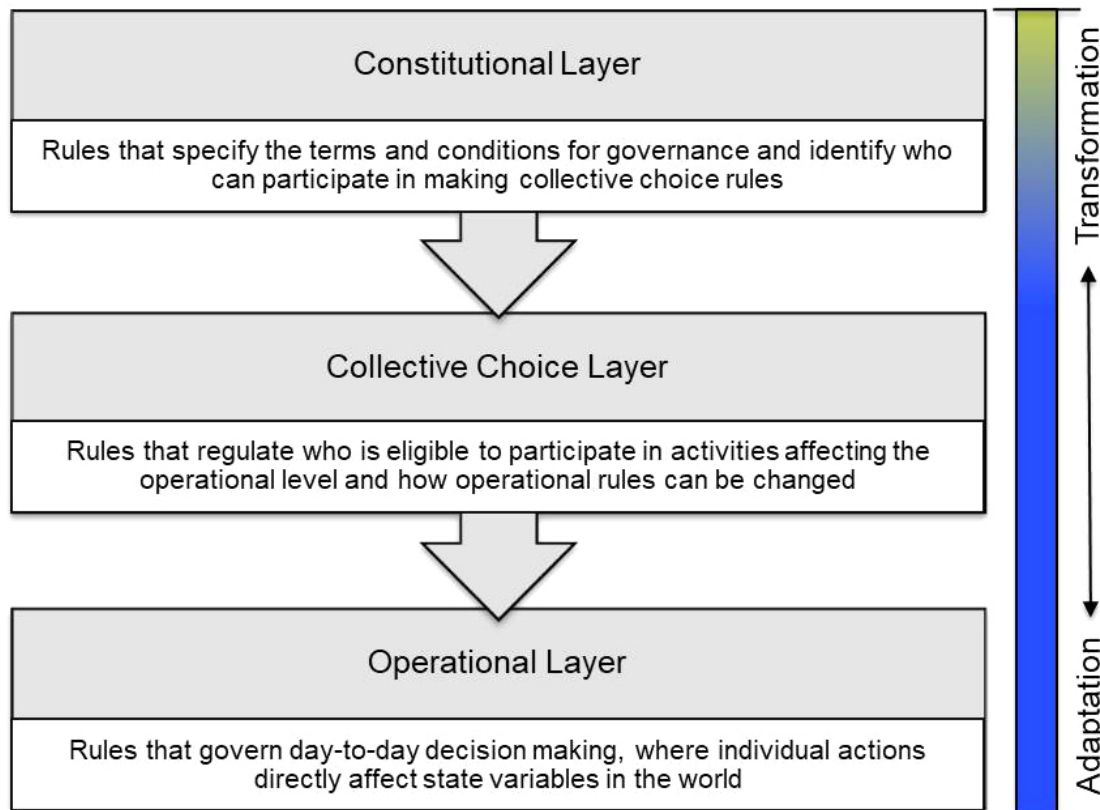
The theoretical framework is defined as a segment of research assignment that explains sets of research hypotheses and line of inquiry and methods to comment or interpret and answer such theory or is a logical structure or a combination of ideas that provides directions to the development of the study (Ocholla and Roux, 2011). Theoretical framework in any kind of research can work as a structure that holds and assists the theories governing the research task (Khan, 2010). Furthermore, the theoretical framework describes the rationale behind the justification of undertaken study (Khan, 2010). The researcher intends to use a theoretical framework for various reasons: (1) to answer the research questions whereby the researcher wants to investigate (2) to justify the findings based on the concepts and approaches related to the suggested theories of the study (Ziedler, 2007). Due to the reasons mentioned above, the researcher is supposed to emphasize the recognized theories, models, and

concepts appropriate to understanding the phenomenon of the study (Johnson & Christensen, 2000).

Kiser and Ostrom (1982) state that adaptation and transformation require changes in human behaviour and the norms and rules that guide it. Adaptation needs people to regulate their conduct in response to the commotion. The authors suggest that changes in human behaviour and coordinating institutions and rules at different levels of society should be prioritized on the transformation. These theories are connected to this study, where adaptation and transformation are expected to occur in Saudi Arabia, which requires these adaptation and transformation process assumptions.

The theory needs to change to multilevel action, consisting of three different layers. These are (a) constitutional rules, (b) collective choice rules, and (c) operational rules (Kiser and Ostrom 1982). This theory can answer this study's question number, which needs to know how the adaptation can go from one level to the next.

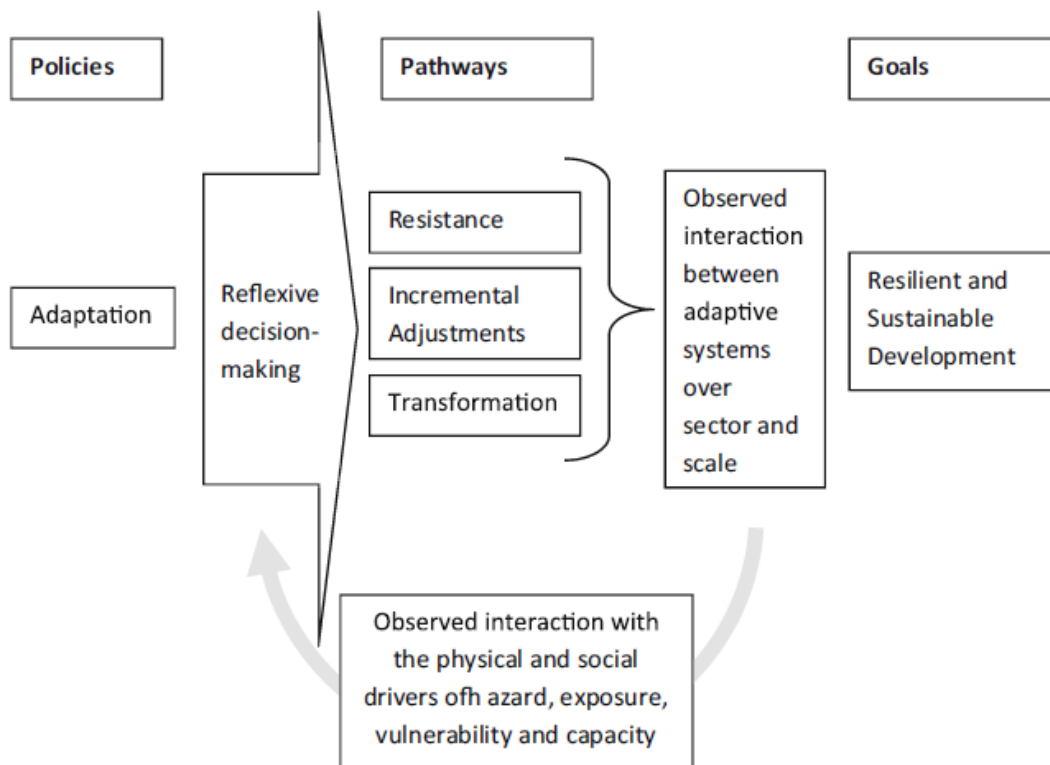
Figure 2.2 – Diagram shows the adaptation and transformation process directly to a multi-layered level



Source: Modified from Kiser and Ostrom's 1982

In addition to the theory concepts, Pelling (2011) developed the theory of incremental transformation. The theory implies a pathway to resilient and sustainable development. The author describes this process of gradual transformation as 'transitional adaptation' changes that individually do not exceed systems thresholds, but in aggregate and over time can transform systems. However, incremental adjustments can also prove to be short-term palliatives to avoid more profound rooted change and delay transformation, potentially building hidden and latent risk into the system. For this idea, the objective number of this study relates to. The objective needs to examine the impacts of adaptation and transformation to the economic changes of Saudi Arabia.

Figure 2.3 – Transformation as a pathway to resilient and sustainable development



Source: Pelling et al. (2015)

Furthermore, from their paper, Khokar and Stalbrand (2016) propose the analytical framework that can directly meet the adaptation process. Their analytical framework identified three significant terms or concepts that led the adaptation developed. These are market analysis, entry strategy, and business model adaptation.

Starting with Market Analysis, this is the first stage that shows how an established firm can critically assess growth opportunities in new markets. This component intends to arrive at a target market. From here, the focus shifts to Entry Strategy. How does the firm enter the target market, and what depth of involvement? Although central to this is the compatibility of the current business model to that of the target market, the firm may find a mismatch between their existing business model, and one better suited to the target market. Business Model Adaptation, the final component of the framework, serves to assess strategic fit to identify potential for business model innovation to serve the target market better.

Saudi Arabia Economic Performance

Saudi Arabia's economy depends heavily on the oil sector. The country is the world's leading exporter of petroleum and a very prominent member of the OPEC. The oil sector accounts for about 30% to 40% of the total GDP and 85% of the total export earnings. To reduce the dependence on the oil sector, the government has been trying to diversify the economy by promoting the non-oil sector over the last couple of decades. Efforts have been made to diversify into power generation, telecommunications, natural gas exploration, and petrochemical sectors (Al-Mallakh, 2015). Moreover, to foster economic growth, the government has recognized the critical role of the financial sector in mobilizing savings and channelling funds to economic activities. To this effect, it has been promoting the development of an efficient banking system, well-developed financial markets, and comprehensive and competitive insurance services (Samargandi et al., 2014).

Several signs have been that the economy has switched from the oil to the non-oil sector over the last four decades. During the 1970s, the share of the non-oil sector in overall GDP was about 30% to 37%. However, at the beginning of the 1980s, the Saudi economy experienced a rapid shift in favour of the non-oil sector at the expense of the oil sector. In 1985, the non-oil output peaked at 77% of GDP. After that, its share fluctuated between 60% and 72% during the 1986 – 2010 period (Niblock, 2015).

Fasano and Iqbal (2003) see this significant growth of the non-oil sector as a success of the emphasis on diversification made in the fourth development plan (1985 – 1990) and all subsequent projects. On the other hand, Alshahrani and Alsadiq (2014) argue that these increases in the non-oil sector are merely the result of the fluctuation in the world's oil demand that reflects swings in world oil prices.

Although the financial sector in Saudi Arabia comprises both banks and non-bank financial institutions, it is dominated by the banking sector. All other financial intermediaries and non-bank financial institutions, such as the stock market, Sukuk (Islamic bonds), and insurance companies, are either newly established or underdeveloped (Creane et al., 2004). For example, the Saudi stock market was

officially established only in 1984; it was just an informal market until then. Moreover, the number of listed companies was small: just 72 in 2008.

Although the Saudi insurance industry is the largest insurance market among the Gulf Cooperation Council (GCC) countries, the regulation of this sector by the Saudi Arabian Monetary Agency (SAMA) only began in 2003 (The Saudi Insurance Market Report, 2009). In 2004, there was only one insurance company, but by the first half of 2008, the Council of Ministers approved the licensing of 22 insurance companies (Ramady, 2010). Regarding the Islamic Banking and Sukuk (Islamic bonds) sector, there are a few Islamic banks in Saudi Arabia; in addition to them, there are Islamic windows in the conventional banks. According to a report issued by the World Islamic Banking Conference on the competitiveness of Islamic banks, Saudi Arabia ranks first, as measured by the earnings of Islamic Banks over the period 2000–2006.

The banking sector has fared well during the last four decades, which is undoubtedly favourable by the oil boom phase. Several Saudi commercial banks were established, and the number of commercial banks has risen to 19. Out of those, five are entirely owned by Saudi shareholders, while the rest are owned by a mix of Saudi and foreign shareholders (Askari, 2012). As a result, the ratio of liquid liabilities to GDP has increased moderately from 2005 to 2010, though it has fallen somewhat in 2008 and 2010 compared to the previous years. A higher liquidity ratio means that the banking system has grown. The ratio of the private sector credit to GDP has followed the same trend as the liquid liabilities to GDP ratio. As a result, total bank assets have constantly increased (Kar et al., 2011).

The Saudi commercial banks have expanded the amount of investment and consumer lending. The private sector in Saudi Arabia remains relatively small, possibly because the limited credit disbursement constrains commercial banks to the private sector (Al Muharrami, 2009). However, more commercial banks entered the money market and expanded their loans to the private sector from 1999 onwards so that the loan disbursements have increased sharply. Moreover, the total credit disbursement of commercial banks has increased moderately from 2006 to 2010. However, it fell insignificantly in 2009 compared to the previous year (Al Awad and Harb, 2015).

Saudi Arabia adopted deliberate planning and careful implementation of a development program with clear goals to achieve better economic performance by introducing the First Development Plan in 1970. With this first attempt, the Saudi government has started a series of five-year plans today. In the first three Development Plans (1970 – 1984) the government focused on financing the projects needed to improve education, health, housing, transportation, and telecommunication services. Thus, capital expenditure was as significant as a current expenditure. However, during the Fourth and the Fifth Development Plans (1985 – 1994), oil revenues significantly declined as the global oil prices slumped. A decline followed this drop in real government spending. Furthermore, most infrastructure projects were completed, thus further eroding the share of capital expenditure (Hathroubi and Aloui, 2016).

Over the Sixth Development Plan (1995 – 1999) the government's strategic plans focused on human resources development. As a result, actual expenditure on development sectors amounted to US\$112.1 billion, of which US\$57.7 billion was spent on human capital development.

The Seventh Development Plan (2000 – 2004) further prioritized human capacity development. As a result, total government expenditure amounted to US\$129.4 billion, of which 57.1 percent was allocated to human capital development, 19.1 percent for social and healthcare development, and 12.6 percent for infrastructure. Finally, during the Eighth Plan (2005 – 2009), total government expenditure reached US\$230.4 billion, of which 55.6 percent was allocated to human resources development, 18.0 percent for social and health development, 12.2 percent for economic resources, and 14.2 percent for infrastructure (Hamdi and Sbia, 2013). This pattern reflects the natural progress in the country's socio-economic development.

Recent Economic Developments in Saudi Arabia

Located in the heart of the Arab and Islamic worlds, Saudi Arabia stands at the intersection of trade between Africa, Asia, and Europe. Vision 2030 has led to a significant surge in international investment. Investors have long viewed the country as an attractive place to conduct business due to the emergence of key opportunities

for partnership in several industries, including healthcare, manufacturing, and technology.

Distinguished by its centrality and technological supremacy, the country provides duty-free access to other GCC and MENA economies and enjoys reliable transport and infrastructure links. As one of the world's 25 largest economies and the largest economy in the Middle East, Saudi Arabia has demonstrated a high level of growth. In addition, investors in Saudi Arabia enjoy increasingly well-developed business clusters and value chains that differentiate the nation from emerging economies. In response to the concerted incubation of business hubs and increasing emphasis on international partnership, American businesses continue to establish a foothold in the country. Moreover, Saudi Arabia maintains substantial cost advantages because of the low domestic energy and industrial land cost resulting from generous subsidies and incentives (Albassam, 2015).

The major contributory factors of a national business model include the contribution of the government, households and corporations. Therefore, to better understand the recent economic developments in Saudi Arabia, it is important to relate the recent economic developments in Saudi Arabia to the components of the national business model. In the following discussion, the recent economic developments in Saudi Arabia are explained by in subsections. The Saudi government with the help of the private sector and corporations are significantly contributing towards the economic developments in Saudi Arabia that includes the developments in the Saudi stock exchange, regulating the foreign investments, nurturing human capital and talent promotion, the development of the public investment fund, empowering the women in work, and promoting tourism, manufacturing, health care, defence, construction, information Technogym and energy sectors.

- Growing Interest in the Saudi Stock Exchange

Increasing foreign participation in Saudi Arabia's stock exchange is among the key provisions of the National Transformation Program (NTP). Recently, senior executives from Saudi companies, including Sabic, Saudi Telecom, and insurer Tawuniya, together with representatives from Tadawul and the Capital Markets Authority (CMA), organized highly attended investment forums. Based in London, New York, and Hong

Kong, these forums featured major international sponsors ranging from J.P. Morgan to HSBC (Bley and Saad, 2015).

In response to this investor interest, the country has gradually introduced significant changes throughout 2016. These include relaxed requirements for foreign investors, plans for a secondary index and changes to settlement cycles, and regulations for trading REITs (real estate investment trusts) for the first time. An IPO for Tadawul is expected to be launched in 2018. The Tadawul has recently been one of the world's best-performing stock indexes, following Saudi Arabia's record \$17.5 billion bond issue in October 2016 (Rizvi et al., 2014).

One of the most striking features of the Saudi exchange is that its listed companies reflect the vast range of economic activity taking place in the country. Equities are divided into 15 sectors: banks and financial services, petrochemical industries, cement, retail, energy, utilities, agriculture, food industries, telecommunications & IT, insurance, construction, real estate development, transport, media, publishing, and hotel tourism (Aldaarmi et al., 2015).

- Mega Industrial Projects with Renowned International Partners

The localization of industry under Vision 2030 offers promising opportunities for global public-private enterprises. Two new projects in the country represent some of the largest endeavours in their industries worldwide. In November 2016, King Salman bin Abdul Aziz inaugurated the Sadara Chemical Company and the Saudi Aramco Total Refining and Petrochemical Co. (SATORP) with international partners Dow Chemical and the French multinational conglomerate Total to create the most extensive facilities worldwide in the refining and petrochemicals industries in line with the objectives of Saudi Vision 2030 (Ikediashi et al., 2014).

- SAGIA: Streamlining Regulations on Foreign Investment

In recognition of the logistical requirements of international partnership, Vision 2030 and preceding trade policy set out to streamline investor entrance into Saudi markets. In 2015, the Saudi Arabian General Investment Authority (SAGIA) announced that it would allow full foreign ownership of retail and wholesale businesses, thereby

removing the former 25 percent local ownership requirement. Foreign investors are no longer required to adopt local partners in many sectors and own real estate for company activities. They can transfer money from their enterprises outside of the country and sponsor foreign employees, provided that "Saudization" quotas are met. Minimum capital requirements to establish business entities range from zero to SR 30million (\$8 million) depending on the sector and the type of investment (Albassam, 2015). SAGIA's Investor Service Centre (ISC) offers detailed information on the investment process, provides licenses and support services to foreign investors, and coordinates with government ministries to facilitate investment.

SAGIA has traditionally issued foreign investment licenses for seven broadly defined activities: 1) industrial, 2) trading, 3) agricultural, 4) contracting, 5) real estate, 6) specialized and non-specialized services and 7) consulting. In a bid to streamline the process, SAGIA announced plans in early 2016 to reduce the number of documents needed to obtain and renew foreign investment licenses and quicker processing of the license applications.

- Nurturing Human Capital and Talent Promotion

While Vision 2030 and its National Transformation Program (NTP) aim to diversify the economy and strengthen various industries in the country, it also lays out the future of relations between the Saudi state and its citizens. In the context of a global landscape characterized by increasingly competitive entrepreneurship, Saudi Arabia prioritizes its growing youth population and outlines plans to bolster education and employment. Its efforts aim to empower young Saudi citizens to carve out a path in line with traditional cultural values and an increasingly interconnected world. The government is also investing massively in research and development to strengthen the country's technological universities. Moreover, the country's social development has increased women's participation in the workforce. Political and institutional restructuring is a significant component of Saudi Arabia's vision as it reaches into all aspects of society to continue its path of progress (Sidani and Al Ariss, 2014).

- Aramco IPO

The corporations are contributing to the national business model by diversifying their business operations as per the government plans and making investments in other sectors of the country to achieve diversification in the sources of revenue and shift from a pure Petro-based economy to a highly diversified economy. In this regard, the role of the companies such as Aramco is prominent. The principal challenge in implementing Vision 2030 concerns the diversification of the economy away from its dependence on oil and the efficient promotion of the private sector. Under the National Transformation Program, a systematic outline launched in 2016 that falls within the scope of Vision 2030, the country aims to divest 5 percent of the national petroleum and natural gas company Saudi Aramco and channel funds into the sovereign Public Investment Fund (PIF), valued at \$2 trillion (Gapper, 2017). Revenue from the sale will be strategically reinvested into several diverse industries to balance out the country's financial portfolio.

The proposed initial public offering (IPO) of Saudi Aramco has generated massive interest among potential buyers and investors. By 2018, shares of Saudi Aramco are expected to be listed on the Saudi stock exchange, Tadawul, in what is believed to be the largest IPO in history. Raising the allure of the sale is the strong track record of profitability within Aramco and the high reserves under its purview. In addition, the valuations of Aramco have provided a positive outlook for the future's sales potential to deliver record dividends to shareholders and improve capital investments across the Saudi economy (Blas and Mahdi, 2017).

- Public Investment Fund

Saudi Arabia aims to achieve long-term financial returns from its domestic and international investments and is working with its Vision 2030 strategy to diversify the Saudi economy. To apply revenue earned from the IPO of Aramco to sectors that will benefit from the large-scale promotion, the government of Saudi Arabia has identified the Public Investment Fund (PIF) as a conduit for investment flows.

Vision 2030 aims to increase assets held by the PIF from SR 600 billion to over 7 trillion within less than two decades and invest 50 percent of PIF funds abroad.

Returns on investments, among others, will help the country meet its goal of reducing oil dependence by 2020 (Bortolotti et al., 2015).

Since Vision 2030, Saudi Arabia has been party to various agreements that piqued significant international interest. One of the largest investments came in the announcement of a \$3.5 billion injection into the Silicon Valley giant Uber in June 2016, highlighting the increasing internationalization of the Saudi financial profile through strategic partnerships. Furthermore, Saudi Arabia and Japan's SoftBank Group are slated to create a technology investment fund projected to grow as large as \$100 billion, positioning it as one of the world's largest private equity investors. The Public Investment Fund of Saudi Arabia is set to contribute up to \$45 billion to the Softbank Vision Fund (Khorsheed, 2016). Rather than compete with the private sector, the PIF will instead unlock key non-oil areas in need of development and pursue innovative investment avenues. Leveraging the economic tools of the PIF and structural changes championed by Vision 2030, Saudi Arabia will see a rise in job opportunities that suit market needs and capitalize upon the skillsets of Saudis, particularly women and youth.

- Women in the Workforce

Saudi Arabia's Vision 2030 targets increasing women's participation in the workforce from 22 to 30 percent. Since 2010, the number of Saudi women in the workforce has increased 48 percent. US international companies are working with partners to realize this goal by unlocking positions in key sectors that benefit from Saudi women's expertise, training, and experience (Naseem and Dhruva, 2017).

- Strengthening the Country's Economic Sectors

Creating the conditions for a solid and sustainable private sector is the central component of the Vision 2030 development strategy. The strategy aims to increase the private sector's contribution to GDP from 40 percent to 65 percent. It also targets small and medium-sized enterprises (SMEs) by boosting their contribution from 20 percent to 35 percent while increasing women's participation in the workforce from 22 percent to 30 percent. Non-oil exports are expected to make up half of non-energy GDP by 2030, more than three times the present levels (Khan, 2016).

The country has relaxed restrictions on qualified foreign investors (QFI), allowing them to buy up to ten percent of a listed company on the Saudi stock exchange (Tadawul). The country's banking sector has also undergone an overhaul. Credit Suisse stated that the country's capital market initiatives support the country's future upgrade to Emerging Market (EM) status by the MSCI World Index, a common benchmark for global stock funds.

Underscoring the country's economic development strategy based on sound fiscal fundamentals, the IMF noted in 2016 that Saudi Arabia confronted the global financial crisis "from a position of strength" and has taken "decisive steps to manage its impact." According to the IMF, "The banking sector as a whole is well-capitalized and appears able to withstand severe, temporary shocks" (IMF, 2017). Saudi Arabia is one of the few countries that has never had a banking default.

The government is expediting liberalization of the financial sector, including easing restrictions on foreign participation in the Saudi stock market from 2017 onwards. This strategy is backed by a broader "buy Saudi" effort. In particular, the government aims for 50 percent domestic production by 2020 of all goods consumed in the country. That is up from approximately 33 percent at present. Pharmaceuticals and renewables were among several sectors highlighted to reduce unemployment from 11.6 percent in 2015 to seven percent by 2030 (Dirani et al., 2017).

Growth of the non-hydrocarbon sector of the economy is taking place at an unprecedented rate. High-speed rail; the privatization of public utilities, airports, and commercial ports; the development of nuclear and solar energy; the rise of the country's tourism industry alongside the easing of visa requirements; and world leadership in environmental technology, including cogeneration and desalination, are all components of the motor driving this change (Black, 2016).

- Energy

The country's most prominent sector is poised for unprecedented growth, diversification, and profitability. The high oil revenue environment has spurred a boom

in oil and non-oil development projects. Unlike previous investment cycles, the current round of investment projects is marked by heavy private sector participation with USD 79 billion in private sector energy projects under development (Al Tamami, 2017).

Saudi Arabia seeks to use non-oil means to generate a significant portion of its additional future energy needs. At the 2016 World Future Energy Summit in Abu Dhabi, Saudi Minister for Energy, Industry and Resources addressed the country's plans to launch projects by 2023 to enable 9.5 gigawatts in power generation from a combination of solar, wind, and geothermal energy. Under the Vision 2030 renewable energy program, the country is launching up to \$50 billion worth of projects.

The Gulf Battery Company (GBC), a local business with approximately 40 employees in Dammam, is one of the first local small and medium-sized enterprises (SMEs) to qualify as a GE global supplier for gas turbine components. The company is a specialist manufacturer of high-tech energy storage systems, providing backup control batteries for GE gas turbines. It currently provides GE with 100 percent of its battery needs in the country (Mensi et al., 2017). On May 30, 2016, Siemens AG, the Munich-based global electronics and energy giant launched the first gas turbine "Made in KSA." Moreover, following the relaxation of restrictions on foreign investment, Chevron signed a new agreement with Saudi Arabia to operate the country's 50 percent interest in the hydrocarbon resources of the onshore zone between Kuwait and the nation. As a result, Chevron is the only global energy company with exploration and production operations in Saudi Arabia, holding 50 percent of the Wafra onshore oil and natural gas fields in Saudi Arabia and Kuwait.

- Tourism

Tourism is set to take on a pivotal role in the Saudi economy, with business, leisure, and faith-based travel recognized as prime opportunities to raise the industry's profile. In addition, under Vision 2030, Saudi Arabia has committed to easing specific visa requirements and renovating local historical and heritage sites (Ekiz et al., 2017).

"Post-Umrah" tourism will see an easing of limits on visits, allowing pilgrims to extend their stays and travel to a wider variety of destinations in Saudi Arabia instead of being restricted to holy sites. In addition, the government is reviewing proposals to ease visa

limitations on Hajj pilgrims to bolster investment in tourism-related services and infrastructure.

For foreign or Western visitors, the planned privatization of specific sectors of the economy will prompt overseas investors to visit the country. Direct access to the Saudi stock exchange will also ease restrictions on foreign ownership, thus encouraging greater business travel to the country. To keep pace with projected increases, over 49,000 new hotel rooms are either under construction or at the final planning stage (Thompson, 2017).

- Construction

Saudi Arabia represents the most significant construction market in the Middle East and fastest-growing construction market globally. Key development areas include improving infrastructure, transport, education, and real estate, all requiring construction-related activity. For example, according to the Saudi Arabian General Investment Authority (SAGIA), a \$100 billion planned investment in transport projects will occur over the next ten years (Moser et al., 2015).

According to a recent report by BMI Research, the country's construction market is set to more than double, reaching a record high of \$96.52 billion in 2025 from \$45.33 billion in 2016. Advanced construction technology, such as open source 4D Building Information Models (BIM), will help Saudi Arabia's architects, engineers, and contractors enhance collaboration and productivity while reducing costs across design, concrete, and steel rebar installation and facilities management projects. In addition, vision 2030 calls for public-private partnerships to stimulate infrastructure projects and economic growth.

- Manufacturing

The Saudi Industrial Property Authority (MODON) and General Electric will partner to enhance the digital capabilities of ten Saudi factories using GE's Brilliant Manufacturing Software Suite. This process will strengthen these factories' operational efficiency and productivity – all located in MODON industrial cities – thereby increasing cost savings. This project will mark the start of the digital

transformation of the country's manufacturing sector. Moreover, it supports several key objectives of Saudi Vision 2030: enhancing productivity and competitiveness while building local industrial and manufacturing bases.

On January 31, 2017, Honeywell entered a multi-billion-dollar deal with Saudi Arabia's Al Waha Petrochemicals Company to explore the maximization of propylene production. Propylene is the second most important starting product in the petrochemical industry, one of the leading industries in Saudi Arabia (Alshuwaikhat and Mohammed, 2017).

Dow Chemical is one of the largest foreign investors in Saudi Arabia. On November 30, 2016, the country announced that the Sadara Chemical Company Project would become the largest integrated chemicals complex in the world to be built in one phase after the company's initial establishment in October 2011. Located in the Jubail Industrial City in the Eastern Province of Saudi Arabia, the joint venture between Saudi Aramco, Dow Chemical, and the French multinational conglomerate Total will produce more than three million tons of plastics and chemical products annually. This venture will further stimulate Saudi Arabia's economic growth, creating an environment hospitable to investment and job creation. In addition, the project will generate the largest global facilities in the refining and petrochemicals industries.

Dow participates in several joint ventures in the region, including E.A. Juffali & Brothers and Saudi Acrylic Monomer Company (SAMCO). Additional strategic investments and joint ventures in the country include Saudi Aramco, agreements with King Abdullah University of Science and Technology (KAUST) to construct a new Dow Middle East Research and Development Centre, and a reverse osmosis manufacturing facility – the first unit of its kind outside of the United States (Alshuwaikhat and Mohammed, 2017).

Furthermore, Chevron helped organize the country's first privately financed basic petroleum enterprise, the Saudi Chevron Phillips Company, in Al Jubail. The company is working on a new venture to create advanced benzene and cyclohexane, cutting-edge chemicals with a wide range of production capabilities (Renukappa et al., 2017). The plant is one of the largest of its kind in the world.

- Health Care

Health care is a thriving sector as the government finances healthcare for its rapidly growing population. Saudi Arabia is the largest market for medical equipment and healthcare products in the Middle East, with the opportunity to cater to unmet demand across the healthcare value chain, including medical education, research, facilities, provision, and reimbursement.

The country places a high priority on health care to understand that people are the country's most asset. In 2030, the population of Saudi Arabia will reach 39.1 million, an increase of 24.1 percent from 2015 (Alhawassi and Mohammed, 2017). Therefore, medical research is a pivotal component of industrial development, and the pharmaceutical market is a key industry for future growth in the country. To support it, the Saudi government has improved regulatory guidelines and initiatives to help develop the domestic pharmaceutical market, one of the largest in the Middle East and the largest of the GCC members, estimated at \$4.5 billion in 2015 and expected to reach \$6 billion by 2020. Diabetes affects 25 percent of the population, and asthma affects 15 percent. Health expenditure in the country has more than doubled in the past decade to match the country's 400 hospitals, 2,075 primary health centres, and 850 private clinics. The government plans to construct 56 new and 51 replacement hospitals and 750 primary health centres in the coming five years (Alhawassi et al., 2017).

The exceptional growth of the Saudi market has led Pfizer to join efforts with SAGIA to set up a legal company entity and establish a manufacturing plant in the King Abdullah Economic City (KAEC).

- Information Technology

Saudi Arabia represents the region's largest IT market, with strong consumer and enterprise end markets growth. Massive public investments in infrastructure, health, and education have paved the way for advanced technology and security systems. The government plans to raise its contribution to the GDP by 20 percent by 2020. The IT market in the country was valued at \$3.6 billion in 2011 and was expected to reach \$4.9 billion after 2014 (Al Surf and Mostafa, 2017). Liberalization occurs across the telecommunications industry, driving competition, service levels, and usage increases.

Significant unmet demands for web-based and mobile services and increased enterprise and government commitments for web-based services provide large-scale opportunities for contractors and service providers, with massive public investments in connectivity for Economic Cities, extending unique opportunities for greenfield projects covering millions of users.

On March 9, 2017, Saudi Arabia's Ministry of Communications and Information Technology signed a memorandum of understanding with IBM to train and qualify more than 38,000 individuals over the next four years through 30 new educational institutions in information and communication technology (ICT) programs. By 2020, about 19,000 trainees are expected to acquire certification in the field.

- Defense

Saudi Arabia is among the world's largest defense and security spenders. By December 2016, Saudi defense spending stood at \$48.68 billion. This figure is expected to grow with imports over the coming decade. In addition, the industry is projected to raise local military equipment manufacturing to 50 percent, a significant increase dependent on new contracts with foreign defense firms (Khashan, 2017). Therefore, Saudi Arabia advised American companies to fulfil local requirements and invest in human capital and manufacturing capabilities to win contracts in this competitive industry in the country.

Conclusion

The business model describes the procedures and processes to transform the organizational business functions and corporate activities. The business model concept can be similarly used in national economic development and transformation by describing the policies, regulations, and macro-economic developments within a country (Magretta, 2002).

Saudi Arabia is the 20th biggest economy globally, with a nominal GDP of \$646 billion in 2015. However, the GDP has fallen from \$754 billion in 2014 due to the historic low oil prices in the last few years (IMF, 2016). Saudi Arabia is mainly a Petro-based economy. The country is both the biggest oil producer and oil exporter globally. The

oil sector has contributed, on average, 44.2% to the national GDP from 2010-2015 (Financial Times, 2016). In a nutshell, the economy of Saudi Arabia has been heavily reliant on crude oil and its by-products. And that has affected the national economic growth and development during the oil prices crisis. To tackle this problem, the Saudi government has introduced Vision 2030. The plan involves transforming the Saudi economy into a well-diversified economy by increasing the non-oil revenues and reducing the public wages. The concept of the national business model concerning Saudi Arabia is fascinating, especially given the transformation in the national economic policies and regulations.

The theoretical framework best suited for countries like Saudi Arabia, where religion and culture take a high standing, must comprise religious aspects (Islamic finance and governance) and local culture. Therefore, Saudi Arabia's culture is highly different from Western countries; however, because of the strong attributes of the western workplace environment, Saudi Arabian policymakers are interested in adopting these values to work to international standards for economic compatibility with the developed countries.

Given that Saudi Arabia is the biggest economy amongst Muslim countries, religion has a significant role in running the state. Analysing the fundamentals and principles of Islamic finance and their impact on the country's economic upbringing can help understand the impact of the fundamentals and principles of Islamic finance on the national business model of Saudi Arabia particularly and Muslim countries in general. Islamic finance and economic system are primarily based on the laws of Shariah. Three key principles govern Islamic finance: equity, participation, and ownership. These principles imply that financing can only be extended to productive activities, trade, and real assets in an Islamic financial system – thus, it is often considered an asset-based financial system. If fully complied with, these principles ensure appropriate leverage and help limit speculation and moral hazard. A strong preference is attached to risk-sharing modes of financing, as they are closest to the spirit of Islam. In addition, financing is linked to real assets even in debt-like modalities, limiting the extent of leverage associated with funding. Islamic finance has expanded rapidly and is spreading across many regions. However, despite this growth, Islamic finance still represents a minimal share of global financial assets.

The research study comprehensively investigates the impact of the organizational and national culture on the macro-economic aspects of the Muslim countries in general and organizational performance in Muslim countries. Given that Saudi Arabia is the biggest economy amongst the Muslim countries. The national culture has a significant role in the running of the state, analysing the cultural aspects. Their impact on the country's economic performance can help understand the impact of local culture on the national business model of Saudi Arabia particularly and Muslim countries in general.

In globalization and the growth of economic interdependence between countries, national culture is becoming crucial for modern business processes. With this global expansion, understanding the impact of national culture on organizational variables becomes one of the most influential factors in a companies' success or failure globally. Therefore, understanding and accepting national culture with its values, beliefs, attitudes, and forms of behaviour is a prerequisite for success in the modern business environment.

Cultural differences are constant and persistent, and they present many challenges, especially for multinational companies. Companies that manage adaptation effectively can achieve advantages in the various cultures where they operate while extending their primary sources of advantage across borders, and in some cases, even making cultural diversity itself a source of advantage. The impact of national cultures in international companies goes beyond management style – it influences other business functions and organizational parts.

With Saudi Arabia opening day by day to the international markets, it is vital for the country and global companies targeting the Saudi markets to integrate their cultures for maximum benefits of globalization. Saudi Vision 2030 provides a perfect opportunity for this purpose.

CHAPTER 3: VISION 2030

Introduction

The economy of Saudi Arabia is centered on the country's enormous petroleum resources. Since the 1970s, the country has been the world's largest crude-oil exporter. It possesses the world's largest proven conventional crude oil reserves (estimated to be about 20 percent of the world's total proven crude oil reserves) (IEA). Saudi Arabia's unique ability to bring on or cut large amounts of crude oil production (and hence exports) means that no other country has as much voluntary influence on the world crude oil market; Saudi Arabia is thus referred to as the world's 'swing producer.' Within the Organization of Oil Producing and Exporting Countries (OPEC), a founding member, Saudi Arabia, is of paramount influence. Other members are significantly smaller producers and have less ability to manipulate production voluntarily.

Gross domestic product (GDP) in 2015 was \$646 billion, compared with \$753.8 billion in 2014 and \$744.34 billion in 2013. GDP is predicted to grow in 2017 by 3.4 per cent, compared with 2.6 per cent in 2016 and 3.7 per cent in 2015. In 2015, GDP per capita was \$20,583. The International Monetary Fund (IMF) projected inflation in 2017 to be 2 per cent, compared with 2.2 per cent in 2016 and 4 per cent in 2015. Saudi Arabia ranked 29th in the Global Competitiveness Report 2016-2017, down from 25th place in 2015-2016 (IMF).

The decline in oil prices is considered among the biggest challenges facing the Saudi economy. This has motivated the government to adopt several measures to safeguard the country's long-term growth capabilities and financial sustainability. These include imposing a 2.5 per cent tax on undeveloped land and introducing a \$23 airport tax for international passengers, 5 per cent VAT, and additional taxes on tobacco and soft drinks, to name a few. In addition, the price of fuel, gas, and water will also be raised (Al-Rasheed, 2010).

These measures followed the announcement on April 25, 2016 of Saudi Arabia's Vision 2030, an ambitious economic plan intended to position the country as

'the heart of the Arab and Islamic worlds, the investment powerhouse, and the hub connecting three continents' (Issawi, 2013). Despite being long on rhetoric and short on detail, the plan aims to increase transparency and government efficiency, decrease government spending, e.g., by reforming subsidies, and increase government revenues through the partial sell-off of state-owned enterprises, such as oil company Saudi Aramco (Vassiliev, 2013).

Saudi Arabia has the largest economy in the Arab world and the second-largest economy in the region after Turkey. However, the other five countries of the Gulf Cooperation Council (Bahrain, Kuwait, Oman, Qatar, and the UAE) have higher per capita GDP. Economic growth rates heavily depend on world oil prices, with actual growth rates of -1 percent in 2016 and -0.5 percent in 2015, compared with 2.2 percent in 2014. The expansion of oil production and the rise in oil prices in the 1970s increased per capita economic growth by an astounding 1,858 percent in that decade, taking the country from poverty to riches. Growth rates have been more moderate since then. The average per capita growth rate was 3.9 percent from 1990-2010. However, the influx in oil revenues did not immediately translate into human-development levels equivalent to those of other countries with similar per capita incomes, as it has taken time to develop infrastructure, government services, and markets. In 2016, the country ranked 47th in the world in the United Nations' Human Development Index, at 0.770. This places the nation above the UN's minimum index of 0.742 for 'high human development, but Saudi Arabia is still not ranked 'very high', as are the wealthiest countries of Europe, North America, East Asia, and Oceania (Wright, 2016). In addition, Saudi Arabia ranks low on the UN's gender inequality Index, at 135 out of 187, suggesting that female Saudis' opportunities are significantly constrained (Mahroum et al., 2016).

Since the 1970s, the Saudi government has intended to diversify the economy away from crude oil exports alone, and more broadly, from the petroleum sector. According to the Saudi government, the result is the increased contribution of non-oil sectors – up to 77% of total GDP in 2016, compared to 46 percent of the GDP in 1970 (Albassam, 2015). This probably, however, reflects a limited conception of the oil sector that does not include even directly related activities and may exclude even the rest of the sector beyond crude oil. By some measures, oil underlies a much more

significant percentage of the economy. Other statistics are indicative: in 2016, for instance, oil and refined petroleum-product exports were USD 380 billion, according to official exchange rates, which represents more than half of GDP (Faisal et al., 2017). The US Central Intelligence Agency states that the petroleum sector accounts for 43 percent of GDP. Whatever the exact contribution is, it is no exaggeration to say that the Saudi economy would collapse without the oil sector and its related industries. Examining the role of oil revenues in government finance makes this clear: in 2016, government revenue represented 49.9 percent of GDP, and nearly all of that consisted of oil revenues, at 46.2 percent of GDP. As for other sectors of the Saudi economy, in 2016, agriculture represented 3.2 percent of GDP, industry 60.4 percent, and services 36.4 percent (Peterson, 2016).

The National Business Model of Saudi Arabia seems to be based on the petroleum industry. Therefore, the swings in crude oil prices can have a massive impact on Saudi Arabia's economy. Therefore, it is vital to examine the economic performance of the Saudi economy and how it has performed over time (concerning crude oil prices). This will help in analysing the evolution of the National Business Model of Saudi Arabia. Furthermore, the study of reforms undertaken by the Saudi government will help better explore the country's National Business Model.

A Brief History of Saudi Arabia

Oil has essentially transformed Saudi Arabia from an agricultural and basic-trade economy into a powerful oil-based one. From ancient times to the 1930s, the inhabitants of what is now Saudi Arabia were Bedouin relying on livestock for survival or farmers and traders residing in a few towns, with some fishermen and, later, pearl divers, along the coast. Until World War I, much of the Arabian Peninsula was under the loose suzerainty of the Ottoman Empire, with a patchwork of local rulers.

The modern Saudi state was not founded until 1902 and at first consisted only of the interior region of the Najd, with a small population and an insignificant, poor, pre-modern economy. The Red Sea coastal region of what is now Saudi Arabia was the country of the Hijaz, necessary for the pilgrimage of many thousands of Muslims visiting the holy cities of Macca and Madinah during the month of Hajj. This was the

primary source of revenue for the government. After it was conquered by Saudi forces in the 1920s (when the borders of Saudi Arabia were established), this revenue became a mainstay for the new country (Esfahani et al., 2014).

The Ottoman Empire had completed one major piece of economic infrastructure in 1908, opening a railway from Damascus to Medina. However, most of the rest of the peninsula's interior remained inaccessible and pre-modern. In addition, the population was minimal throughout the first half of the 20th century: in 1950, Saudi Arabia's population was only 3.1 million. Most of the population remained nomadic up to the 1960s. Given the arid and infertile nature of the land, only a small population could be supported without the massive food imports, desalination plants, and subsidized, energy-intensive agriculture that characterizes the country today.

In 1933, King Abdul Aziz Al Saud (also known as Ibn Saud) granted a concession to the Standard Oil Company of California (SoCal) to explore oil in al-Ahsa province after discovering oil in neighbouring Bahrain before. The company was initially unsuccessful (smaller, poorly funded exploration efforts starting in the 1920s). However, in 1938 the Americans finally struck oil near Dammam. Shortly after that, several other discoveries were made in the area, and the company and the Saudi government realized that the crude-oil reserves were vast. Crude oil was exported by 1939, and production reached 15,000 barrels per day (bpd) in 1940. In 1944 the name of SoCal's local subsidiary, California-Arabian Standard Oil Company (CASOC), was changed to Arabian American Oil Company (Aramco).

World War II slowed the sector's development, but it expanded rapidly beginning in 1945. That year, a modern refinery was built at Ras Tanura, and by 1949 Saudi Arabia was a major producer, at 500,000 bpd. Because world oil prices were moderate until the early 1970s, revenues increased steadily, along with production increases. The Tapline export pipeline to the Mediterranean came online in 1951, and production reached 1 million bpd by 1954. The largest oil find ever (the Ghawar field) was identified in 1957 (Simmons, 2002).

Saudi Arabia is one of the founding members of OPEC (1960). The organization at first exerted only a modest influence on world oil prices. However, production

continued to increase as offshore fields were developed, and by 1965 production reached 2 million bpd. Meanwhile, Saudis have become steadily more involved in the management of Aramco. Massive infrastructure was built in the late 1960s and early 1970s to load super tankers offshore, produce natural gas liquids (NGL), and refine more oil.

The Saudi government purchased a 25% share in Aramco in 1973 as the country grew more assertive in controlling its resources. In October 1973, the Arab members of OPEC decided to raise prices dramatically and then embargo oil exports to the United States and the Netherlands (because of their support for Israel in the 1973 war) and cut production by 5 percent to raise global prices. As a result, prices quickly quadrupled, and export revenues boomed. Although the embargo ended in March 1974, prices remained high throughout the decade and rose even higher with the 1979 crisis in Iran. However, this situation stimulated production outside of OPEC, as did other initiatives taken to deal with high prices (Bakhtiari, 2004). Saudi Arabia thus also increased production to regain market share.

In 1982, world oil prices collapsed. Although prices would increase later, including in recent years, the substantial growth of the country's population has meant that per capita oil revenues have never returned to the heights of the 1970s and early 1980s (Quandt, 2010). OPEC, at least collectively, did not return to using oil to pressure consuming countries on unrelated political issues. Since the 1980s, Saudi Arabia has been one of the less aggressive members of OPEC regarding world oil prices, adjusting output to ensure sufficient revenue for political stability in the country but not so much that alternatives or high-cost production elsewhere are unduly encouraged. Security concerns – initially concerning the Soviet Union and later regarding neighbours (Under Saddam Hussain) and Iran (since the Iranian Revolution) – and close ties to the United States have also influenced Saudi policy on oil production. At the same time, the Saudi government has maintained complete control of Aramco since 1980 (name changed in 1988 to Saudi Arabian Oil Company or Saudi Aramco). As the world's largest oil exporter for decades, it accrued petroleum revenues in USD trillions (Rajhi et al., 2012).

There is considerable year-to-year variability, with low-revenue years. However, the longer term is not influenced only by the oil price: the trends of increasing population and increased domestic petroleum consumption make necessary higher export prices and (if possible) more outstanding production to maintain per capita revenues. Therefore, the Saudi economy's fundamental goal is to reduce dependency on oil via diversification. (Callen et al., 2014).

Historic economic developments that led to Vision 2030

More importantly, the critical target of the vision 2030 was the following: move from being the 19th largest economy to the top 15. Increase the private sector's contribution from 40 per cent to 65 per cent of GDP. Boost foreign direct investment from 3.8 per cent to the international level of 5.7 per cent of GDP. Raise the share of non-oil exports in non-oil GDP from 16 per cent to 50 per cent. Expand non-oil government revenue from SAR 163 billion to SAR 1 trillion. Increase the number of pilgrimage visitors from 8 million to 30 million annually. Localization of over 50 per cent of military equipment spending by 2030. Increase Saudization in the oil and gas sectors from 40 per cent to 75 per cent and finally was the increase the Public Investment Fund assets from SAR 600 billion to more than SAR 7 trillion. The targets set in Vision 2030 should not be taken literally. Gulf diversification plans have a long tradition of optimism bias, which typically set ambitious stretch targets. According to (Husain et al., 2016) these targets indicate a direction of travel rather than a forecast. In addition, an evaluation of progress on crucial targets can provide insight into the level of business model restructuring that has already been achieved.

Significantly, the plan is not limited to the economy. It includes elements that refer to relations between citizens and the state, which can help in transforming the national business model. These includes:

- Promises of transparency, communications, and consultation with the public
- Moves implying more social freedoms, from entertainment to exercise
- A narrative about an authentic society rooted in local traditions
- A narrative about a 'vibrant society, including a very cautious opening of space for civil society

According to Nurunnabi (2017), Vision 2030 is thus presented not just as a program of economic development and investment promotion but as a broader national modernization project. Nevertheless, there is no explicit reference to politics, whether political reform, security, or foreign policy.

However, the Saudi Arabian General Investment Authority has identified the following sectors: Agriculture, Building materials, Car manufacturing, Education, Engineering, Healthcare, Housing, Industrial equipment, Military spare parts, Mining, Oil and Gas, Power, Water and Electricity, Renewable energy, Tourism, and Transport as priorities for investment.

In addition to that, there are some changes for those who want to do business in Saudi Arabia. According to the Doing Business 2015 Report, the United States and Saudi Arabia rank 5th and 11th respectively for ease of doing business out of the 183 economies analysed (The International Bank for Reconstruction and Development & the World Bank, 2015). Saudi Arabia has made 13 positive reforms for business since 2008 concerning dealing with construction permits, getting credit, trading across borders, closing businesses, starting businesses, registering property, and protecting investors (The International Bank for Reconstruction and Development & The World Bank, 2015). For example, starting a limited liability company in Saudi Arabia requires four procedures, five days, and costs 7% GNI per capita (The International Bank for Reconstruction and Development & The World Bank, 2015). However, enforcement of contracts is still problematic, with Saudi Arabia ranking 140 out of the 183 economies analysed for ease of enforcing contracts (The International Bank for Reconstruction and Development & The World Bank, 2015).

Studies have indicated that Saudi Arabia has a homogenous culture (Long, 2005). However, Saudi Arabia's culture has business and legal implications because the Muslim faith infiltrates all decisions and significantly impacts businesses (Idris, 2007). Therefore, an understanding and appreciation of the culture in Saudi Arabia are imperative to penetrating and thriving in the business and legal environment.

Saudi Arabia's Economic Transformation

In April 2016, the Kingdom of Saudi Arabia published its Vision 2030 programme, outlining its goals to diversify its economy and lessen its reliance on oil and gas. Currently, the oil and gas industry accounts for around 50% of the nation's gross domestic product and 70% of export revenue (OPEC, 2019). However, Saudi Arabia's reliance on fossil fuels entails serious concerns, necessitating change. Economic and financial structural reforms that support economic growth while ensuring stability and financial viability have taken place in the Kingdom. This is demonstrated by how the business climate in the Kingdom is improving, as well as by ongoing efforts to enable the private sector to assist economic diversification and remove barriers to investment in underdeveloped industries. Saudi Arabia launched Saudi Vision 2030, based on several financial and economic reforms, to develop and diversify the economy and lessen reliance on oil. Saudi Vision 2030 aims to change the Saudi economy's structure into one that is sustainable and diversified, with a strong emphasis on raising productivity, expanding the role of the private sector, and strengthening the third sector (Vision 2030).

Saudi Arabia has been successful in implementing several programmes and structural adjustments to boost economic development since the establishment of the Vision. The launch and development of promising economic sectors, the enhancement of local industry and national content, the addition of an enabling element aimed at maximising the contribution of the private sector and SMEs, and the improvement of the sustainability of public finances were all significant efforts made to achieve this transformation. In the years to come, it is projected that this development will continue at its current rate. Furthermore, it is projected that the localization of cutting-edge information and technology will accelerate. By advancing local industries and increasing production and services, job opportunities will be improved. The Vision spearheaded efforts to encourage non-oil exports, and several initiatives were launched to assist Saudi businesses in entering foreign markets, including the development of strategic alliances (Vision 2030).

The Kingdom also launched the privatisation system to provide the regulatory environment for the partnership between the public and private sectors, as well as

several other regulations and legislations to improve the business environment and employment opportunities, and as the Kingdom's ranking improved in the annual global competitiveness report to reach eighth out of G20 countries in 2020, the features of transformation began to emerge clearly in the business environment in Saudi Arabia. The vision has made it easier for new businesses to enter the market by making it easier for small and medium-sized businesses to get financing and by establishing daring capital funds, which will enhance their contribution to GDP. Through the modernization of the labour system, the introduction of flexible work schedules (part-time), and the improvement of the contractual relationship between employers and foreign employees in a way that increases the value of local competencies and raises the level of foreign workers, the Vision seeks to improve the Kingdom's labour market policies (Vision 2030). By improving the efficiency of public spending on capital projects and operating costs, diversifying the government's revenue sources by generating non-oil revenues, providing supportive financing tools to enable the Kingdom's general budget through the National Debt Management Centre, and improving financial planning, budget execution, digital and technological advancements.

During the previous decade, the Vision and its projects also worked to establish the groundwork for the Kingdom's economic change. As the Kingdom continues to implement its major development projects, completes the implementation of Vision Realization Programs, and works to create new promising sectors, empower the private sector to contribute more to economic growth, creating new job opportunities for citizens, and improving economic and social well-being, it is anticipated that the Saudi economy will experience a remarkable increase in economic growth in the coming years.

Reforms in Saudi Arabia – Vision 2030

Saudi Arabia's Economy is mainly oil-based. Hydrocarbons account for 85 per cent of export earnings and most government revenue. While oil typically accounts for only 30 – 40 per cent of real GDP, the near-total reliance of public finances on oil revenue means that a far more significant proportion of the economy is independent of oil. As

a result, the National Business Model of Saudi Arabia seems based on the petroleum industry.

The public sector – including the state-controlled oil sector – accounts for two-thirds of GDP, while the private sector is heavily dependent on government contracts. During the recent oil boom, the private sector grew, as did spending on infrastructure and education, crucial to underpinning growth. However, these improvements were primarily underwritten by continuous fiscal expansion, with government expenditure rising yearly from 2003 until 2015 (Khan, 2016). As a result, the share of oil revenue and public spending in the economy rose significantly during this decade. For instance, state-funded investment accounted for nearly half of all capital investment in 2009 – 2014, compared with one-third of all investment over the previous five years (Nurunnabi, 2017).

Even during this boom period, there was public frustration with the rate of youth unemployment, economic inequality, and strains on public services, especially healthcare and education. Since oil prices tumbled in late 2014, the economic climate has become more challenging, leading to significant questions over the provision of jobs for the 4.5 million young Saudis expected to enter the labour market by 2030 (Blazquez et al., 2017). That number is near twice the total number of Saudis in work today.

Sustaining lower oil prices has given more urgency to economic reforms. Since reaching a high of \$114 per barrel in the summer of 2014, oil prices have sunk substantially lower; they even dipped below \$30/barrel in early 2016 before stabilizing within a \$45–52/barrel range. In 2015 the budget deficit was \$97 billion, equivalent to some 15 per cent of GDP; spending was cut by 15 per cent in 2016, and the deficit narrowed to 13 per cent of GDP. Foreign reserves fell from \$723 billion at the end of 2014 to \$545 billion in October 2016, prompting currency speculators to bet on the Riyal devaluation. Saudi Arabia's foreign reserves have dropped by a third since August 2014, leading to a downgrading of credit ratings as well as pressure on the long-standing currency peg (Alkhareif, 2017).



Macrotrends, (2022)

Prices subsequently strengthened somewhat, following cautious signals by Saudi Arabia, OPEC, and Russia that they would work together to coordinate oil policy. A cue for a reversal of some of the austerity measures by the Saudi authorities. However, even if prices were over \$100/barrel for a sustained period, the pattern of ever-increasing governme

nt spending seen between 2003 and 2014 would still not be sustainable.

Diversifying the economy away from dependence on government spending and oil revenue has been a stated policy goal since the 1970s. However, the actual implementation is approached more urgently when oil revenue is squeezed to become less priority when prices rise, and windfall wealth is readily available – a pattern familiar to many oil-producing countries.

Vision 2030 sets out ambitious and specific targets for diversification and improving competitiveness. As with previous development strategies, core priorities include developing alternative sources of government revenue (taxes, fees, and income from a newly expanded sovereign wealth fund); reduced dependence on public spending (including by lowering spending on subsidies and salaries); and an expanded role for the private sector in the economy, both economy GDP growth and in providing jobs for Saudis. Again, the name is familiar: Qatar has a National Vision 2020, and Bahrain, Kuwait, and Abu Dhabi have a Vision 2030. In addition, Oman has a Vision 2020 and is working on its Vision 2040.

Nevertheless, there are some genuinely new policies for Saudi Arabia. First, Vision 2030 and a series of related policy announcements have indicated a willingness to break traditional policy taboos – most notably the announcement of a plan to privatize a minority stake in the national oil company, Saudi Aramco. Second, in championing the plan, Mohammed bin Salman has signalled an unprecedented investment of political capital in reform by a senior royal family member. Third, he has adopted a new tone, criticizing the country's addiction to oil, and has said that the country will live without oil by 2020, contrasting with the late Abdullah's emphasis on the importance of oil for future generations. Fourth, Prince Mohammed has taken steps to concentrate responsibility for economic policymaking in the hands of a minor, trusted circle of economic ministers and close advisers. This centralization of decision-making has marked a departure from a dynastic monarchy system in which power has traditionally been distributed among various senior princes and ministries. This reorganization is one of the reasons why Vision 2030 has been seen by some observers not solely as a national development project but also as part of the new Prince's power play. Vision 2030 has the potential to transform the National Business Model of the country.

To increase confidence in the credibility of implementation, much of the Vision 2030 statement has focused on how government decision-making processes will be streamlined and centralized and how performance will be measured using key indicators. Policymakers and government advisers interviewed for this paper repeatedly emphasized that ministers are now working 60 hours a week rather than 12', or indeed that they are working 'eight days a week' and noted that ministers are now more liable to be sacked if they are seen as failing to perform (Black, 2016). Ministers and senior policymakers are working more closely together at a senior level. However, reforming and streamlining the civil service will be a more significant challenge. They highlight the potential of Vision 2030 in transforming the National Business Model of Saudi Arabia.

Key Targets of Vision 2030

- Move from being the 19th largest economy in the economy to the top 15.
- Increase the private sector's contribution from 40 per cent to 65 per cent of GDP.
- Increase foreign direct investment from 3.8 per cent to the international level of 5.7 per cent of GDP.
- Raise the share of non-oil exports in non-oil GDP from 16 per cent to 50 per cent.
- Increase non-oil government revenue from SAR 163 billion to SAR 1 trillion.
- Increase the number of pilgrimage visitors from 8 million to 30 million annually.
- Localize over 50 per cent of military equipment spending by 2030.
- Increase Saudization in the oil and gas sectors from 40 per cent to 75 per cent.
- Increase the Public Investment fund assets from SAR 600 billion to more than SAR 7 trillion.

The targets set in Vision 2030 should not be taken literally. Gulf diversification plans have a long tradition of optimism bias, which typically set ambitious stretch targets.

According to (Husain et al., 2016), these targets indicate a direction of travel rather than a forecast.

Transforming the economy means transforming the national business model (Martin, 2016). Indeed, in terms of generating confidence, a large volume of interviews and articles, across Arab and Western media, with and about Mohammed bin Salman and Vision 2030 have focused substantial international attention on Saudi Arabia's ambitions to develop and modernize. International public relations efforts are essential as vehicles to attract international investment, especially when Saudi officials perceive their international image as having hit a low point. At the same time, smaller Gulf states, notably the United Arab Emirates (UAE), have benefited from more successful international marketing and branding efforts (Delgado, 2016). As a result, vision 2030 has generated some positive coverage abroad even as the Yemen war has been widely criticized.

The announcement, in January 2016, that the government intended to float a small (likely 5 per cent) stake in Saudi Aramco has also been seen by some as a signalling device, intended to convey that the new government is open to considering economic policy options considered taboo (Dummett, 2017). Aramco was created in the 1970s by nationalizing four US oil companies that had previously operated in the country, and decades' es 'resource nationalism' has been a powerful sentiment in the Arab world, which has meant there has been resistance to opening oil and gas sectors up to foreign private investment. However, Mohammed bin Salman has announced that the funds raised through the initial public offering (IPO) will finance a sizeable sovereign wealth fund as part of the country's diversification efforts, thereby framing the divestment as a new stage in national economic development.

According to Baseer et al. (2017), the main question currently coming from potential investors, both at home and abroad, is how much Vision 2030 will be implemented, given a track record of non-delivery in the past. However, policymakers and economists alike are already trying to manage expectations by saying in interviews and conversations that if Saudi Arabia meets 70 per cent, or even 50 per cent, of Vis2030's30's goals, this will be excellent progress.

Notably, the plan is not limited to the economy. It also has elements that refer to relations between citizens and the state, which can help in transforming the national business model. These include:

- Promises transparency, communications, and consultation with the public.
- Moves imply more social freedoms, from entertainment to exercise.
- A narrative about an authentic society rooted in local traditions.
- A narrative about a 'vibrant society', including a very cautious opening of space for civil society

According to Nurunnabi (2017), Vision 2030 is thus presented not just as a program of economic development and investment promotion but as a broader national modernization project. Nevertheless, there is no explicit reference to politics, whether in political reform, security, or foreign policy.

Priority sectors for investment

The Saudi Arabian General Investment Authority has identified the following sectors as priorities for investment:

- Agriculture
- Building materials
- Car manufacturing
- Education
- Engineering
- Healthcare
- Housing
- Industrial equipment
- Military spare parts
- Mining
- Oil and gas
- Power, water, and electricity
- Renewable energy
- Tourism

- Transport

Doing Business in Saudi Arabia

According to the Doing Business 2015 Report, the United States and Saudi Arabia rank 5th and 11th respectively for ease of doing business out of the 183 economies analysed (The International Bank for Reconstruction and Development & The World Bank, 2015). Saudi Arabia has made 13 positive reforms for business since 2008 concerning dealing with construction permits, getting credit, trading across borders, closing businesses, starting businesses, registering property, and protecting investors (The International Bank for Reconstruction and Development & The World Bank, 2015). For example, starting a limited liability company in Saudi Arabia requires four procedures, five days, and costs 7% GNI per capita (The International Bank for Reconstruction and Development & The World Bank, 2015). However, enforcement of contracts is still problematic, with Saudi Arabia ranking 140 out of the 183 economies analysed for ease of enforcing contracts (The International Bank for Reconstruction and Development & The World Bank, 2015).

CHAPTER 4: METHODOLOGY

Introduction

The appropriateness and intellectual assembly of research structure and its applicability form a significant part in a methodological process of a study (Smith, 2015; Hung, 2014). This current chapter contributes to accounting-oriented literature on business models through the extended theory on adaptation and restructuring of business models (Haslam *et al.*, 2013; Anderson *et al.*, 2014) at the national level. This thesis employs an exploratory, middle-range, inductive approach that utilizes numbers and narratives to conceptualize the transformation and restructuring process of Saudi Arabia's national business model after the introduction of vision 2030.

This study section discusses the philosophical framework for scientific inquiry, considering the paradigms and methodologies used during the exploration, evaluation, and documentation of the transformation and restructuring process of Saudi Arabia's national business model. Furthermore, the research focuses on the nature of accounting research and its applicability in revealing the changes in the national

business model, aiming to identify and evaluate approaches that could be utilized to achieve the study's objectives. This is essential to map out how various concepts have transformed Saudi Arabia's national business model and how key sectors have been restructured and adapted within the economy following an intervention. This study eventually culminates towards the justification of a suitable middle-range, inductive approach (Laughlin, 2004), which outlines a social structure and methodology of the accounting system adopted in the study. From this context, the chapter presents a detailed discussion on the research paradigm and methodologies adopted in this study. Additionally, the study will discuss the procedure used to extract narratives and quotations from regulatory documents to support the analysis. After presenting the research methods in line with the literature review and the analysis structure, this chapter will conclude by presenting the research's ethical aspects.

Research methods

Philosophical Framework for Scientific Research

Russell (2013), in this scholarly work on western philosophy, has identified three broad elements that influence the degree of awareness among humankind towards their surroundings, their ability to respond to fundamental inquiries related to their personality, and their capacity to comprehend their surroundings. The first element is theology, based on mere speculation on different aspects that form part of knowledge discovered.

The second element is science, which appeals to human reasoning and their ability to develop knowledge on different aspects instead of strict adherence to the present authority. Hung (2013) further delineated the role of science from a philosophical perspective when he depicted it in three different forms: advice, methods, and practices that can enhance our comprehension of claims, philosophies, arguments, and their clarifications. This was consistent with the scholarly work of Salmon (2020), who represented science as a form of cataloguing that employs the laws of nature to establish a causal relationship and appeal to human reasoning. The third and final element identified in western philosophy is philosophy, which aligns with human reasoning or supports the human capacity to explore different aspects in their surroundings (Hung, 2014). From the perspective of Russell (2013), philosophy

represents "he Man'san's *"and"* between theology and science. Hung (2014) further argues that philosophy motivates researchers to examine the structure and claims of science with higher accuracy and evaluate the methods used and how science has been or could be developed. This will enhance our scientific comprehension of how we can employ appropriate research methods and formulations, perform better scientific evaluation, and extend the boundaries of our knowledge.

Shared models accepted across a wide range of scientific communities have adopted different research paradigms. These have, in turn, become philosophical frameworks that can determine how scientific, social, or business-oriented research can be conducted for specific philosophies, traditions, and assumptions (Zukauskas, Vveinhardt & Andriukaitiene, 2018). However, Kivunja and Kuyini (2017) classified and differentiated a paradigm into three critical aspects: epistemology, ontology, and methodology. For accounting literature, epistemology represents a view frame in which one can discover the proper knowledge by defining the composition, delineating, and establishing what constitutes knowledge (van Helden& Uddin, 2016; Baldvinsdottir et al., 2011). This thesis intends to provide solutions to the following questions: How do we evaluate the transformation caused by the Vision 2030 plan in Saudi Arabia? How has this transformation affected business models adopted at the national level?

On the other hand, ontology mainly focuses on perceiving reality through our beliefs, while methodology addresses pertinent issues during the research process (Ormston, Spencer, Barnard & Snape, 2014). In this research, the underlying assumptions about our beliefs are reflected in the accounting concepts from the extracted quotations, numbers, and texts.

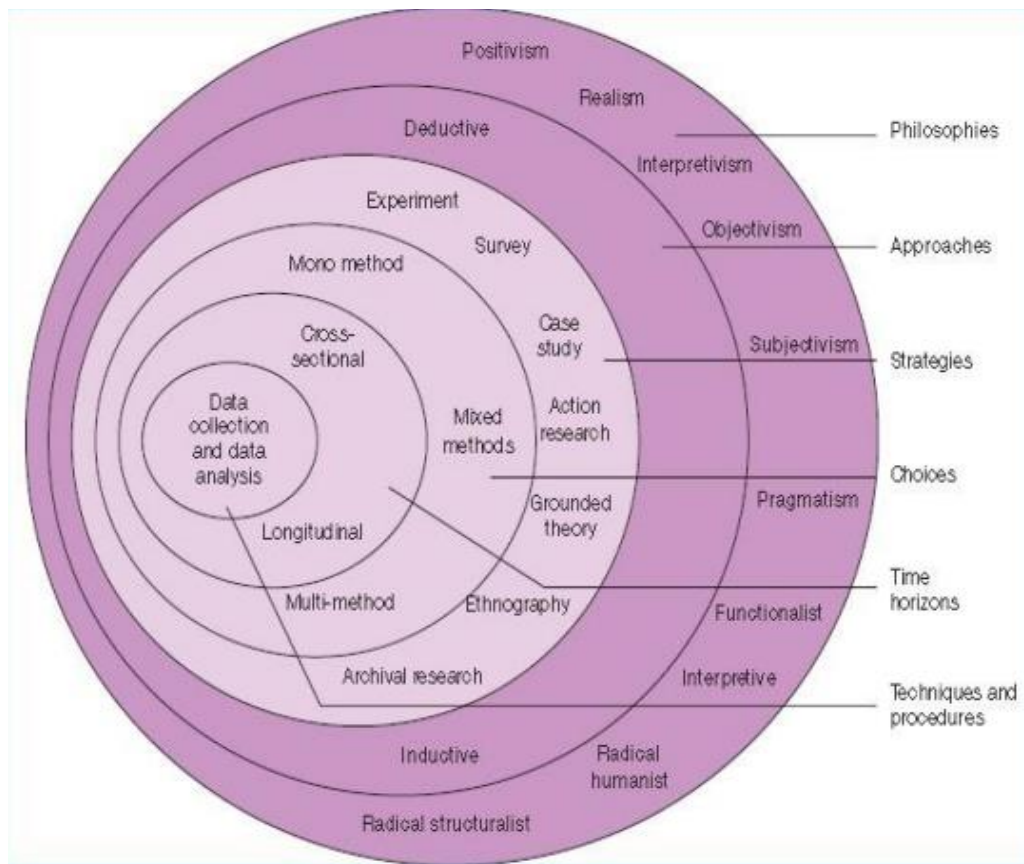
However, this view is insufficient to conceptualize the transformation and restructuring of Saudi Arabia's national business model after introducing vision 2030. To better understand business models adaptation and restructuring at the national level, it is essential to employ a suitable analysis of numerical data that examines the actual impact of government regulatory intervention.

Research methods in business management & accounting

For a long time, business studies and accounting research has been based on theory and practice that replicate realistic modelling of the business environment. As a result, theory development has been influenced by various quantitative methods associated with positivist paradigms in its early years of development (Baker & Burlaud, 2015). However, business studies research has become multi-dimensional in more recent years and embraced different research methods and approaches. Embracing each new research method has resulted in numerous debates concerning how these methods are appropriate from a philosophical perspective (Saunders et al., 2015). As researcher's view and their social interpretation of reality have significantly influenced the research method used in business research. Therefore, it is vital to consider the research approach and the research strategy that has been selected as opposed to alternative paradigms when conducting a research study.

While attempting to present a variety of complex philosophies and paradigms that can support research in business and management studies, Saunders et al. (2015) illustrated the research process using a "research on "on," which metaphorically depict the research stages, as illustrated in Figure 3.1 below.

Figure 4.1 – The Research Onion



Sourced from Saunders et al. (2015).

On the other hand, Collis and Hussey (2014) perceived both positivism and interpretivism as two extreme research paradigms that co-exist synchronously. While researchers are confined to the features and assumptions of one research paradigm, they can gradually switch to the neighbouring paradigms. For instance, conservative positivist researchers have employed deductive approaches to evaluate hypotheses, associations among various variables using quantitative methods and maintaining an honest approach by differentiating the researcher from the actual research context. However, this context has been censured for not occurring in a social context that can autonomously provide feasible repeatable experiments. Interpretivism has been favoured over positivism based on the idea that "social reality is part of the human mindset, and is subjective" (Collis and Hussey, 2014). This basis supports a wide range of subjective interpretations drawn from a social context to aid the evaluation of complex social aspects and their impact (Fetters, Curry & Creswell, 2013; Saunders et al., 2015). Cameron and Price (2009) further suggested the need for researchers to

consider philosophical preferences and the role of literature, which can significantly influence the outcome of a research.

Dependence on research methods such as positivism, constructivist, and interpretivism is associated with traditional business research. However, with the need to present a broader perspective of the research phenomena and eliminate the weaknesses, the research needs to consider combining different paradigms to address research questions effectively (Fetters, Curry & Creswell, 2013). This view has been supported in the scholarly works of Saunders et al. (2015) when they argued that combining different paradigms can provide/identify a more vital link between the research methods adopted and the outcome of the research.

Research methods used in accounting research

To address issues affecting research paradigms in business-related research, numerous debates have arisen among researchers concerning the capacity of business research to enlighten accounting practice, theoretical foundations, and accounting as a function of science (Smith 2015). Since selecting appropriate research methods has heavily relied on the underlying real-world variables and well-known models (Abdulai, Ahmad & Mubaraq, 2019; Inanga & Schneider, 2005), much research in business and management accounting has provided research outcomes that have failed to improve business practice. For instance, Inanga and Schneider (2005) argue that researchers in the field of accounting have not been able to create sufficient theories and models in accounting research and formulating hypotheses; however, they have focused a lot of their strength on establishing correlational analysis. Attila (2016) attributed this situation to the preference of becoming an expert of research methods among researchers in accounting literature instead of providing solutions to problems affecting the economy.

Schneider (2005) further highlighted a communication problem among management accounting researchers and practitioners that limits the applicability of research findings to address issue. O'Connell et al. (2015) characterized most business and management accounting research as too quantitative, based on economic concepts, positivism, and managerialism that encompasses large sets of data emphasizing

generalizability. Deviation in terms of research paradigms taken by accounting researchers has resulted in the development of many models instead of a single comprehensive model, categorizing accounting as a multi-paradigm science.

Due to the absence of a generally accepted model, many researchers in accounting have relied on prior research models drawn from other domains such as finance, economics, sociology, among others (Smith 2015), to solve problems, evaluate relationships, and contribute to the body of knowledge. This dependency has developed a dominant interpretive paradigm stemming from sociology that is aligned with the economy and is economical. In this case, the practical feature of the paradigm intends to focus fundamentally on developing rational explanations from social and law-related aspects that can draw from a set of narratives and quotations as well as the assessment of the research methods adopted.

The interpretive paradigm, influenced by the scholarly work of Trochim (2006), perceives the world as socially constructed and perceives the subjective meaning of arguments and observations. On the other hand, the positivist paradigm assumes that established contradictions, disagreements, and conflicts among different groups and individuals must be well-informed and open-minded. From this context, accounting research is associated with diverse forms of research genres ranging from quantitative research that tests a set of variables to qualitative research that contains different shades of research methods (Fadhel, 2002).

A review of literature related to the inductive paradigm regarding accounting-oriented literature has concentrated on empirical evaluation of economics-based models and less on positivist methods (Kholeif, 2016). This has primarily been attributed to the rejection of a single economic-based solution by many that can explain how a nation's economy can be transformed using business models. For instance, Mackey and Gass (2015) explore the aspect of change management during the introduction of vision 2030 in Saudi Arabia using the deductive approach to understand the implementation of strategic planning. However, even though the study outcome indicated a positive outcome to how the respondents perceived the economy, the economy relied on evaluating economic-based variables while neglecting the inductive aspects of the research, suggesting that there is room for new studies that can examine the process

of adaptation and restructuring within the context of national business models using an inductive research approach. Considering the case of Saudi Arabia and examining the impact of Vision 2030 in achieving economic transformation, this study contributes to that stream of accounting literature.

While examining alternative approaches employed in accounting research, Laughlin (1995) presented an overview of the methodological issues (Gallhofer, Haslam & Yonekura, 2013). From a shift in the discussion on normative thinking and theorizing, which focuses "on *how accounting systems should be changed*" to the descriptive approach that offers a greater comprehension of the current accounting practices. Based on the scholarly work of Burrell and Morgan (1979), Laughlin further presented a 3-dimensional framework consisting of theory, methodology, and change, which has inspired a broad range of accounting-related classifications in prior literature (Broadbent & Laughlin, 2014; Hines, 1989). Finally, Laughlin (1995) presented 'he 'middle-range thinking intended to support accounting research by offering a clear social and technical picture.

Welch et al. (2011) presented a historical account of how accounting research has transformed from a purely positivist approach towards a pluralistic research study. Welch et al. (2011) illustrated how qualitative methods have enriched and augmented accounting literature from this perspective. Additionally, they provided guidelines that prospective researchers and practitioners can use.

Research approach and methods for this study

The purpose of this research is to examine the extent of transformation of the Economy in Saudi Economy since the introduction of Vision 2030 and, in comparison, to the country's preceding reforms through the ninth development plan. This study is built on the business models' framework of accounting analysis as developed within the scholarly works of Haslam et al. (2013) and Haslam, Tsitsianis, and Andersson (2015).

Along with applying such a framework, this study critically examines the adaptation and restructuring of business models at a national level from an accounting perspective in line with the suggestions of Haslam *et al.* (2013) and Anderson *et al.*

(2014). However, prior literature has presented scarce information on the accounting-oriented domain's adaptation and restructuring of business models at the national level. Therefore, in this study, the researcher will explore the adaptation and restructuring of business models using an exploratory, inductive middle-range approach to better comprehend how the KSA national business model has been affected by the measures of Vision 2030. In turn, the study is expected to develop a loose conceptualization to frame the investigation on the adaptation and restructuring of national business models occurring through regulatory interventions initiated by the government.

To explore the adaptation and restructuring of business models in Saudi Arabia, the research has employed a mixed-methods approach that is somehow located between interpretivism and positivism. The study relies on qualitative content analysis of regulatory documents to construct narratives that specify governments' objectives and quantitative research on quotations and numbers to establish the extent of actual transformation achieved within key sectors of the Saudi Arabian national business model.

The interpretive approach will rely on extracted narratives from regulatory documents to explore how Saudi Arabia's business model has been affected by Vision 2030 and its initial ninth development plan. The research philosophy adopted within this study somehow falls within interpretivism and exploratory, often categorized as the middle range that possesses both inductive and deductive approaches (Collis and Hussey 2014). Overall, the research is grounded in accounting and underpinned by extracted narrative text, quotations, and numbers from government regulatory documents. In the remaining section, the researcher presents the role of literature and the nature and application of the research methods used to achieve the study.

Role of literature

Establishing what constitutes the foundation of a research project forms a critical part of the literature review. Researchers' capacity to identify the general arguments combined with themes emerging from the extracted narratives using appropriate and relevant research methods can assist in understanding the research context and

defining the research gaps that need to be addressed. This represents a significant factor when conducting a research inquiry that is likely associated with a social dimension.

Literature has presented two broad research methods of reasoning, namely inductive and deductive approaches (Gregory & Muntermann, 2011). The deductive approach utilizes existing literature sources to identify the most appropriate theories and ideas that will be evaluated using relevant data. In contrast, the inductive approach explores data gathered from different sources to develop theories and establish links to pre-existing literature (Collis and Hussey, 2014). Since objective and subjective epistemological approaches are combined and constructed in a critical realist paradigm, it is argued that neither deduction nor induction can guide the research process. Nevertheless, other inquiry logics presented in extant literature include abduction and reproduction (Mascoso, 2019; Blaikie, 2019). By allocating a central and demanding role to the researcher, abductive reasoning assumes a creative and dynamic epistemic logic (Nepomuceno-Fernández et al., 2017).

On the other hand, Bhaskar (2013) depicts reproduction as the use of reason and imagination to create a picture or model of the structures or mechanisms responsible for producing observed phenomena. This involves moving back from observations to the creation of a possible explanation. Table 1 below distinguishes deductive, inductive, abductive, and reproduction in terms of different stages of the research.

To promote a better comprehension of the research context and ensure comprehensive coverage of the research ideas, Dunne (2011) holds the view that a broad range of literature needs to be taken into consideration within and outside the study boundaries. On the other hand, Haslam et al. (2013) and Anderson et al. (2014), in their work on the theory of adaptation and restructuring of business models, adopted a holistic approach to address the limited availability of relevant literature within narrow boundaries affecting their studies. Despite the plethora of research in accounting and how business models address the economic, financial, and organizational aspects developed over a long period (Ogreaan & Herciu, 2020; Qiong & Jianjun, 2011), literature on the adaptation and restructuring of business models are fragmented and scarce. However, a review of existing literature on business models from a national

perspective reveals that some challenges can aid in evaluating how it has affected the adaptation and restructuring of business models (Goyal, Kapoor, Esposito & Sergi, 2017).

Andersson and Haslam (2012) further provided the scope of a business model from a protectionist and financial perspective and how they influenced its adaptation and restructuring. A wide range of informal and formal business descriptions was considered from the protectionist scope, such as trading practices, organizational structure, operational processes, and policies. On the other hand, the financial scope presented a broader perspective of the processes and influenced the outcome.

Most researchers tend to evaluate and communicate their findings limited to the primary research interests. Haslam et al. (2013) and Anderson et al. (2014) emphasized the need for managers to adopt effective business models that can improve existing industry-defined value chains concerning corporate resources and capabilities. Haslam, Andersson, Tsitsianis, and Yin (2013) further examined corporate restructuring and how it can address the changing needs of the business. Their study observed that government corporate sectors need to consider the economic and social issues that might affect the realization of various development goals outlined in the development plans. This study must consider how the adaptation and restructuring of development plans in Saudi Arabia have influenced the business models and what contradictory forces are in play.

Considering the research objectives of this study, the first part of the literature review revealed the core activities of the various sectors. It furthered our comprehension of the organizational, regulatory, corporate, and social context in which they are implemented and operated. This is expected to facilitate the evaluation of the development plans and how it has affected the adaptation and restructuring of the national business models in Saudi Arabia. Considering the theoretical foundations, the literature reviews extracted narrative texts and quotations. It explains the adaptation and restructuring of the business model in Saudi Arabia from the introduction of Vision 2030 to the country's preceding reforms through the ninth development plan.

Methods, data, and structure of analysis

The literature review presented different methods and structures of analysis that can be adopted by research to evaluate their data and present their findings. Two leading research methods include quantitative methods, which heavily rely on numerical data or quantified qualitative data to establish relationships, links, and effects. In contrast, qualitative methods use nominal forms of data (Collis and Hussey, 2014) to show emerging patterns and reveal in-depth insights concerning a research subject. Miles et al. (2014) differentiated these research methods when they characterized quantitative research methods with statistical tools and generalized samples that measured with much caution to obtain precise results. When this data set is further combined with a more profound comprehension of real-world context, this is considered an appropriate mix for qualitative research (Miles et al., 2014).

In the context of this study, a combination of qualitative data obtained from regulatory documents and quantitative data solicited from government and international statistics agencies are examined. These data are used to construct narrative texts that specify governments' objectives and establish the extent of actual transformation achieved in critical sectors of Saudi Arabia based on the development plan adopted. This should provide a basis for exploring the extent of adaptation and restructuring of the national business model for Saudi Arabia since the introduction of Vision 2030. In addition, this analysis will form assumptions on the adaptation and restructuring of the Saudi Arabia business model and possible interventions to improve it.

The data have been collected from the official documents published on the KSA government for Vision 2030 (2021), the Ninth Development Plan (2010-2014) (KSA Ministry of Economy and Planning, 2014), the Financial Sector Development Programme (2020) (FSDP, 2021), and the Public Investment Fund (PIF, 2017) especially for the qualitative analysis which compares the two strategies based on several criteria structured based on the government sector, corporate sector, financial sector, households and their role in the economy of the KSA, and the cultural interventions. Additionally, data from secondary sources such as Statista (2021), the General Authority of Statistics (GESTAT, 2018), have been obtained for both qualitative analysis and especially for the quantitative analysis part of the research.

Moreover, as mentioned in chapter 6 below, data for the qualitative analysis have also been extracted from the Saudi Arabian Monetary Authority (SAMA) for statistics covering the 2008-2020 timeframe (SAMA, 2021). These statistics have been compared and contrasted with studies such as McKinley and Latham & Watkins LLP (2016), The Euro-Gulf Information Centre (2021), Trading Economics (2021).

The role and structure of qualitative analysis

Apart from constructing narrative text, qualitative analysis in our study is intended to improve our comprehension of how the transformation has affected the adaptation and restructuring of Saudi Arabia's business model since the introduction of vision 2030 up to the ninth development plan without the use of numbers. Beginning from the inductive phase, the qualitative analysis is underpinned on critical presentation of the information solicited from regulatory documents related to the implementation and realization of the ninth development plan and vision 2030.

Merriam and Tisdell (2015) illustrated the paradigm of the qualitative study as "the latitude that empowers the researcher to select topics of interest without constraints. In addition, qualitative methodology presents a researcher with opportunities to explore the event multiplicatively while remaining genuinely ingrained in its natural setting (Ravitch & Carl, 2016; Patton, 2015). One aspect of a qualitative study is that it is not generalized outside the local study site, which implies that the study results cannot be utilized in a parallel situation expecting the equivalent outcomes (Merriam & Tisdell, 2015). Nevertheless, despite the absence of generalizability, the propensity of the findings may increase current discussions in the literature.

In this context, qualitative analysis is necessary to offer a broad spectrum of research and complement existing scarce and fragmented results (Theodosopoulos, 2011) in academic literature and practitioner discourses concerning the adaptation and restructuring of business models. Furthermore, a qualitative research approach is expected to permit the research to develop an in-depth understanding of the application of accounting literature (Haslam *et al.*, 2013; Anderson *et al.*, 2014) related to the research question. At the same time use of economic data, obtained through national and international statistics agencies, as mentioned above, helps to

comprehend how the national business model has been affected based on the extent of progress in key areas of the economy. Data for the study concentrates on regulatory documents concerning the implementation of vision 2030 and the ninth development plan. These data help map out and identify the key aspects Saudi Arabia aims to restructure within the national business model.

In examining the regulatory documents selected in the qualitative analysis, the study has organized the data into five broad thematic categories: government sector, financial sector, households, and culture (Haslam *et al.*, 2013; Anderson *et al.*, 2014). This is intended to allow ad hoc adjustments to be made where necessary, the collection of in-depth narrative text, and the application of different coding methods to form a better interpretation (Sauders *et al.*, 2007).

Various components of the research assisted in communicating the focus and the direction of the study's findings. These components included the identified problem, the purpose of the study, and the guiding research question. In addition, the research relies on thematic analysis to explore relevant information from existing regulatory narrative texts for the qualitative phase. This included adopting two different coding methods, namely axial and open coding (Vollstedt & Rezat, 2019), to examine the extracted narrative texts.

For the qualitative analysis, open coding (Vollstedt & Rezat, 2019) was used to identify the thematic categories that emerged from the examination of regulatory narrative texts and the general structure of the narratives. Following the approach by Vollstedt and Rezat (2019), this thesis used open coding as the initial approach to qualitative content data analysis. As Vollstedt and Rezat (2019) explain, open coding is the area of data analysis that concentrates on conceptualizing and classifying phenomena through a thorough examination of the data. The data are divided into smaller pieces in this initial stage of open coding and are thoroughly examined (Vollstedt & Rezat, 2019). Most importantly, open coding is utilized to answer the questions what, who, how, when or how long or where, why, whereby and what for.

As a next step, axial coding was performed which helps to look into how the open coding process's developed concepts and categories relate to one another (Strauss &

Corbin, 1990, cited in Vollstedt & Rezat, 2019). Axial coding helps to answer the question of what is the coding paradigm mechanism. This is answered by following the open coding procedure when the data is broken down followed by the axial coding procedure which realizes new connections within the data and leads to a new conceptual framework (Vollstedt & Rezat, 2019).

Henceforth, the data was further disaggregated into appropriate quotations extracted from regulatory documents based on their relevance to:

- The initial goals of each sector as outlined in the development plan and its intended outcome
- The role of each stakeholder towards the realization of the initial goals
- Emerging challenges affecting the realization of the government's views as outlined in each development plan

This formed the basis of understanding and restructuring business models resulting from the Ninth Development Plan and Vision 2030. For instance, the emerging themes from examining the regulatory documents include household, cultural, educational, and labour in the government sector. These themes were further examined to identify the emerging issues such as *household (household units, ownership)*, *cultural (women empowerment, equity)*, *educational (number)*, *labour (unemployment level, migration, urbanization)*, among others. By the end of axial coding, the study had managed to rearrange the findings on each unit and identify the core elements relevant to the intended adaptation and restructuring of Saudi Arabia's national business models. As a result, five significant themes emerged from the narrative texts: Government Sector, Corporate Sector, Financial Sector, Household sector, and Cultural interventions, based on the framework developed by Haslam et al. (2013) and Andersson et al. (2014) but extending it to include culture-specific influences. Considering prior accounting literature, these themes play a vital role in adapting and restructuring national business models and exploring the economy's transformation.

The researcher categorized the narrative texts generated by underlining words and phrases throughout the open coding phase to pinpoint all reciprocated themes.

According to Merriam (2009), open coding formed a critical part of the analysis where the researcher was open to every possible data occurrence. As a result, emerging themes were reviewed and discussed from the narrative texts and quotations in the different sections considered. However, the scope of this study was restricted to understanding how business models have been affected by transformation as opposed to theory development (Vollstedt & Rezat, 2019).

The quantitative analysis has been conducted by compiling data from the above sources and presenting it in chart form for the timeframe 2010-2014 and then critically interpreting the findings from the data. The focus of the analysis was on trends in the data including sudden increases and decreases in values, variances as well as comparisons between different variables.

The role and structure of quantitative analysis

From the works of Haslam et al. (2013), Andersson and Haslam (2012), and Andersson et al. (2010), the quantitative analysis in this thesis uses data to establish the extent of transformation that has been achieved in the critical sectors of the Saudi Arabian Economy based on a development plan adopted. Hence, this section provides an analysis of numbers obtained from regulatory documents focusing on different sectors of Saudi Arabia.

Based on the ninth development plan for the period 2010 – 2014, it was observed that the business model had transformed the Economy in Saudi to some extent. However, there were several challenges still facing the nation. These areas inspired the quantitative data analysis of this thesis and specific data points have been sourced, as described above, around the share of the participation of women in trade, the extent of the cultural activities, the level of unemployment, the enrolment rate, the number of housing units, and the level of national GDP. Therefore, even though this sample does not form a physical representation of Saudi Arabia's national business model concerning different vital sectors, it still constitutes a significant illustration.

A review of the different sectors of the economy has examined in detail in a subsection of the literature. It was observed that the ninth development plant (2010 –

2014) focused on several aspects in pursuit of a more excellent economic vision such as raising living standards and quality of life, creating structures for the National Economy, diverse economically productive base, and enhancing its competitiveness at the international market. Additionally, the ninth development plan increased the real GDP from SR855.8 billion in 2009 to about SR1101.2 billion in 2014 at an annual growth rate of about 5.2%. These current accounts are prepared, filed, and made publicly available by the Council of Ministers and the Council of Economic and Development Affairs (CEDA) for public scrutiny. In the context of this study, financial accounts for the different sectors of the Saudi economy during the economic development plan (2010 -2014) and after the introduction of vision 2030 offer valid, reliable, and comparable datasets that can construct a comprehensive database. This will constitute the basis of conducting quantitative analysis in this study.

Quantitative analysis in this study is based on five different vital sectors of the Saudi Economy namely Government Sector, the Corporate Sector, the Financial Sector, Household sector (Haslam et al., 2013; Andersson et al.,2014), and the addition of Cultural interventions. Concentrating on the extent of actual transformation achieved from implementing various policies that affected the business model at a national level.

This research will explore variances around the sector's average to specific financial features, risk exposure, immigration, unemployment, women empowerment, education, ability to sustain income (GDP) and operating expenses. Additional data from the Saudi economy's critical sectors that were extracted from narratives include numbers and quotations solicited from financial statements. Finally, the outcome of the quantitative analysis will be presented using appropriate tables, charts, and diagrams accompanied with explanations. Even though the numbers formed part of the historical representation on implementing the ninth development plan and vision 2030, it was still considered sufficient to provide critical insights on the adaptation and restructuring of the national business models.

Ethical Considerations

Research concerns have widely been discussed in the literature to address ethical issues related to the accepted moral values and principles that constitute the

foundation of an appropriate code of conduct (Collis & Hussey, 2014, Sauders et al., 2007). In most cases, this code of conduct has been linked to the rights and privileges of the subjects involved directly or indirectly within a research study.

From the onset, this research study has been conducted in line with the ethical research policies of Brunel University. Since this study involves secondary data collection for qualitative and quantitative analysis, the ethical concerns are limited. All data were collected from regulatory documents and statistics available in the public domain, posing no risk to individual participants and carrying no risk in terms of confidentiality. The quantitative forms of data utilized in the study were obtained from published financial reports and accounts concerning the Saudi economy's transformation by introducing vision 2030 to the initial ninth development plan.

Conclusion

The main research paradigms and methods that have been used in accounting and management research include positivism, post-positivism, critical theory, and constructivism. From these four paradigms, this research study adopts an interpretive, exploratory, middle-range approach based on numbers and narratives to explore the adaptation and restructuring of business models at a national level.

CHAPTER 5: QUALITATIVE ANALYSIS

Introduction

Previous research focusing on business models and strategies has addressed the critical aspects of how business models reflect on the growth and development of nations (Seelos & Mair, 2005; Schaltegger et al., 2016). This thesis focuses on accounting-based business models theory and its influence on understanding adaptation and restructuring processes within a national context. Although the specific focus is on the Kingdom of Saudi Arabia (KSA) KSA's Vision 2030 in comparison with its preceding national program, the Ninth Development Plan (2010–2014) provide a unique opportunity to observe a business model adaptation and restructuring process at a national level that rarely occurs outside the corporate sector. In this chapter findings are presented of a qualitative analysis of the contents of regulatory documents

developed to introduce and support vision 2030 compared to the regulatory documents KSA's preceding Ninth Development Plan.

This study seeks to evaluate different business models from an accounting perspective and discern how they impact the development of the KSA. Specifically, the paper presents an analysis of the restructuring and transformation of the KSA national business model attempted through Vision 2030 compared to the Ninth Development Plan (2010–2014). The KSA aims to minimize its dependence on oil, diversify its economy, and improve the public service sectors, such as health, education, culture, housing, and infrastructure. The research provides crucial information about the goals and implementation of the objectives set out in governments' development plans, offering a wealth of narratives obtained through content analysis of the relevant regulatory documents. The development plan for Vision 2030 solely rests on achieving the limited privatization of government resources. The realization of these objectives is expected to increase the non-oil sector's contribution to the Economy of KSA economy turn, improving the Saudi people's standard of living. This chapter of the paper is, therefore, built on a qualitative analysis comparing Vision 2030 and the preceding Ninth Development Plan (2010–2014), with a focus on the critical sectors introduced by Haslam et al. (2013), namely government, corporate, financial, households and culture. In addition to the theory mentioned above on national business models, The government's attempts were examined to introduce cultural changes through regulatory initiatives.

Objectives of the qualitative analysis

The main objectives of this qualitative analysis chapter include exploring the regulatory narrative rules for Vision 2030 and the Ninth Development Plan strategy, comparing the two sets of strategies for the development of KSA, mapping out how KSA used regulations to introduce new targets, and determining how the national business model can potentially get restructured and adapted in line with the provisions of Vision 2030. To reach these objectives, the following sections focus on the areas of analysis for the regulatory narrative rules and follow the structure of the qualitative analysis, including a focus on the government, the corporate, financial, and household sectors, and the initiated cultural changes around the KSA.

Government sector

Prior to the Ninth Development Plan (2010–2014), the government sector was affected by four main issues that limited its capacity to function effectively and provide a high quality of life to the citizens. These include few employment opportunities, poor health services, low wages, and the inability to protect natural resources. These aspects negatively influenced the household income, education, healthcare services, and environmental conditions, and all included in the quality-of-life index (QLI).

The two development plans adopted by the KSA, namely the Ninth National Development Plan and Vision 2030, have spelled out necessary regulatory, budgetary, and socio-economic reforms that have either been implemented or still need to be.

Based on the qualitative data analysis in this paper, the main objectives for the Ninth National Development Plan were targeted at enhancing the competitiveness of the national economy and include the following."

"Increasing investment spending in infrastructure and information facilities"

"Continuing to develop banking and financial services."

"Expediting the full application of electronic transaction."

"Increasing the number of judges specialized in commercial fields and the number of specialized courts."

"Adopting streamlined legal procedures for business start-up and investment in all regions of the Kingdom" (Sourced from the Brief Report on the Ninth Development Plan, p. 48).

Similarly, the main economic objectives identified for Vision 2030 include the following":

"In conjunction with enhancing efficiencies of government spending and managing risks related to the processes, the fiscal balance vision realization program includes the foresight and supervisions of fiscal performances to maximize non-oil and oil government revenues. Also, the program targets

maintaining stable government reserve account to accomplish fiscal sustainability while sustaining the ability of KSA to borrow funds from global and local markets as per the medium-term debt strategies" (Sourced from Vision 2030, [vision2030.gov.sa/en/programmes/FBP](https://www.vision2030.gov.sa/en/programmes/FBP), pp. 4–7).

These objectives of the Vision 2030 and the Ninth Development Plan were intended to assist the Saudi government in significantly reducing its heavy dependency on oil production and exports, which represented approximately 44 percent of the GDP in 2018, as outlined by the General Authority for Statistics (GESTAT, 2018). The major strategies that have been initiated from these business models by the Saudi government include a privatization program that focuses on divesting from state-owned agencies, the development of one of the world's largest sovereign wealth funds, increased participation of women in employment, and active public-private partnerships (GESTAT, 2018). From the narratives gathered, the Ninth Development Plan was established with the essential targets":

"Improve the standards of living, the quality-of-life of citizens, provide a platform on how to care for the needy social groups, and significantly reduce the level of unemployment" (Sourced from The Ninth Development Plan of 2010–2014, p. 5).

Furthermore, the plan intended to improve the level of efficiency in human capital, support public-private collaboration, and contribute to developing a knowledge economy that could positively impact the KSA. In this case, particular emphasis was directed towards developing policies, programs, and successful implementation.

In comparison, the key objectives set for the Vision 2030 target policy adoption and improvement included eight themes:

"Eight themes that include healthcare, improving living standards, labour markets, supporting non-profit sectors, national heritage, and the tourism sectors, and sustainability of important resources" es." (Sourced from Vision 2030, <https://www.vision2030.gov.sa/v2030/vrps/ntp/>, p. 7).

However, KSA had initially invested in using foreign workers to improve the economy and to meet deadlines. This was attributed partly to the enhanced skills possessed by foreign workers and the lower number of residents who were skilful enough to raise work productivity. The evidence provided from the narratives indicated that the economy was negatively affected by lower wages and unfavourable employment conditions, which was less attractive to foreign nationals. This is clear from the narrative, which emphasizes the following":

"There is a need to adopt new approaches that can support the recruitment of foreign workers to meet the changing market needs and absorptive capacity of national employment" (Sourced from The Ninth Development Plan of 2010–2024, p. 715).

Concerning education and social development, KSA attempted to train the young population in technical and vocational areas to meet the changing needs of the labour market. This was expected to address the demand for higher wages and highly skilled workers who could assist in complex operations. Within this context, the Ninth Development Plan had already improved the existing situation by enriching employment opportunities and protecting natural resources. The data collected from existing materials indicate the following":

"The Ninth Development Plan has given priority to consolidate government efforts aimed at expanding and developing training and skill-building programmes"; plus, "it "supported the move towards a knowledge economy, raising the rates of growth and performance efficiency" (Sourced from The Ninth Development Plan of 2010–2014, p. 25, 67).

Vision 2030 continued developing the labour market in KSA and rolled out a Public Investment Fund (PIF) in 2017, which was designed to be one of the world's most outstanding sovereign wealth funds. In this regard, the fund consists of a world-class, diverse portfolio by investing in attractive, long-term opportunities on both a domestic and international scale (Pif.gov.sa, 2021). According to the PIF:

"Vision 2030 acknowledges the need for economic transformations to lure foreign know-how and talents to Saudi Arabia."; plus, it has been acknowledged that: "Saudi Arabia spends a larger portion of its GDP on education than the global average and has achieved near-universal literacy (95 percent of adults, 99 percent of youth) and enrolment " (Sourced from Vision 2030 PIF, p. 11, 103).

In 2017, a second version of the PIF was launched in line with Vision 2030. The progress registered up until 2021 includes the following":

"Developed two economic models: PIF structural model and the nowcasting model. PIF model focuses on providing forecasts for key metrics of the Saudi economy (economic activity, labour market, foreign trade, investments, consumption, fiscal policy metrics, and others) while at the same time offering scenario analyses. The nowcasting model is a tailored econometric model focusing on the most accurate prediction of GDP and its main components (sectoral "DP)" (Sourced from Vision 2030 PIF, p. 98).

For clarity, the Public Investment Fund (PIF) in Saudi Arabia is a worldwide impact investor with a top-tier investment portfolio that focuses on domestic and international sustainable investments (PIF, 2022a). The Fund was established in 1971 by Royal Decree No. (M/24) and has since served as a major economic stream that has helped local communities create important large businesses (PIF, 2022a). This adjustment allowed Saudi Arabia's economy to grow more quickly and put PIF in a strong position to advance Vision 2030's goals of constructive, long-lasting economic and social reform (PIF, 2022a).

Additionally, PIF is the Kingdom of Saudi Arabia's go-to transformer. Through PIF, the KSA government has shown that it holds the belief that investing is about more than just making money (PIF, 2022a). Due to this, PIF makes investments in people, change, and whatever else is necessary to ensure that everyone has a brighter future (PIF, 2022a). PIF concentrates on establishing new economic sectors, presenting fresh employment prospects, and fostering every human difference that may be made in the futures of our people in order to finance new human futures (PIF, 2022a).

Prior to the implementation of Vision 2030, the government was affected by low wages in the public sector, poor working conditions, and unstable work-life situations for public sector workers. This is supported by some narratives that are collected:

"More job seekers are turning to the private sectors even though the government has made efforts to equalize working conditions, expand wage protection, create an online job-seekers platform, and effective staffing policies." (Sourced from <https://www.pif.gov.sa/en/Pages/About-PIF.aspx>, p. 31).

"Since 2016, two million expatriated labour force is reported to have left the Saudi economy, and the total number of Saudis hired increased by hardly 40,000 over that time. The unemployment in KSA has not decreased below "12%". (Sourced from <https://www.pif.gov.sa/en/Pages/About-PIF.aspx>, p. 31).

The Ninth Development Plan intended to improve the Saudi labour market by raising its level of service and efficiency to maintain equilibrium between the labour supply and demand. From the narrative texts, some of the benefits that have been presented from the implementation of the Ninth Development Plan in the KSA financial sector include the following":

"The development of a "work culture", and instilling values of diligence, creativity and innovation among Saudi workers" (sourced from the Brief Report on the Ninth Development Plan 2010—2014, p. 70".

"Improving the capabilities of the national labour force to meet labour market requirements as well as meet the changes in production technologies" (sourced from the Brief Report on the Ninth Development Plan 2010–2014, p. 70".

"Increased allocation of funds towards projects related to social development and health sector to 75.6 per cent" (sourced from the Brief Report on the Ninth Development Plan 2010–2014, p. 70).

Focusing on eight different aspects affecting the economy, the Vision 2030 program was created to improve the economy and the standard of living in the KSA by establishing an ecosystem that develops and supports new alternatives for boosting the participation of residents and citizens in sports, cultural and environmental activities. A notable improvement regarding Vision 2030 was that the program improved the proportion of residential units from 78 to 80 percent.

However, in the Ninth Development Plan, the government was focused on the oil market as a critical source of national income, as the World Bank states in its 2014 report":

"The Economy of Saudi Arabia Oil and oil output, the strength of private sector activity, and the increase in government spending are several revolution principles Sweetened. As well as high oil prices and oil production to achieve huge surpluses in the external account, public referral continued, while government service was repeated at low levels" (Sourced from the World Bank, 2014, p. 9).

Through Vision 2030, the government aimed to diversify the economy and steer from the dependency on the oil industry, which is, however, an ongoing effort":

"Governments strategies towards the vision indicate great concern on other forms of investments besides the oil and mineral resources" (Sourced from <https://www.pif.gov.sa/en/Pages/About-PIF.aspx>, p. 14).

The qualitative analysis above provides an account that conceptualizes the transformation and restructuring of the KSA national business model regarding its government sector. This was done by comparing the objectives of the Ninth Development Plan and those of Vision 2030. One of the main aspects common to the two national strategies was a vision towards improving the quality of life in the KSA. Accordingly, the Ninth Development Plan adopted the following."

"The Quality-of-Life Index comprises many indicators that include the level and distribution of income, employment, education and health services, housing

situation, family condition, and environmental situation" (sourced from The Ninth Development Plan, p. 30).

Based on this QoL, the main improvements that can be noted included privatization, public finances management, government investment in infrastructure, rewards for employment opportunities, and the protection of natural resources, among others. In comparison, the objectives of Vision 2030 regarding the quality of life in the KSA included the following."

"The Quality-of-Life vision realization program is to improve lifestyles of the Saudis by establishing ecosystems to develop and support new alternatives that boost participation of residents and citizens in the sports, cultural and environmental activities" (sourced from Vision 2030, vision2030.gov.sa/en/programmes/QoL, p. 9).

The components of the Quality-of-Life programme, as mentioned above, feed into the national development programme, currently Vision 2030. First, since the private sector plays such a significant role in the above-mentioned elements of the quality-of-life program, the program also works to develop the required guidelines and laws to enable private sector investments in the aforementioned sectors, ensuring their ongoing development and sustainability (Vision 2030, 2022). Second, the Quality-of-Life programme helps to reach the objectives of Vision 2030 by contributing to the public finances management. The Quality-of-Life program, which aspires to make Saudi Arabia one of the best places to live, seeks to have a greater impact by making it easier for people to access resources like money, talent, and information (Vision 2030, 2020).

Third, through the Quality-of-Life programme, the KSA government invested in infrastructure in a variety of fields to aid with the rapid development of the program's focus areas, which include sports, culture, tourism, urban planning, and history (Vision 2030, 2022). Fourth, the Quality-of-Life programme contributes to expanding the employment opportunities for Saudis, thus helping reach the objectives of the national development programme by increasing the variety of entertainment options, expanding the tourism industry, and promoting sporting events (Vision 2030, 2020).

Lastly, the protection of the natural environment and the valorisation of natural resources is part of the “livability” section of the Quality-of-Life programme while other goals like increasing the sports availability, protecting the cultural heritage and the arts and entertainment industries form the “lifestyle” part of the programme (Vision 2030, 2020). The protection of the natural environment and the appreciation of the natural resources of Saudi Arabia thus contribute to the objectives of Vision 2030 since some of the goals of the Quality-of-Life programme related to the “livability” aspect are common to the goals included in Vision 2030 such as offering Saudis a fulfilling and healthy life (Vision 2030, 2020).

These objectives have been realized at least partly through the Quality-of-Life Program 2020, one of the Saudi Vision 2030 realization programs with the overarching goal of improving the Saudi people's quality of life. The enhancements include the creation of an ecosystem to encourage people and residents to participate in cultural, environmental, and sporting activities (Vision 2030, p. 9).

For these goals to be realized, it was anticipated that the reforms would establish the Kingdom of Saudi Arabia as one of the largest growing economies around the globe, underpinned by a wide range of exports. This contrasts with the present economic situation, which heavily depends on hydrocarbons production and exports, an active role of small and medium-sized enterprises (SMEs), an overhauled banking sector, tourism, and industrial sectors. Therefore, to comprehend the strategies employed by the Saudi government while trying to improve its economy, this mainly focuses on the three major strategies mentioned above concerning the five major sectors, as portrayed in the narrative texts as follow":

"The Council of Economic and Development Affairs introduced by the government proposes undertaking national building affairs to create a better ground for investments. Such plans remain one of the competitive advantages in the nation, which will attract many partners who would undertake the national building projects (Sourced from Vision 2030, vision2030.gov.sa/en/programmes/FBP).

To conclude, the main changes introduced to KSA's government sector by Vision 2030, included a reduction in economic dependency on oil production and exports, the development of public-private partnerships, an improvement in the QoL, an increase in the participation of foreign workers in the labour market and enhancements in education and social development. However, progress is still a significant need, especially in terms of economic diversification and a reduction in the dependency on the oil industry so that the objectives of Vision 2030 can be fully met.

Corporate Sector

Before the establishment of the Ninth Development Plan (2010–2014), the growth in corporate loans had declined to less than 2%, especially between January and September 2009, in the context of the global financial crisis (Al-Hamidy, 2010). This resulted in several issues that negatively affected the economy before implementing the Ninth Development Plan (2010–2014), namely unemployment, poverty, and reduced opportunities for acquiring new skills. However, the goals set in the Ninth Development Plan targeted the corporate sector and had the following result":

"By the end of 2010, there were approximately 103 listed companies which had aggregated assets of \$317 billion representing 70 percent of GDP and 86 percent of bank assets."

(Sourced from <https://www.imf.org/external/pubs/ft/dp/2011/1101mcd.pdf>, p. 97).

The objectives set in Vision 2030 regarding the corporate sector of the KSA were to continue to improve the business environment; thus:

"The Vision Realization Programme has transformed more than one-hundred corporations from local companies to leading regional companies" us "the programme will enable KSA to create more than 12,000 job opportunities in the private sector" (Sourced from Vision 2030, vision2030.gov.sa/en/programmes/NCPP, p. 7).

In this regard, the Vision Realization Programme links with the National Business Plan presented in Chapter 2 above since the public-private partnerships such as the partnership between Sadara Chemical Company and the Saudi Aramco Total Refining and Petrochemical Co. (SATORP) with international counterparts Dow Chemical and Total help advance the Saudi industries that do not rely on oil, in line with the Vision 2030 (Ikediashi et al., 2014).

Moreover, as shown in Chapter 2 above as part of the discussion around the National Business Model, to achieve revenue diversification and make the transition from a solely oil-based economy to a highly diversified economy, the corporations are making contributions to the national business model by diversifying their business operations following government plans and investing in other sectors of the nation.

To help develop the corporate sector in Saudi Arabia, key areas, including SMEs and the wider private sector, were issued loans to ensure the uninterrupted provision of essential services. These sectors were intended to promote the development of employment opportunities among youths and support the development of their professional skills. A critical approach was to establish specific project targets for population groups for which specific skills were needed. This was further strengthened by establishing policies and laws aimed to address unemployment and critically improve the economy. From texts, it was noted that:

"The program was tasked with developing programs that can promote initiative among youth and motivate youth to establish projects and encourage the private sector to play an active role in improving the economy."

(Sourced from <https://www.imf.org/external/pubs/ft/dp/2011/1101mcd.pdf>, p. 97".

"The economic condition was supported by a prudent, conservative supervisory framework and banking system policies, that protected some of the sectors from the global financial crisis (Sourced from <https://www.bis.org/publ/bppdf/bispap54u.pdf>, p. 1).

One of the notable improvements in the Ninth Development Plan was a sharp increase in lending, from SAR 274 billion to SAR 529 billion, which allowed the economy to increase approximately 93% over a span of 3 years. This was intended to assist critical economic sectors to survive the global financial crisis. However, the loan was not utilized as initially intended to reduce unemployment. This could be attributed to various factors, such as unplanned functions, rising expenses, emergencies, and possibly corruption. The narrative text acknowledges that":

"The ninth five-year plan of Saudi Arabia missed its target: unemployment reduction, rendering economic planning a fruitless exercise. In the latest employment plan, unemployment would be reduced from 10.5% in 2010 to 5% by 2013. However, as per the latest survey (2013), unemployment is 11.7%". (Sourced from <https://www.sustg.com/smes-in-saudi-arabia-supporting-growth-sme/>, p. 1).

As a result, most of the problems encountered during the Ninth Development Plan needed to be addressed in the proceeding development plan, namely in Vision 2030. Prior to the development and implementation of Vision 2030, the Saudi Arabian government exercised control over the oil-based economy, of which national programs represented 85% of the economy, while Economy of the KSA only contributed 2% to the non-oil economy during 2018. This is clear from the text narrative, which indicates that the following":

"When Vision 2030 was declared in 2016, the small-and-medium-sized enterprises' contributions to the non-oil gross domestic product was less than 2%". (Sourced from [Vision2030.gov.sa/en/programmes/NCPP](https://www.vision2030.gov.sa/en/programmes/NCPP), p. 12).

Also, the narrative analysis reveals that in the Vision 2030 programme:

"One of the Vision Realization Programs intended to grow the non-oil economy." (Sourced from <https://www.vision2030.gov.sa/v2030/vrps/nidlp/>, p. 5).

The narrative text also sets a clear target on that objective to make it measurable

"The Saudi Arabian government intends to increase that figure to 35% by the year 2030" (Sourced from [Vision2030.gov.sa/en/programmes/NCPP](https://www.vision2030.gov.sa/en/programmes/NCPP), p. 12).

This is tightly linked to the capacity of SMEs in the KSA to increase their contribution towards the non-oil economy and to economy conducive business environment that is expected to better deal with the harsh environment and huge entry fees that have made it quite difficult for start-ups and SMEs to compete with established firms. Increasing contributions to SMEs are expected to positively impact the economy in terms of increased employment opportunities, skill development, better approaches to solving problems, and poverty reduction. Another positive impact that is expected to arise from Vision 2030 in the KSA is enhanced public-private participation. The narrative text acknowledges that:

"The programme has improved the private sector role relation to government assets and provisions of services."

(Sourced from [Vision2030.gov.sa/en/programmes/Privatization](https://www.vision2030.gov.sa/en/programmes/Privatization), p. 8).

This is attributed partly to the notion that the private sector offers good employment opportunities compared to the public sector. Several benefits can be derived from the improved private-public role, as anticipated in Vision 2030. However, apart from the improved public-private role, the narrative text acknowledges that the following":

"Vision 2030 will create more than 12,000 job opportunities in the private sector as well as lead to improved net savings of 35 billion Riyals" (Sourced from Vision 2030, [Vision2030.gov.sa/en/programmes/NCPP](https://www.vision2030.gov.sa/en/programmes/NCPP), p. 7).

The government of Saudi Arabia has made efforts to create favourable conditions in the private sector by enacting flexible staffing and teleworking policies, creating an online job-seekers platform, expanding wage protection, and equalizing working conditions, as shown in Chapter 2 of this thesis as part of the National Business Model. As a result, contrary to most high-income nations, Saudi Arabia saw a rise in labour force participation during the pandemic (Rivera & Koetti, 2022). This is supported by measures taken to localize the workforce in Saudi Arabia, as shown in the narrative text:

"The localization of private policy seeks to create more employment opportunities for Saudi nationals. "The Saudization policy seeks to reduce overreliance on the foreign workforce."

(Sourced from Vision 2030, <https://www.vision2030.gov.sa/v2030/vrps/hcdp/>, p. 1)

The number of companies until 2010 was not big enough; however, Vision 2030 states that:

"Foreign direct investment can benefit the investing entity as well as the host government."

(Sourced from: <https://www.imf.org/external/pubs/ft/dp/2011/1101mcd.pdf>, p. 7)

Unsurprisingly, the government has found progress slow in pushing the privatization of state-owned industries. A draft privatization law was released for consultations in July 2018, which follows the establishment of the National Center for Privatization & PPP (NCP) in 2017 to facilitate privatization and PPPs following Saudi Arabia's Vision 2030 (Dentons, 2021). The KSA government adopted the Privatization Law only in 2021.

In addition, reports cite difficulties in the regulatory framework and management as stumbling blocks to the corporatization of entities like the Riyadh airport. Even though PPPs and privatization projects have been used in Saudi Arabia for a long time, before the Privatization Law, there was no official legislation that dealt with PPPs specifically. Historically, such projects were covered by the Government Tenders and Procurement Law unless they were exempted (Dentons, 2021).

The Saudization ratio, meaning the participation of Saudi people in the job market required by the KSA government to Saudi companies on a quota basis, in the private sector increased marginally throughout the first three quarters of 2019. The total private-sector employment and wages for Saudis, however, both fell slightly in the same period, and the total number of private-sector jobs for foreign and domestic workers dropped by more than 200,000, as government-employment numbers and wages both increased (marginally). In more recent years, in sectors like marketing the

Saudization rate was only 30 per cent in May 2022 compared to 60 per cent in healthcare in April 2022 (Fragomen, 2022).

The government seems mainly focused on attracting foreign capital from an economic perspective. However, Vision 2030 has an unprecedented key objective established:

"Contribute to Enabling the Private Sector contributes to overcoming the obstacles facing the development of the private sector and attracting Foreign Direct Investment (FDI). It will do so by facilitating doing business, developing the digital economy, developing the retail sector, adapting rules and regulations, and intensifying the empowerment of productive families and Small and Medium Enterprises (SMEs), thereby contributing to supporting the sector's growth and sustainability."

(Sourced from Vision 2030,

https://msysmhspkzqgnbycne.s3.amazonaws.com/user/WV_1599544508_3241_vision_2030_National_Transformation.pdf, p. 86).

From a financial perspective, as presented above, PIF has had a major contribution to the national economy and to implementing both the Ninth Development Plan (2010-2014) and later the Vision 2030. Currently, the self-established goals of PIF include boosting its overseas asset holdings, making investments in international markets and sectors through strategic alliances, and starting projects to help achieve Vision 2030 objectives (PIF, 2022a).

A critical model adopted by the Kingdom of Saudi Arabia is the privatization program that sought to enhance the role of the private sector in service provision and the availability of government resources. This was clear when the Council of Economic and Development Affairs (CEDA) consented to a privatization program to assist in the realization of Vision 2030 goals with a budget of approximately 40 billion Saudi riyals (Alkhamis, 2017). A total of 16 sectors, including education, health, energy, water, agriculture, and telecommunication, among others, were considered under the privatization program, from which more than 100 projects were supposed to be initiated.

From the narrative texts, the private sector assumed two critical roles in the privatization process concerning the Ninth Development Plan (2010–2014) and its capacity to divest state-owned agencies. First, the narrative text suggests a continuous decline in the quality and efficiency of the services offered. This was mainly attributed to the increased need to initiate a privatization program that could support the realization of set goals in the development plans. Secondly, it was noted that the private sector attracted a more skilled labour force among foreigners and locals than the public sector due to its high wages. On the other hand, the public sector has played an active role in the privatization program by developing effective regulatory and legislative structures that can protect the funds invested and improve the realization of goals in the different projects established. In this sense, Vision 2030 sought to contribute to these efforts":

"Develop and implement regulations and processes that remove hurdles to start, run, develop, and exit a business, and provide needed protection to businesses (e.g., contract enforcement, insolvency, shareholder protection). Attract high-quality, diversified, and sustainable FDI and win the confidence of reign investors. Develop an advanced digital economy operating mainly through digital technology, especially those technologies of the Fourth Industrial Revolution, supporting it with innovations and thereby contributing to the development of the econ "my." (Sourced from Vision 2030: https://msysmhspkzqgnbycne.s3.amazonaws.com/user/WV_1599544508_3241_vision_2030_National_Transformation.pdf, p. 86).

Several benefits were noted from the privatization of state-owned agencies in the KSA. These benefits include improved management of government assets, better provision of public service, and improved savings. However, to maintain and improve on these benefits, the narrative texts suggest the need for the continuous monitoring of private investment performance in economic cities to countercheck the extent of their commitment to the planned goals and to determine how existing obstacles have been addressed towards the realization of the goals."

"In the next stage, the program will focus its efforts on continuing to build the enablers mentioned above and intensify work to enhance the role of the private

sector in providing services, maximizing the value gained from government assets, and raising the efficiency of spending. Moreover, sector privatization strategies will be developed in 16 sectors, including transport, health, education, municipal affairs, and others. This will enable government efforts to focus on legislative and regulations" (Sourced from Vision 2030: <https://www.vision2030.gov.sa/v2030/vrps/privatisation/>).

A critical example embracing the privatization of the healthcare sector is the Ninth Development Plan. This plan elaborates its role in human development, skill development, and appropriate healthcare services. In addition, vision 2030 has an objective for the healthcare system":

"To achieve a vibrant society by restructuring the health sector to become a comprehensive and effective system. It will promote public health by implementing a new model of care that focuses on prevention and improving society's health awareness. It will also improve access to health services through optimal coverage, equitable geographical distribution, and comprehensive and expanded e-health services and digital solutions. Furthermore, it will aim to continually improve health services by focusing on beneficiary experience and satisfaction in line with international standards and best practices."

(Sourced from Vision 2030,

https://msysmhspkzqgnbycne.s3.amazonaws.com/user/WV_1599544508_3241_vision_2030_National_Transformation.pdf, p. 14).

Moreover, Vision 2030 has revitalized the private sector as the primary development engine. Comparing these development plans for the healthcare series leans towards developing a sustainable healthcare system in several ways. In Vision 2030, the private sector is emphasized as the primary driver of social and economic changes that will reshape the economy and increase its competitiveness (Rahman, 2020). Additionally, it stresses encouraging private sector involvement in areas that were formerly supported by public funding. By uniting the public and private sectors, the private sector is anticipated to contribute to sustainable development (Rahman, 2020). This association lowers financial risks for the public sector while raising patient satisfaction and care quality (Rahman, 2020).

The Saudi government intends to privatize more than 295 hospitals to enhance medical facility administration, monitoring, and management with the help of the private sector. This is anticipated to enhance the private sector's participation in the healthcare sector by roughly 35%, as outlined in Vision 2030, which focuses on providing accessible and high-quality healthcare to more than 20 million Saudis (Rahman, 2020).

There are, however, several risks associated with privatisation that apply in many sectors but are especially relevant to the healthcare industry. First, equity faces difficulties, particularly when substituting major personal spending for public ones (e.g., substitutive insurance) (Albreht, 2009). Second, there are issues with accountability if private businesses are favoured only based on how "efficient" they use financial resources rather than on the quality of their performance (Albreht, 2009). Third, the creation of a complementary health care system that is primarily focused on offering and delivering services and is accessible to people with more financial means (rather than thorough disease management) (Albreht, 2009). Lastly, another drawback of privatization is that the traditional state/public hospitals will not be able to absorb enough of the human services market compared to privately owned businesses unless they overhaul at all levels (such as administration, foundation, and workforce) before beginning to privatize (Walston et al, 2008).

The success of the privatization of the healthcare system in Saudi Arabia has been of interest to researchers like Mushi and Alsheikhi (2016) who focused on healthcare insurance. The researchers found that, albeit difficult to measure a priori, the success rate depends mainly on the willingness of the KSA government to collaborate with international insurers who have the expertise and capacity to provide access to as many Saudi people as possible to get access to high-quality health services. As Rahman (2020) notices, however, even if the nation is successful in financing healthcare through privatization and PPPs, it will be a challenging undertaking to ensure access to effective and high-quality healthcare for all citizens. To correct this, Rahman and Al-Borie (2020) argue that the government must create a sustainable healthcare system by enhancing healthcare human resources, decentralizing power,

and making optimal use of resources through improved governance, accountability, and transparency.

Another sector that was part of the privatization plan was the education sector, which sought to develop skilful young trainees who could positively contribute to the labour market. As part of Vision 2030, education is a top priority for KSA:

"Providing appropriate educational opportunities, raising living standards, accepting cultural differences, and blending with the community" (sourced from Vision 2030, https://msysmhspkzqgnbycne.s3.amazonaws.com/user/WV_1599544508_3241_vision_2030_National_Transformation.pdf, p. 14).

Before Vision 2030, education was only one of the many indicators within the QoL:

"The Quality-of-Life Index" is composed of many indicators that include level and distribution of income, employment, education and health services, housing situation, family condition, and environmental situation (sourced from The Ninth Development Plan of 2010–2017, p. 30).

As a young country with one-third of its population under 15, Saudi Arabia has extensively invested in youth education to assist its transition to a knowledge-based economy less reliant on oil (Khorsheed, 2015). The narrative text noted that only 30% of the adult population were financially literate, implying considerable investment was required to train adults and youths. An objective of the Vision 2030 program is to:

"Provide citizens in need with the necessary tools to enable them to rely on themselves, which include follow-up programs for education, qualification, and training programs."

(Sourced from https://msysmhspkzqgnbycne.s3.amazonaws.com/user/WV_1599544508_3241_vision_2030_National_Transformation.pdf, p. 55).

Additionally, the PIF claims that by funding education and employment through priority areas the youth potential of the kingdom, empowering current and future generations to follow their dreams, and fostering a culture of diversity and inclusion—it plays a key role in the realization of Vision 2030 (PIF, 2022b). The Graduate Development Programme, internships, and fellowships in Saudi Arabia and abroad are only a few of the activities and programs used to achieve these objectives (PIF, 2022b).

Financial Sector

Prior to the implementation of the Ninth Development Plan, the narrative acknowledges that the following:

"KSA was adversely affected by the impacts of the global financial crisis to improve its domestic financial sector" (Sourced from the Brief Report on the Ninth Development Plan 2010–2014, p. 12).

Based on the evidence presented by Al-Hamidy (2010), the banking sector in the KSA was moderately affected by the worsening economic situation due to the 2009 global financial crisis. Although the number of non-performing loans (NPLs) remained relatively low, at a level below the 3% threshold, the financial sector remained highly solvent, with its liquid assets accounting for 34 percent of customer deposits (Al-Hamidy, 2010). In turn, this negatively affected the financial sector:

"In terms of borrowing, develop infrastructure, provision of public services, maintaining a 'work culture' and instilling values of diligence, creativity, and innovation in the Saudi worker to become the 'knowledge worker'" (Sourced from Brief Report on the Ninth Development Plan 2010–2014, p. 34).

Based on the objectives of the Ninth Development Plan for the financial sector of the economy, the narrative of the qualitative analysis reveals that the goals specific to the financial industry focused more on indirect economic development through the labour market, the support offered to SMEs, and on limits to the negative impact of the financial crisis on the Saudi financial sector:

"The Plan aims at developing the Saudi labour market and raising its level of service and efficiency in a manner that ensures its best utilization and balance between labour supply and demand." (Sourced from the Brief Report on the Ninth Development Plan 2010–2014, p. 9).

"Overcoming adverse impacts of the global financial crisis to develop the domestic financial sector enhancing the development of its systems and instruments along with its vital role in funding production and investment activities over the coming period" (Sourced from the Brief Report on the Ninth Development Plan 2010–2014, p. 12).

During the Ninth Development Plan, the KSA struggled to develop its financial sector due to the lack of skills to educate Saudis on acquiring financial acumen and positively influencing the savings culture among Saudi workers. These objectives could not be adequately addressed in the Ninth Development Plan due to the low level of skills possessed by the Saudi workers. As a result, Vision 2030 was designed to fix the problem:

"Develop an effective and expanded financial sector to stimulate investments, savings and financial operations" (sourced from FSDPC–DP: 2020: Financial Sector Development Programme, p. 8).

The narrative text provides different ways in which Vision 2030 can stimulate investments and savings in the economy. The methods provided include the following:

"Increasing the non-cash transactions' share to 28% in 2020 from 16% in 2016."
and

"Increasing the share of SME financing at banks from the 2% level currently to 5% by 2020. Similarly, the share of mortgages in bank financing will increase to 16% by 2020 from its 2016 level (7%)" (Sourced from FSDPC–DP: 2020: Financial Sector Development Programme, p. 8).

The steps included in Vision 2030 are key to ensuring the development of the Saudi economy in the long term since more opportunities are offered to SMEs through investments than with the previous Ninth Development Plan. Also, a robust sovereign

economy is supported by the measures taken under Vision 2030 since savings at the firm and individual levels are encouraged through attractive deposit interest rates.

The narrative analysis, therefore, highlights the results of the Vision 2030 efforts to modernize the financial sector, coupled with further initiatives:

"Removing obstacles that hinder the growth of finance companies" (sourced from FSDPC–DP: 2020: Financial Sector Development Programme, p. 35).

"Supporting private sector growth to ensure the formation of an advanced capital market" (sourced from FSDPC–DP: 2020: Financial Sector Development Programme, p. 8).

"Provide alternative funding away from banking and equity" (sourced from FSDPC–DP: 2020: Financial Sector Development Programme p. 36).

These initiatives aim to develop the financial sector from a structural perspective, which will help increase the size, value, and complexity of financial transactions among financial institutions, firms, and individuals in Saudi Arabia. The narrative texts acknowledge several benefits obtained from Vision 2030 in the financial sector. The potential benefits in the financial sector include the following:

"Improved financial literacy, the development of local knowledge workers with professional and technical capabilities that can work in the local industry, enhanced privatization of state-owned entities, and improved savings among individuals" (sourced from FSDPC–DP: 2020: Financial Sector Development Programme pp. 28, 35–37).

The measures taken in the KSA towards privatization in the financial sector are noteworthy. The progress made until 2020 included several privatization transactions, such as public-private partnerships, a project for water supply privatized under a 25-year contract, and other undertakings:

"School Buildings Wave one project to finance and build 60 public schools awarded in November 2020. Awarding the execution of wave one of the school buildings transactions in partnership with the private sector under a BMT (Build, Maintain, Transfer) model under a 23-year contract in the cities of Makkah and Jeddah" (Sourced from FSDPC–DP: 2020: Financial Sector Development Programme, p. 31–32).

In addition, Vision 2030 included the following steps taken towards privatization in the financial sector:

"The sale of all shares in the First Flour Milling Company. Sale of all company shares to private sector investors for SAR (2,027,000,000) and will supply the market of Jeddah, Qassim, Tabuk, and Alahsa."

"The sale of all shares in the Third Flour Milling Company. Sale of all shares of the company to private sector investors for SAR (750,000,545) and will supply the markets of Khamis Mushait area." (Sourced from FSDPC–DP: 2020: Financial Sector Development Programme, p. 32).

Moreover, the Saudi government supports foreign direct investments, as highlighted in the narrative:

"Since its foundation less than a year ago, the Ministry of Investment has been an active player in developing the investment ecosystem by attracting global investors and increasing FDI to the country in 2020 despite the pandemic. The Ministry has also created collaboration frameworks with key stakeholders to increase the number of financial institutions by issuing 25 financial investor licences in 2020 and establishing an investor COVID Response Centre to help investors through the pandemic challenges. Moreover, the Ministry has been a driver of regulatory reforms that aim to position the Kingdom as an attractive place for all investments." (Sourced from the Minister of Investment, His Excellency Eng. Khalid Alfalih, FSDPC–DP: 2020: Financial Sector Development Programme, p. 6).

The progress made by Saudi Arabia's financial sector, thanks to the measures detailed above, is illustrated as such:

"By the end of 2010, there were approximately 103 listed companies which had an aggregate asset of \$317 billion representing 70 percent of GDP and 86 percent of bank assets."

(Sourced from IMF: <https://www.imf.org/external/pubs/ft/dp/2011/1101mcd.pdf>).

Ten years later, in 2020, the situation has been described as such:

"During 2020, the value of the market capitalization in Saudi Arabia was about 2.4 trillion U.S. dollars."

(Sourced from Statista: <https://www.statista.com/statistics/795599/saudi-arabia-value-of-market-cap/>).

This represents a 588% increase compared to 2010 and a 390% increase compared to 2018, when the market capitalization value in Saudi Arabia exploded (Statista, 2021). Regarding Islamic versus non-Islamic banking in Saudi Arabia, the Ninth Development Plan had plans to develop the Islamic identity in the Kingdom through Islamic banking, especially for SMEs:

"Islamic finance could help meet the financial needs of small enterprises. Hence, the Ninth Development Plan adopts policies aimed at encouraging Islamic banks and financial institutions to expand Islamic finance formulae, the most important of which are lease-to-own, profit sharing (Murabaha), and partnering (Musharaka)." (Sourced from the Objectives of the Ninth Development Plan 2010–2014, p. 147)

As part of Vision 2030, Islamic banking is promoted:

"The Kingdom of Saudi Arabia, being the largest Islamic finance market globally in economies with dual financial systems (comprising both conventional and Islamic financial sectors) is poised to become a global leader in the Islamic

financial services industry." (Sourced from ICRIC: <https://www.icricinternational.org/saudi-arabia-poised-to-become-a-global-leader-in-islamic-finance/>).

"Under the theme "Islamic Finance in Saudi Arabia: Leading the Way to Vision 2030", the report finds that by the end of 2018, Islamic finance assets in Saudi Arabia reached a remarkable USD 879.2 billion (SAR 3,297 billion), making the Kingdom the largest Islamic finance market globally."

(Sourced from ICRIC: <https://www.icricinternational.org/saudi-arabia-poised-to-become-a-global-leader-in-islamic-finance/>).

To conclude, the most important measures introduced in the KSA financial sector through Vision 2030 include restoring investments and savings in the economy; increasing the size, value, and complexity of financial transactions; adding initiatives to privatize the financial sector; encouraging the establishment of FDIs in the Kingdom; increasing the market capitalization of publicly listed corporations; and promoting Islamic banking.

Households and their role in the KSA economy

The household income and consumption analysis and the capacity of wealth accumulation of households describe the complex network relations between state institutions, private firms, financial institutions, and individuals (Haslam et al., 2013). Through the narratives gathered, the household situation in the KSA during the Ninth Development Plan (2010–2014) had been managed through various measures:

"Establishing the Supplementary Support Programme aimed at bridging the gap between the actual income of the households and individuals, particularly of the poor, and the absolute poverty line."

"Establishing an Emergency Assistance Programme to help families below the absolute poverty line facing emergencies."

"Adding a 5% Cost of Living Allowance to salaries and pensions of current and retired State employees for three years, beginning in 2008." (Sourced from the Ninth Development Plan, Chapter 11. Population and Standard of Living, p. 197)

Due to the critical role that family savings plays in a country's economic growth, Saudi Arabia created the Financial Sector Development (FSDP) initiative as part of the Saudi Vision 2030 projects. This aimed to increase the household savings rate from 2.4% in 2013 to 7.5% by 2020 (KPMG, 2020). Later, highlighting the link between the household savings rate and the economic growth of Saudi Arabia, the KPMG argued for the need to improve the current household savings rate to the global level of 10%. This is the lowest level that would help guarantee some form of long-term financial stability (Asharq Al-Awsat, 2021).

The role of household income, consumption, and savings on the overall KSA economy and how this is expected to change by the Vision 2030 has been described by Abdullah Al Fozan, Chairman of KPMG in Saudi Arabia:

"Household savings and investments are two vital cogs in the proper functioning of an economy. An acceptable economic growth rate typically requires an adequate rate of investment and, therefore, an adequate supply of savings" (Sourced from KPMG, 2020).

The same idea has been reinforced in Vision 2030:

"One of the major objectives of FSDP is to promote and enable financial planning by driving the expansion of savings products available in the market, strengthening the savings ecosystem, and enhancing financial literacy." (Sourced from FSDPC–DP 2020 Financial Sector Development Program, p. 37).

growth and domestic savings support national investment growth, national consumption patterns can be very helpful to the country's monetary authority as well as policymakers as part of the National Business Model (Al Gahtani et al., 2019).

An essential element of the household situation in the KSA targets the development of the housing sector. This is explained through the fact that household income, together with other factors such as housing-unit price, the population growth rate, etc., drives the housing demand (Al Obaid, 2020).

The housing sector contributes to the increase in the standard of living of the Saudi population, which feeds into the National Business Plan, as detailed in Chapter 2 above. Therefore, the housing industry is considered one of the key beneficiaries of Vision 2030 and the Ninth Development Plan (2010–2014). The objectives included in the Ninth Development Plan were as follows:

"To complete preparation, adoption and accelerate the implementation of the comprehensive housing strategy, reduce the growing gap between housing supply and demand" (sourced from Brief Report on the Ninth Development Plan 2010–2014, p. 354).

In contrast, the objectives included in Vision 2030 for the housing sector included the following:

"Implementing initiatives in securing housing for underprivileged segments of the society. " "Developing its local content and improving its attractiveness to the private sectors, resulting in job creations and further strengthening the economy of Saudi Arabia," "to increase real estate sector contribution and existing housing units from 5% to 10%" (sourced from the National Transformational Plan 2020 and the Vision 2030, p. 10).

Despite the existing differences between the business models adopted by the KSA in different periods, the data revealed a substantial increase in homeownership and rentals compared to the previous plans. Then, according to the narratives, homeownership was 47%. However, in Vision 2030, increasing housing ownership to

53% by 2020 is anticipated, accounting for 10% growth in GDP. This is attributed partly to the reduction in the oil economy. On the contrary, the Ninth Development Plan had different expectations:

"An annual increase of 7.2 % in the housing sector as compared to the previous plan. This accounted for approximately 14.7 percent increase in GDP during the year 2014" (Sourced from the Brief Report on the Ninth Development Plan 2010–2014, p. 71).

Despite the growth in the housing sector, the qualitative data collected pointed towards the contrary. The narratives highlighted the challenges that have restricted many individuals from owning houses. These specific individuals mainly affected consisted of average and low-income earning citizens in the KSA. Vision 2030 points to the current poverty level, which needs addressing. The Ninth Development Plan provided several challenges which affected the housing sector:

"Inadequate supply of housing units; low level of house ownership; lack of affordability of owned or rental housing units; lack of financing for housing or residential land, and proliferation of slum neighbourhoods" (Sourced from The Ninth Development Plan of 2010–2014, p. 79).

"The progress is still below aspirations, which requires cooperation among stakeholders give priority to low-cost housing" (Sourced from The Ninth Development Plan of 2010–2014, p. 79).

To summarize, the main changes introduced to the KSA's household sector by Vision 2030 included managing the complex relations between the institutions that impact the wealth accumulation of households within the KSA and increasing the household savings rate (an ongoing primary objective of Vision 2030). Plus, Vision 2030 included recognizing the needs and establishing measures to develop the housing sector (the right direction). These structural elements promoting household wealth accumulation were necessary steps towards increasing the standard of living of the Saudi population.

Cultural interventions

The cultural dimension of the analysis helps close the gap, as stated in the second chapter of this thesis, between the analysis of the national business model within the framework of local culture and Sharia law.

The examination of the narratives for Vision 2030 and the preceding Ninth Development Plan in the KSA highlights the policies of the Ninth Development Plan, which mainly focused on the following:

"Increasing the quality of cultural services by organizing and supporting cultural events and activities" (sourced from The Ninth Development Plan of 2010–2014, p. 637).

Later, through Vision 2030, the policies targeting the culture of KSA had a slightly different focus:

"Improving the national character of the Saudis by promoting a set of values based on the Islamic heritage and legacy of KSA" and:

"The programme strengthens the national identity sense of Saudis, anchoring it in both national and Islamic values."

(Sourced from Vision 2030, vision2030.gov.sa/en/programmes/NCEP, p. 7).

The main difference from the previous development plan was that the cultural objectives of the KSA Vision 2030 measures were to improve the psychological and personal attributes that motivate and lead Saudis to become more optimistic and successful people.

Also, based on the qualitative analysis of the narratives, women's participation formed a crucial factor in the cultural development of the KSA. With the results obtained from the National Transformation Program, Vision 2030 exceeded expectations concerning improving the participation of women in its national business model. Compared to Vision 2030, the Ninth Development Plan (2010–2014) focused on defining the role of media in the growth of culture and its cultural implications in the KSA. This was partly

attributed to its ability to influence the Islamic and national values integral to the KSA national business model. This demonstrates that the Ninth Development Plan was intended to foster the following goal:

"Control to inculcate the values and principles of tolerant Islam" (sourced from The Ninth Development Plan of 2010–2014, p. 331)

The previous development plan attempted to increase the number of women participating in employment with little success. The inhibiting cultural factors that contributed to the lower participation of women in the KSA national business model mainly revolved around the family. As a result, the Ninth Development Plan of KSA recognized the problem:

"Address these issues of women, the family, and society with little success" (sourced from The Ninth Development Plan of 2010–2014, p. 331)

On the contrary, Vision 2030 strengthened national and Islamic values while supporting income-generating activities. This was exclusively achieved by lifting labour and social practices that affected women's participation in society. Additionally, the program has created a conducive environment to attract tourists and develop new industries. For example, as part of a new tourist visa scheme, the KSA national business model has allowed foreigners of different genders to share hotel rooms without evidence of their relationship. However, caution has been taken to prevent the polarization of national and Islamic values through gender segregation and creating women-only public spaces that allow women to undertake specific activities reinforcing separate structures. Vision 2030 elaborates this theme:

"Gender segregation in the public domain has become a cornerstone of the Saudi interpretation of Islam" (sourced from Vision2030.gov.sa/en/programmes/NCEP, p. 7).

For the entertainment industry, the Ninth Development Plan did not have clear measures targeted at the entertainment industry, but Vision 2030 did:

"The general entertainment authority started its work in 2016 to build an entertainment industry essentially from scratch, with programmes for an entire entertainment city, an opera house, water parks, theme parks, concerts, and cinemas" (sourced from Vision 2030, https://www.vision2030.gov.sa/media/rc0b5oy1/saudi_vision203.pdf, p. 21).

Also, Vision 2030 has provided various benefits that have significantly contributed to the KSA national business model. Some of the benefits that the programme has offered include generating \$20 billion annually and creating 30,000 jobs for the national economy. In addition, the entertainment authority has pursued specific entertainment activities to grow the entertainment industry. Vision 2030 clearly outlines this effort:

"The general entertainment authority-initiated programs for an entire entertainment city such as an opera house, water parks, theme parks, concerts, and cinemas"

(Sourced from Vision 2030,

https://www.vision2030.gov.sa/media/rc0b5oy1/saudi_vision203.pdf, p. 21).

National culture is strong in Saudi Arabia, and its impact on all the sectors of the economy is prominent. This is an important factor that plays into the implementation of the National Business Model of the KSA. For example, Rashid et al. (2020) showed that cultural dimensions have a significant role in the capital structure of Shariah-compliant firms in the short term and long term. Also, studying the perception of non-Muslims towards Islamic banking services in Saudi Arabia, Hidayat and Al-Bawardi (2012) found that most non-Muslim consumers in Saudi Arabia see existing Islamic banking services as diversified and adequate for meeting their financial demands. Moreover, culture also has a substantial impact on the national business model of the KSA:

"The Islamic model of moderation intends to allow a diversity of business partners regardless of religion to engage in investment practices. However, the real tradition of Islamic dominance with significant restrictions to non-Muslims renders it possible to offer a level ground for all interested parties if the aspect

of Vision 2030 becomes one of the partners' mandates. Salman's leadership has performed numerous adjustments to the law for the provision of a friendly environment' (Sourced from Vision 2030, vision2030.gov.sa/en/programmes/FBP).

According to the cultural dimensions of Hofstede (2009), a popular model in the business world as well as among policymakers drawing national business plans, Saudi Arabia scores high on the power distance criteria, meaning that people are content with a hierarchical structure where everyone has a position and is justified by its existence alone (Almutairi, 2020). Also, the country scores high for uncertainty avoidance revealing the government's aversion towards risk (Almutairi, 2020). The lowest scores for the KSA are around the long-term perspective and the indulgence or humanity dimension, indicating that the KSA has a culture of restraint rather than socialization and tolerance (Almutairi, 2020).

The attempts to change some aspects of the KSA culture can influence each of the main sectors of this analysis, namely the government, corporate, financial services, and households since all these sectors of activity are based on a set of values anchored in the Islamic heritage and legacy of the KSA.

Regarding the issue of gender equity, the government has made bold progress when it comes to social reforms, targeting the conservative religious establishment on multiple fronts. It has loosened restrictions regarding women's dress and music in public establishments. It has sanctioned the reopening of cinemas, and its new Entertainment Authority has organized world-class music festivals and sporting events. Most significantly, the government has made it possible for women to work in a far broader range of occupations and made it legal for them to drive and travel abroad without a guardian's permission.

The two development plans included intentions to create a favourable business environment within the boundaries of Saudi Arabia that could promote trade, investment and attract foreign nationals. The narrative texts about Vision 2030 indicate that foreigners of both genders have been permitted to share hotel rooms to support tourism activities. This has been made feasible by the conservative Muslim Kingdom's

introduction of a new tourist visa program to attract tourists. Furthermore, to preserve its traditions and restrict Western influence, the Kingdom has insisted on separate working areas for men and women (van Geel, 2016). A favourable business climate has also been aided by the government's deployment of massive resources in public and private investments for infrastructure development and real estate development. Additionally, technological developments for key stakeholders have contributed to the development of a robust system and provided public services to locals and residents. The narrative texts elaborate that Saudi Arabia has massively invested in various technical infrastructure to contribute to the infrastructural development of a cashless society.

Vision 2030 has increased the number of women participating in the workforce, an area which the Ninth Development Plan had not focused on:

"Increase the contribution of women to economic and social development by raising their participation in the labour market in all sectors. Also, by removing the barriers that stand in the way of their joining the labour market. Remove obstacles that hinder people with disabilities from integrating into the labour market by providing opportunities, establishing infrastructure, and developing their professional and social skills."

(Sourced from Vision 2030,

https://msysmhspkzqgnbycne.s3.amazonaws.com/user/WV_1599544508_3241_vision_2030_National_Transformation.pdf, p. 79).

The narrative text noted that the number of women working grew by 25 percent in 2020, representing 1.15 million Saudi women and another additional 780,000 women who were seeking jobs. However, in the context of the current pandemic, it remains to be seen if these statistics can be sustained under the current economic crisis.

Many Saudis have regarded these actions as life-changing measures. Between the social changes and an apparent new nationalism within the country, the new Saudi leadership of King Salman and Crown Prince Mohammed bin Salman and their reform program appear to have created a good deal of support within the society (although peering into authoritarian societies and making sound judgments is always difficult).

This leadership will capitalize on their apparent groundswell of popular support remains to be seen.

In summary, the main changes introduced to the KSA's culture by Vision 2030 include measures that promote the Islamic heritage in the KSA, improve people's morale to help them become more successful, encourage women to participate in the workforce and cultural activities, and foster growth in the entertainment industry.

Conclusion

The study examines the qualitative data gathered from published Saudi government regulation and guidance documents supporting the Vision 2030 initiative. In addition, the data have been compared with relevant extracts from government documents supporting the preceding Ninth Development Plan. This analysis helps conceptualize the intended restructuring and transformation of the KSA's national business model enacted by the Saudi government.

In this section, the study has focused on identifying the strategies employed to enact the transformation of the country's national business model within each of the sectors, including government, corporate, financial, and households, as suggested by the prior literature on national business models (Haslam et al., 2013; Andersson et al., 2014). Additionally, regarding the distinct culture of the KSA, I analysed narratives related to regulatory initiatives that promoted the cultural change needed for the success of Vision 2030.

The government's privatization program seems to play a critical role in improving service provision, increasing government resources, and introducing structural changes to the national business model. Secondly, the diversification of the economy to evolve away from its chronic reliance on the oil sector is highlighted as a cornerstone of the new program.

Women's participation in the labour market resulting from appropriate social reforms may constitute the most important effort for cultural change. This can impact both the general business sectors and the household sector in the KSA. In addition, cultural

and other regulatory changes have also been found to be required to facilitate the evolution of the country's banking sector in the areas of both Islamic and non-Islamic banking.

According to the previous literature, the Ninth Development Plan was established following months of examination and debate in the Shoura Council to ensure sustainable development in critical areas and realize the Kingdom's Long-Term Strategy 2025 (Nurunnabi, 2017). Despite its socio-economic achievements, the Ninth National Development Plan encountered diversification problems as it sought to attain sustainability, however it could not safeguard natural resources (Alshuwaikhat & Mohammed, 2017). For example, the regulatory agencies focused on establishing international regulatory standards to enhance financial market openness and the fair involvement of all stakeholders. This was designed to protect the economy's vital sectors from the negative impacts of the 2007–08 financial crisis, which resulted in the failure of most banking institutions throughout the world (Mosab, 2015).

To address these challenges, it is essential for all stakeholders, including those in the private sector, foreign investors, and households, to participate in the government's diversification efforts, as noted in Vision 2030 (Global Business Outlook, 2020). The review of the narrative texts indicated that regulations had been implemented to strengthen the greater participation of both men and women in the labour market and improve the living standards of residents and locals. Through strengthening the existing legal structures, the Kingdom has also enhanced the current business operations, trade, and investment by enhancing market competition. Increasing the efficiency of government spending and new revenue streams, such as taxes and increases in domestic oil prices, can also contribute to fiscal sustainability in the Kingdom.

Government entities were deployed to support the realization of Saudis' Vision 2030 and its initial development plans. Some of these government entities that have been created include the new Council of Economic and Development Affairs (CEDA), which focuses on refining the overarching strategies periodically; the Strategic Management Office, which is solely tasked with the role of translating the Vision 2030 strategy into solid programs; and the National Centre for Performance Management, which was

developed to monitor the implementation of all programs and the progress of key performance indicators (KPIs). The Kingdom of Saudi Arabia also aims to reconfigure fundamental government structures by organizing various governmental operations to improve the prioritization of operations. Two critical ministries introduced include Political and Security Affairs and the Council of Economic and Development Affairs, which were designed to support policymaking mechanisms and strengthen regulatory structures. This council was charged with ensuring the achievement of all deliverables as outlined in Vision 2030.

For the Kingdom of Saudi Arabia to successfully implement each program, the Saudi government needs to devise an appropriate action plan for managing each project's resources. In addition, the Saudi government needs to question the management of every project, primarily if a loss is incurred. The government of Saudi Arabia has also developed an oversight committee responsible for evaluating the performance of key sectors, as outlined in Vision 2030. Regulatory measures have also been established to prevent the misappropriation of funds allocated to the different sectors of the economy by imposing liability and punishments according to the current laws. This is clear from that narrative text, which suggests government spending was restricted to critical areas to set the national budget on the right trajectory after the misuse of FDIs.

During the governance of Crown King Salman, the Kingdom has managed to improve its financial sector through proper reforms in the financial industry, leading to more transparency, accountability, and the realization of goals in the Ninth Development Plan and Vision 2030. Even though budget allocations were increased for the social and health sector to 76% during the Ninth Development Plan. One of the reforms implemented in the financial industry was to improve financial inclusions to 61% to include female adults in rural areas. Additionally, an active performance review of the various development plans has been instituted in the Kingdom to identify any improper practices that might affect the economic structure in the government and private sectors.

Overall, this chapter provided the narrative platform behind enacting the adaptation and restructuring of a national business model. This, therefore, laid the foundations for evaluating the progress achieved so far and the challenges the KSA faces in its

efforts to transform its national business model. This evaluation is continued in the next chapter, where the key economic data are employed to shed light on the degree of progress made since the introduction of Vision 2030.

CHAPTER 6: QUANTITATIVE ANALYSIS

Introduction

Following the previous chapter that includes the qualitative analysis based on the narrative texts from the Vision 2030 and the Ninth Development Plan (2010-2014) for KSA, which identified some progress in terms of objectives met as of 2020 as well as some gaps, this chapter seeks to examine further whether KSA is on the right path towards completing the goals and targets set for Vision 2030. Therefore, in this chapter, a quantitative analysis is deployed for that purpose.

Moreover, since this chapter aims to examine the progress that has been made in terms of the restructuring and adaptation of the national business model, the quantitative analysis part also links the findings from the data analysis with the

narrative examination conducted as part of the qualitative analysis. This chapter's outcome, therefore, is comparing the progress made in the KSA between 2014 and 2016 in terms of the national business model written under the Ninth Development Plan with the progress made under the objectives of Vision 2030, structured based on areas such as the government, corporate, financial, households' sectors of the economy and their corresponding interrelation with the country's culture. Another key outcome is that this chapter links back to the qualitative analysis and the objectives set under the Ninth Development Plan and the Vision 2030. The results obtained at the national level are then contrasted with the goals formulated as part of the narrative quotations, and a critical analysis is provided on the areas where Vision 2030 national business model plan, in terms of reforming the KSA's national business model, and the regions where vision 2030 is not yet succeeding thus the Saudi government must pay more attention.

Saudi Arabia's national business model has transformed during the period under investigation and currently represents a complex model in terms of its economic condition and degree of diversification of its product base beyond oil extraction. The data used to examine the extent of transformation and restructuring of Saudi Arabia's national business model on the sectors mentioned above is drawn from the General Authority for Statistics (GaStat) and the Saudi Arabian Monetary Authority's (SAMA's) that contain annually published statistics for the period 2008 to 2020. The data analysis begins by presenting the findings from the government sector, followed by crucial aspects emerging from the households' sector, and then the remaining sectors of the economy.

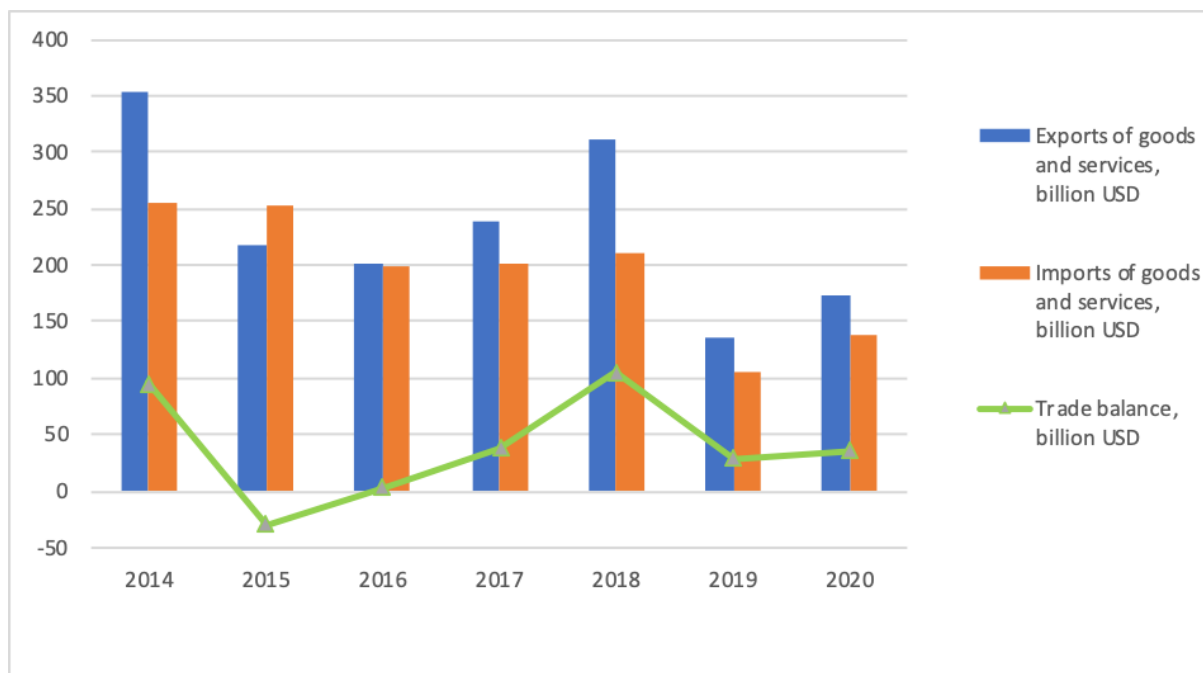
Government Sector

The Saudi government has been mandated to establish and fulfil the provision of services for the increased population. To achieve these measures, the government has relied on three key elements, namely regional investment and improving the economic situation of the country and its international relations. Each of these elements is examined in the subsequent section except for the international relations that emulate civil and public services, independence from political interference, and the government's credibility. Critical elements have been considered to understand how the business models selected for the analysis affected regional investments,

including foreign direct investments, trade openness, and imports of goods and services.

Figure 1 below presents a graphical illustration of the data related to the international trade of the KSA after the Ninth Development Plan, specifically in the three years between 2014 and 2016, and during the four years following the implementation of Vision 2030, between 2017 and 2020. This graphic illustrates the breakdown of the balance of trade between exports and imports of merchandise goods, not including oil exports or oil imports.

Figure 6.1 – Import, exports, and trade balance between 2014 and 2020 in the KSA



Source: GaStat, (2021)

The data illustrated in Figure 1 above shows a significant drop in the non-oil trade balance from approximately 95.97 billion USD in 2014 to a negative 29.3 billion in 2015 before rising again up to 2.97 billion in the following year. Comparing the trade balance situation between 2014 and 2016, a timeframe that shows the progress made by the Ninth Development Plan with the significant increase in the trade balance between 2017 and 2018 to the highest value in the last seven years, of 104.56 billion USD, we can argue that Vision 2030 has made much more progress in terms of the international trade of the KSA than the previous national business plan. This is

because oil-dependent goods and services have been excluded from this analysis, henceforth this allows the examination of the non-oil trade balance.

In conjunction with the evolution of crude oil prices, as shown in Figure 2 below, there is an inverse relationship between the KSA trade balance and the crude oil prices during the 2015-2016 timeframe, owing to the changes implemented in the Ninth Development Plan. After the implementation of Vision 2020, there is some co-movement between the crude oil prices and the non-oil trade balance, which may be an indicator of the delay in seeing the positive effects of the measures within Vision 2020 and partly due to the crisis generated by the COVID-19 crisis. However, after 2020, when the oil prices started growing rapidly, the trade balance did not follow and rose very slowly, which is an indication not only of the effects of the crisis but also of an increase in the independence of the KSA economy.

A deeper focus on specific sectors of the economy, such as tourism, reveals, however, that the effects of Vision 2030 did not wait to appear since, for the first time ever, the travel balance was in excess in 2019, and the difference in spending between international and domestic travel increased from a surplus of 54 billion SAR in 2010 to an influx of 4.8 billion SAR in 2019 (Vision 2030, 2022).

Figure 6.2 – Crude oil prices in US \$, between 2014 and 2022

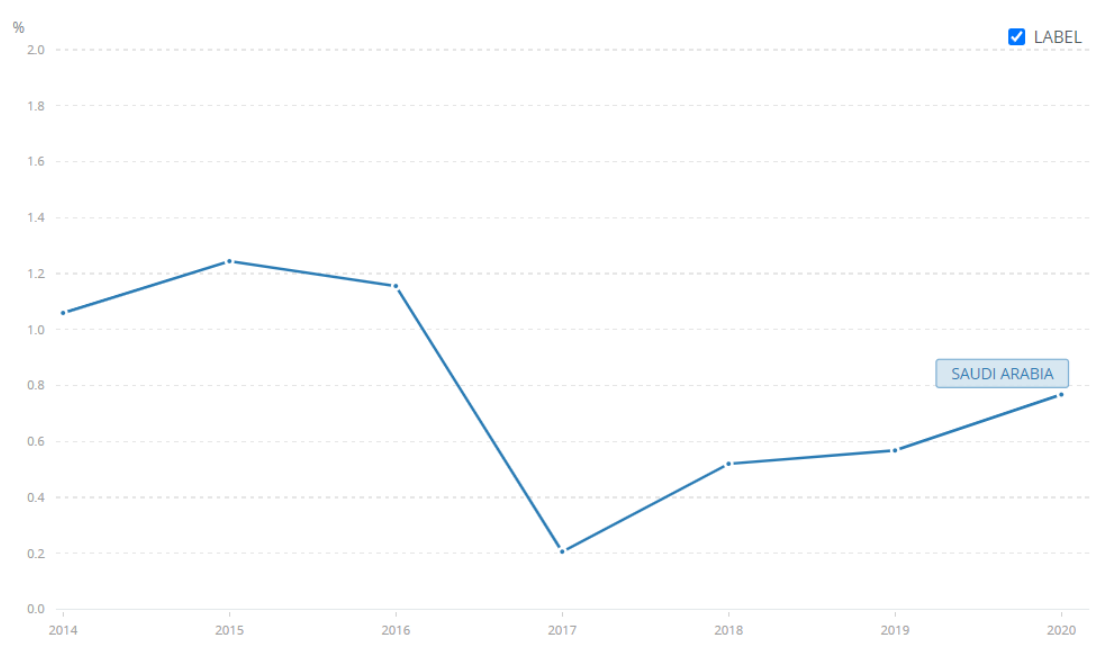


Source: Macrotrends (2022)

In other sectors, however, such as FDIs, there was a significant drop in the trade balance in 2017 and a subsequent decline in revenue due to accelerated divestments, as shown in the findings of the World Investment Report (UNCTAD, 2020). This downfall in FDIs was linked to increased political tensions, inaccessibility of credit for many small businesses, and the creation of unfavourable policies (UNCTAD, 2020). Additionally, this negatively impacted the local labour service that relied on FDIs to improve the provision of services.

Linking this to the goals set for Vision 2030, the effects of the Public Investment Fund (PIF) launched in 2017 can be seen in Figure 3 below, after 2017, when the FDI net inflow started increasing steadily. The measures within the PIF aimed to improve Saudi's economy, especially in foreign trade, investments, and consumption (Vision 2030 PIF, 2021).

Figure 6.3 – Foreign direct investments, net inflows (% of GDP) – Saudi Arabia



Source: World Bank (2022)

The value of exports and imports that provide a measure for the trade openness in the KSA was also evaluated to understand how Saudi's business models have influenced it. Based on the data collected for 2014 – 2016, following the Ninth Development Plan, both imports and exports have declined. However, starting with the implementation of the Vision 2030 national business development plan, in 2017, the value of both imports and exports of goods and services in the country started picking up. This development was only affected by the global recession caused by the COVID-19 pandemic that is reflected through the rapid decline of the KSA's trade since 2019.

Furthermore, the Saudi government should consider addressing commercial openness by removing current trade obstacles that may have a detrimental impact on commerce in the Kingdom. Another step that the Saudi government may take to increase trade openness is strengthening its engagement with the private sector. Enhanced trade ties, maximised earnings, less waste, and increased talent availability are some of the benefits gained through improved collaboration with the private sector.

Regarding the private sector, Table 1 below presents the situation of some of the national companies that have been fully or partly privatised (e.g., as PPP projects) between 2014 and 2016, on the one hand, corresponding to the Ninth Development Plan reforms and between 2017 and 2021, as part of the Vision 2030 objectives.

Table 6.1 – Privatisation in Saudi Arabia between 2014 and 2020

Year(s)	Sector/industry	Company name(s)	Value of the transaction
2014	Banking	National Commercial Bank	\$6 billion
2016	Healthcare	Several PPP investments projects	\$2.8 billion
2017	Oil	Saudi Aramco	\$2.0 trillion
2018	Water	Rabigh Independent Water Project - Phase 3	\$7 billion
2019	Logistics	Container Terminals in Jeddah Islamic Port	\$1.75 billion
2019	Water	West of Dammam Independent Sewage Treatment Plant (PPP) project	\$245 million
2020	Water	Yanbu Independent Water Project - Phase 4	\$880 million
2020	Logistics	2 nd Cargo Terminal - at King Khalid International Airport	-
2020	Water	Jeddah Airport 2 Independent Sewage Treatment Plant	\$280 million
2020	Water	Jubail 3A Independent Water Project	\$650 million
2021	Flour mills	Second Milling Company Fourth Milling Company	\$1.5 billion
2021	Water	60% in Ras Al-Khair power and a desalinisation plant	\$29.4 billion

(Sources: McKinley and Latham & Watkins LLP, 2016; The Euro-Gulf Information Centre, 2021).

The significant decline in oil prices since 2014 generated severe economic problems for the Gulf Cooperation Council (GCC) countries, emphasizing the need to diversify their economies away from oil and grow their private sectors. Consequently, the GCC nations have created comprehensive economic reform programs, at the heart of which are, in many cases, alternatives to privatize state-owned companies (SOEs) (Stevens, 2016). However, the privatisation deals closed between 2014 and 2016 were only timid efforts towards increasing the private sector in the KSA. It was not until 2019-2020

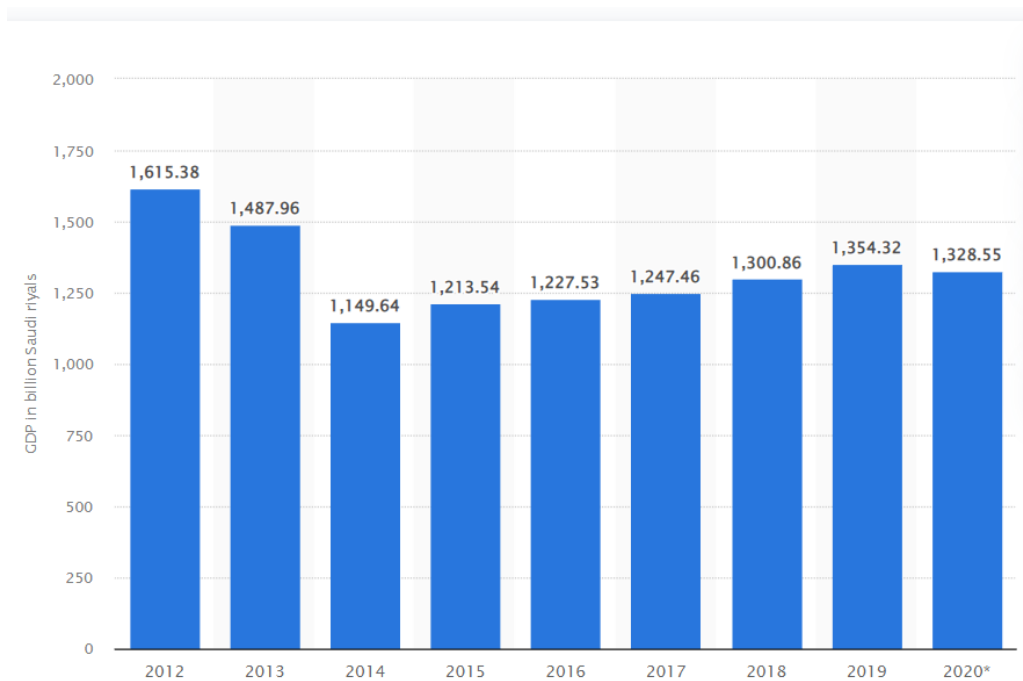
that the privatisation programmes increased both in number and value as part of the Vision 2030 national business plan.

In terms of the FDI attracted as part of the privatisation programme, just for Rabigh Independent Water Project - Phase 3, which has been implemented to increase the provision of steady, desalinated water supply for the cities of Makkah al-Mukarramah and Jeddah, involved 76% of the financing through FDIs and 26% of the funding from local banks (NCP, 2019).

Riyadh also wants to boost the growth of its sovereign wealth fund, the Public Investment Fund, which has tripled since Vision 2030 was introduced four years ago and is expected to expand by 200 per cent over the next five years, eventually reaching 10 trillion riyals (£2.5635 trillion) by 2030 (The Euro-Gulf Information Centre, 2021).

Progress has also been made in terms of state-owned enterprises as a share of the total GDP. Figure 4 below shows that, in 2020, it is estimated that Saudi Arabia's non-oil private sector produced a GDP of about 1.33 trillion Saudi riyals (Statista, 2022). Considering that the non-oil private sector in the Kingdom has been expanding continuously for five years, this represents a minor decrease of 1.9% from the previous year (Statista, 2022).

Figure 6.4 – KSA's GDP of the non-oil private sector in Saudi Arabia from 2012 to 2020

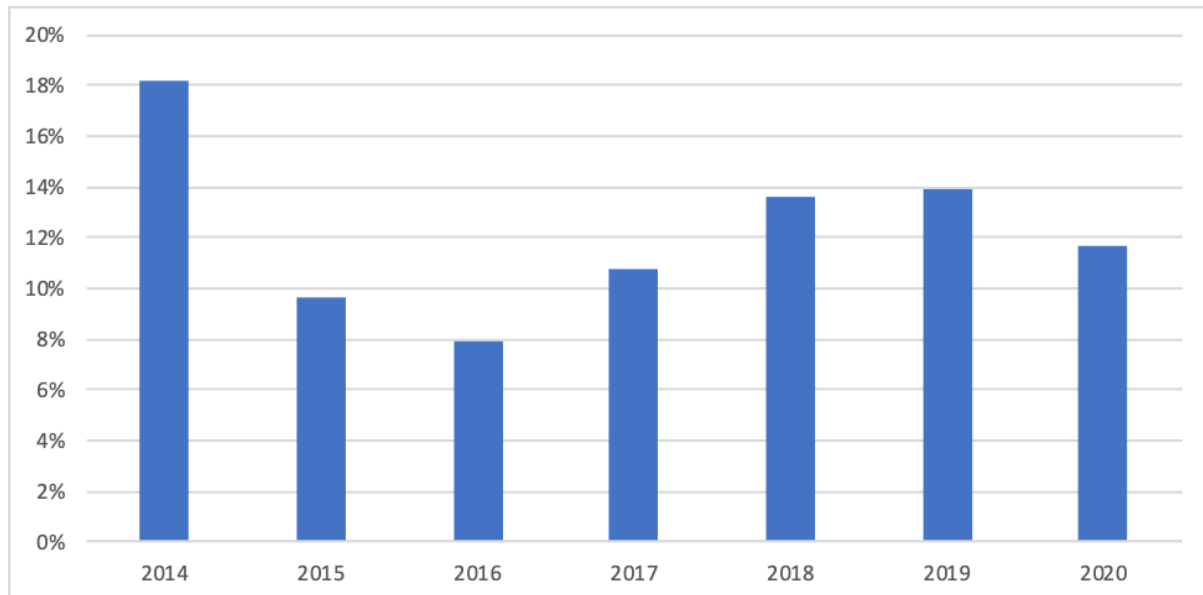


Source: Statista (2022)

Also, the share of the public sector in the economy of the KSA, measured as government revenue as a percentage of GDP, decreased from 18 per cent in 2014 to 8 per cent in 2016 (Schwab, 2016). Then, between 2017 and 2020, this proportion went from 11 per cent to 12 per cent, as shown in Figure 5 below. Nevertheless, the proportion of government revenue in the total economy includes the taxes paid by consumers and other sources of public revenue, in addition to the value of state-owned enterprises. The developments in the government revenues between 2014 and 2016 reflect both the privatisation decisions that have taken place, especially after the drop in oil price in 2015, and the reduction in taxes during this timeframe (Trading Economics, 2021a). In comparison with the years following the Ninth Development Plan, the period 2017-2020 was marked both by more intense privatisation in line with Vision 2030 and by the introduction of new taxation such as the excise tax released in 2017 and the VAT which came into effect in 2018 (Proven, 2020). The introduction of new taxes contributed, therefore, to the increase in the government revenues as a percentage of GDP until 2019, followed by a reduction below 12 per cent in 2020

through the numerous privatisations deals that took place that year, in line with Vision 2030 objectives (The Euro-Gulf Information Centre, 2021).

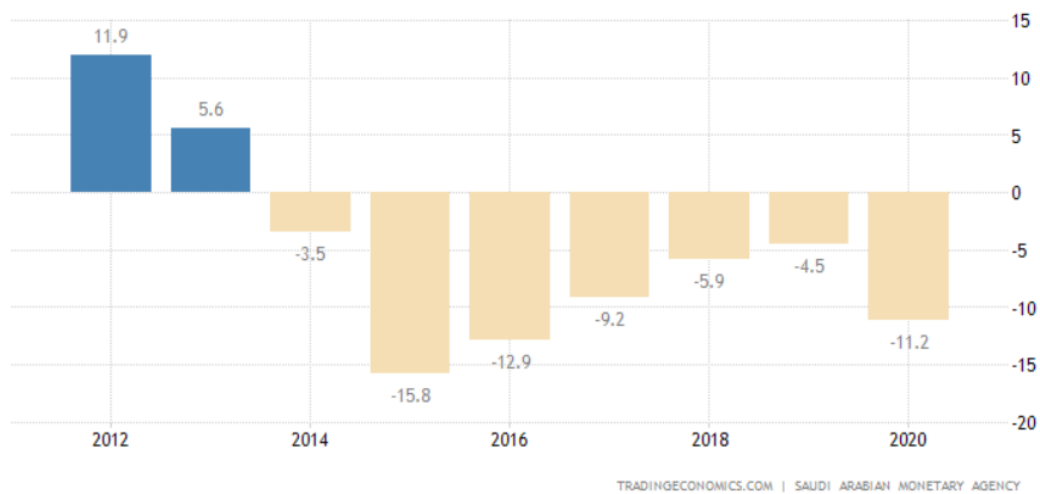
Figure 6.5 – Saudi's government revenue percentage in GDP of Saudi Arabia (2014-2020)



Source: Trading Economics (2021a)

In addition to the government revenue, this section of the analysis looks at Saudi Arabia's deficit as a percentage of GDP, as illustrated in Figure 6 below which shows that, in 2020, Saudi Arabia's government budget deficit was equal to 11.20 per cent of the GDP of the nation, a significant drop from the previous year, at 4.5 per cent in 2019 (Trading Economics, 2021b). According to the KSA government, the Ministry of Finance of the Kingdom, responsible for the budget, abides by the principles of Saudi Vision 2030 as the budgetary governance is transparent, reliable, and consistent in terms of the boundaries of its budgetary policy, however, in its public communications, the government does not address the deficit (Gov.sa, 2021).

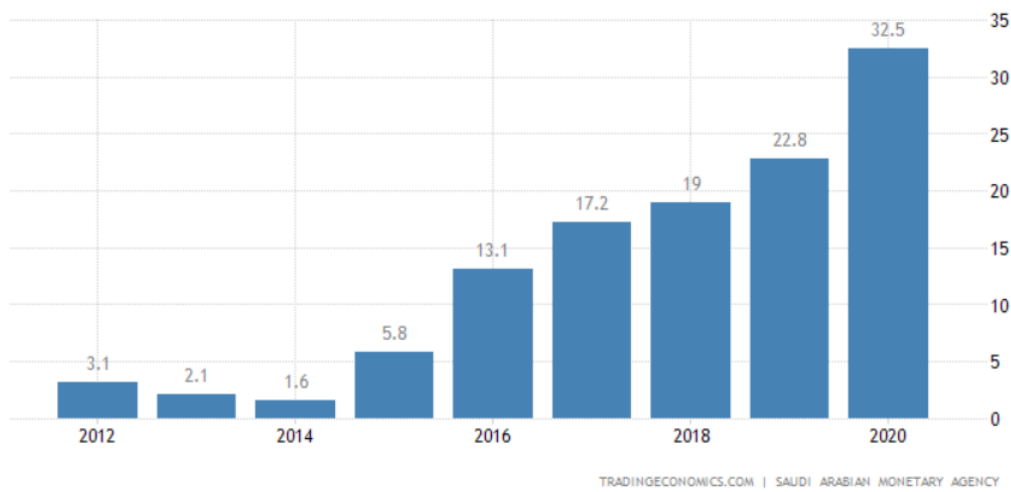
Figure 6.6 – Saudi Arabia's government budget as a percentage of GDP (2012-2020)



Source: Trading Economics (2021b)

Moreover, in 2020, Saudi Arabia had a government debt to gross domestic product ratio of 32.50 per cent, which is a significant increase, specifically of 42.5 per cent from 2019 (Trading Economics, 2021c). The government debt links to the goals of Vision 2030 since the Kingdom aims to increase the sustainability of its public finances which includes increasing the effectiveness of government expenditure on capital projects and operating costs, diversifying the government's revenue streams through the creation of non-oil revenues, providing enabling financing tools through the National Debt Management Centre to enable the Kingdom's general budget, as well as promoting effective financial planning, budget execution, digital and technological transformation, and increased transparency (Vision 2030, 2022).

Figure 6.7 – Saudi Arabia's government debt as a percentage of GDP (2012-2020)



Source: Trading Economics (2021c)

This thesis also examines the data collected to understand how the national business model of the Kingdom of Saudi Arabia has been reshaped during the period 2014-2016 corresponding to the years after the Ninth Development Plan and the period 2017-2020, corresponding to the first four years under Vision 2030. To critically determine the main factors that influenced the economic condition drawn from the business model adopted, the study examined several factors such as GDP growth, oil exports, and the progress made in key industries like tourism, SME's and construction, which are particularly relevant for Vision 2030. The findings of this analysis and its impact on the economic situation examined in the subsequent sections are based on the data collected.

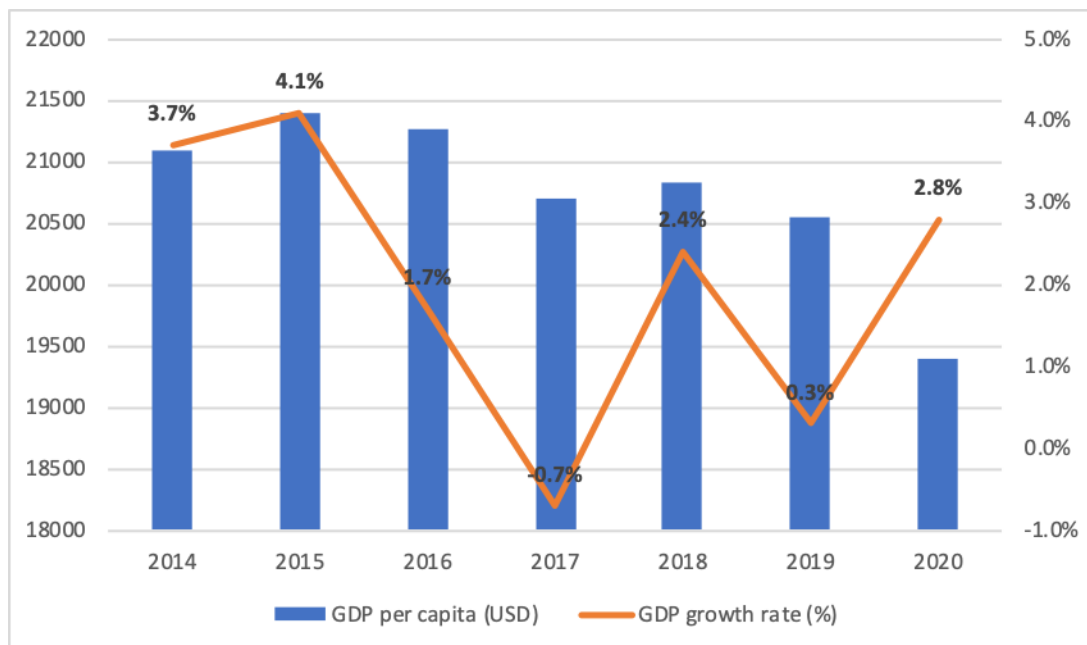
GDP per capita and GDP growth

Figure 8 presents the relationship between per capital GDP and GDP growth for Saudi Arabia during the period 2014-2016, following the Ninth Development Plan, and the period 2017-2020, corresponding to the first four years of the implementation of Vision 2030. A closer look at the data collected indicates that Saudi Arabia's GDP growth has been significantly high at approximately 14.1 per cent in 2015 before it eventually dropped considerably to 1.7 per cent in 2016, and then to -0.7 per cent in 2017, corresponding to the implementation of Vision 2030. This drop could be attributed

mainly to the decline in oil prices since the economy was still heavily dependent on oil production. Although these figures are low as compared to the other Gulf States, it was noted that Saudi Arabia's GDP per capita has remained relatively high at approximately \$21,269 at the end of 2016, and then it dropped recently to \$19,390 in 2020, following the Covid-19 pandemic and the global crisis generated, as illustrated in Figure 8.

Moreover, looking at the data in Figure 8, one could conclude that the economy of Saudi Arabia was in better shape because of the measures implemented through the Ninth Development Plan, which indeed aimed at strengthening the economy of the country (Ninth Development Plan of 2010-2014). Nevertheless, the decline in the price of oil and the economic recession caused by the Covid-19 pandemic, among other factors, generated a slowdown in the economy of Saudi Arabia. Moreover, in line with the objectives of Vision 2030, the KSA has seen a transition from an oil-based economy to a knowledge-based economy, which also means a change in the way (Amirat & Zaidi, 2020).

Figure 6.8 – GDP Growth

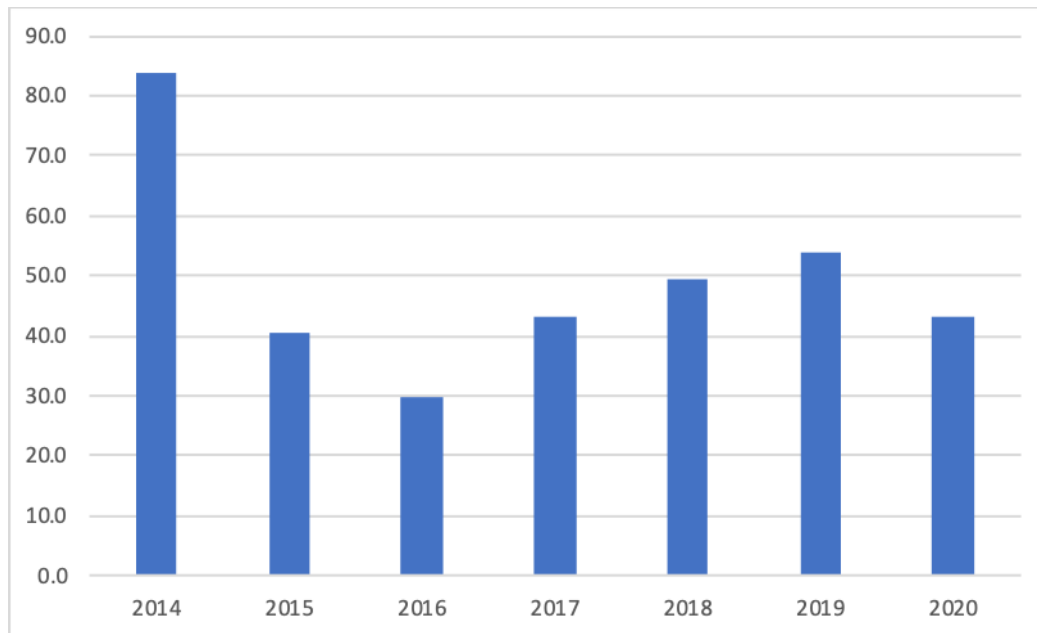


(Source: Trading Economics, 2020).

Oil exports

Following the data analysis of the non-oil trade balance in the KSA, with a breakdown of non-oil imports and exports of goods and services, while taking into consideration the influence of the oil price on other sectors of the economy, this section focuses on oil exports. Specifically, it examines how the national business model influences oil exports and the economic situation. Figure 9 presents a graphical illustration of oil exports in the KSA for 2014-2020. The data revealed that oil exports dropped from approximately \$330 to \$130 billion. This contrasts with the fact that the Saudi economy poses enormous petroleum resources as the Kingdom has witnessed a significant drop in oil exports and reserves in the region. The reduction of benefits from the oil-based investments and reduced international prices are clear indications that the government of Saudi Arabia needs to consider investing in the non-oil economy. For the period 2014-2016, which is the aftermath of the Ninth Development Plan (2010-2014), the measures are taken to diversify the economy of the KSA and to reduce the dependency on oil production and oil exports seem to have paid out given the 65 per cent reduction in oil exports between 2014 and 2016. However, starting with 2017, the value of oil exports increased again and only declined in 2020, amid the Covid-19 pandemic. Nevertheless, based on the objectives set out as part of Vision 2030, the reduction in the country's crude oil exports is still in line to limit the economic dependency on oil production, yet sustainably and sensibly, considering the strategic importance of the oil reserves of the country (Statista, 2021).

Figure 6.9 – Oil exports in the KSA for 2014-2020



(Source: Trading Economics, 2021)

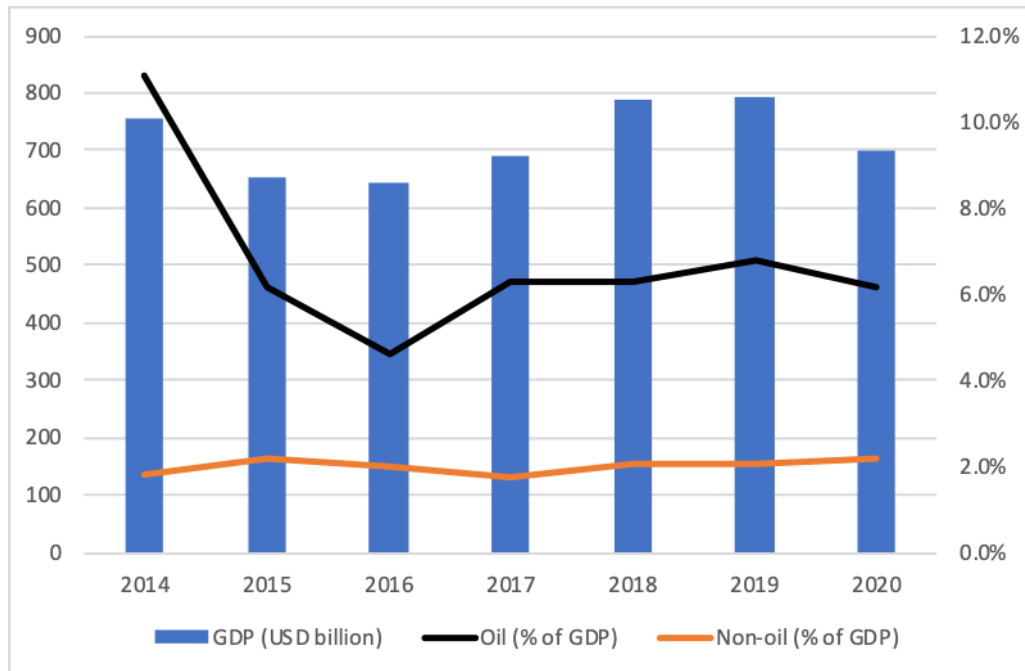
However, Vision 2030 raises the bar of the connection to increase the amount of investment seen in the area (Bowen, 2014). FDI in Saudi Arabia has shown a negative trend in the country's economy. Apart from the public and foreign investments, through the goals set in Vision 2030, the country focuses on advancing the contributions to the private sector from 40 per cent to 65 per cent, based on the GDP level (Fawcett, 2016).

Diversification of the economy

Before implementing the Ninth Development Plan, the Kingdom of Saudi Arabia was considered to possess large reserves of oils and gas. With a significant reliance on oil-based products, the Saudi Kingdom improved its financial condition through massive crude oil output (Alharbi, 2020). Figure 10 depicts a comparison between oil and non-oil goods in Saudi Arabia concerning GDP from 2014 to 2020. As part of Vision 2030, following the year 2017, the Kingdom of Saudi Arabia has been compelled to diversify into non-oil goods because of enormous output and declining worldwide oil prices. As shown in Figure 10, while the exports from the oil industry declined, the exports from the non-oil sectors appear somewhat constant at around 2 per cent and the overall GDP also increased as a positive result of economic diversification, which means that the country's economic growth is no longer

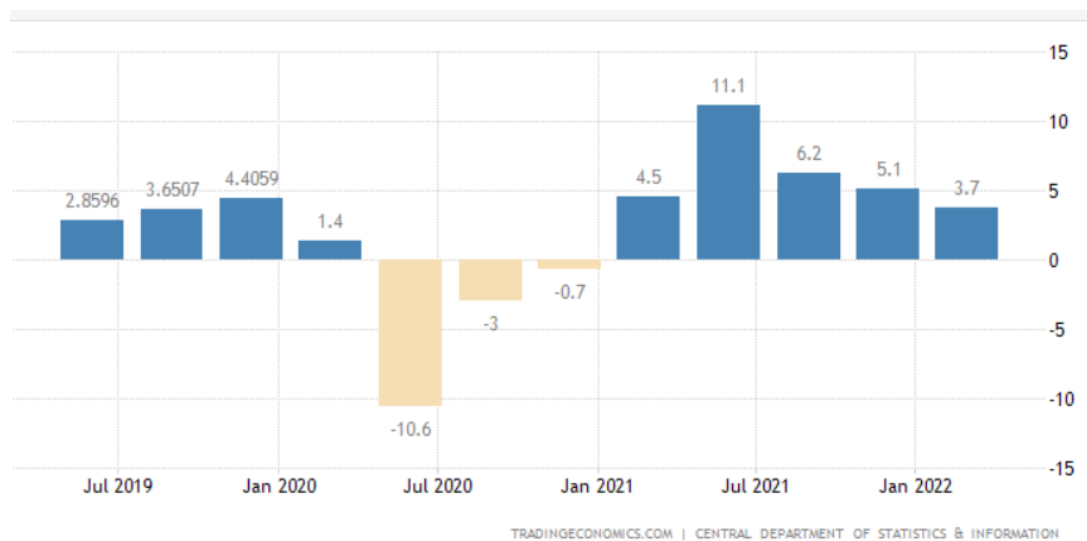
dependent on the oil industry. However, a closer look at the non-oil sector in Figure 11 for the more recent years reveals that the GDP growth for the non-oil economy had significant growth of 11.1 per cent in 2021, followed by more modest growth of 3.7 per cent in 2022 (Trading Economics, 2022).

Figure 6.10 – A comparison of the oil and non-oil industries relative to GDP in KSA from 2014 to 2021



Source: Trading Economics (2021)

Figure 6.11 – A comparison of the oil and non-oil industries relative to GDP in KSA from 2014 to 2021



Source: Trading Economics (2022).

The data also revealed that there had been a continuous reduction in oil products in KSA. On the other hand, there has been an increase in non-oil-based products, especially after 2017, following the adaptation of Vision 2030 national business development plan. These findings suggest that there have been attempts by the Saudi government to diversify the economic activities while reducing its reliance on oil-based products (Guendouz *et al.*, 2020). Nevertheless, as shown in Figure 11 above, the proportion of the oil products in the GDP of the KSA is still significantly higher than that of non-oil products, which means that measures are still needed as part of the KSA to strengthen the economic diversity. Henceforth, the following section focuses on some key industries such as tourism, SME's and the construction sector in the KSA.

Corporate sector's business model adaptation to Vision 2030

The corporate sector loans and population employed by the corporate sector can also demonstrate the extent of transforming the relevant business model. As a measure of how the corporate sector in Saudi Arabia evolved, the growth in corporate loans, as shown in Figure 11 below, reveals a profound surge in the loan growth, especially after the second half of 2016 and until the end of 2017, following the Ninth Development Plan. Then, starting with 2018, one year after Vision 2030, the lending growth

increased throughout 2019 and recently registered a peak towards the end of 2020 (Trading Economics, 2021). This development is in line with the Vision 2030 plan aimed at helping local companies grow to become leading regional companies (Vision 2030, 2021).

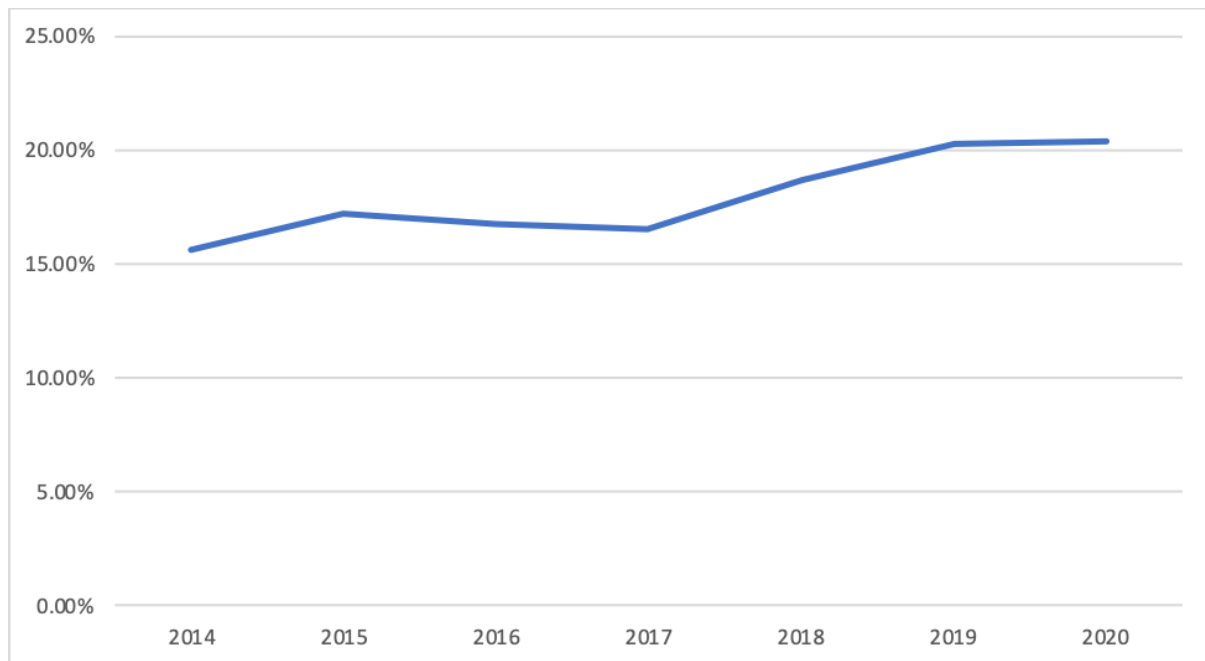
Figure 6.11 – Saudi Arabia Bank Lending Growth, monthly data 2014 - 2020



(Source: Trading Economics, 2021).

Also, the percentage of the population employed in the private sector reveals how the corporate sector in the KSA underwent a steady increase in Saudization, especially after 2017 with the implementation of Vision 2030 (Gulf News, 2021).

Figure 6.12 – Citizens employed in the private sector



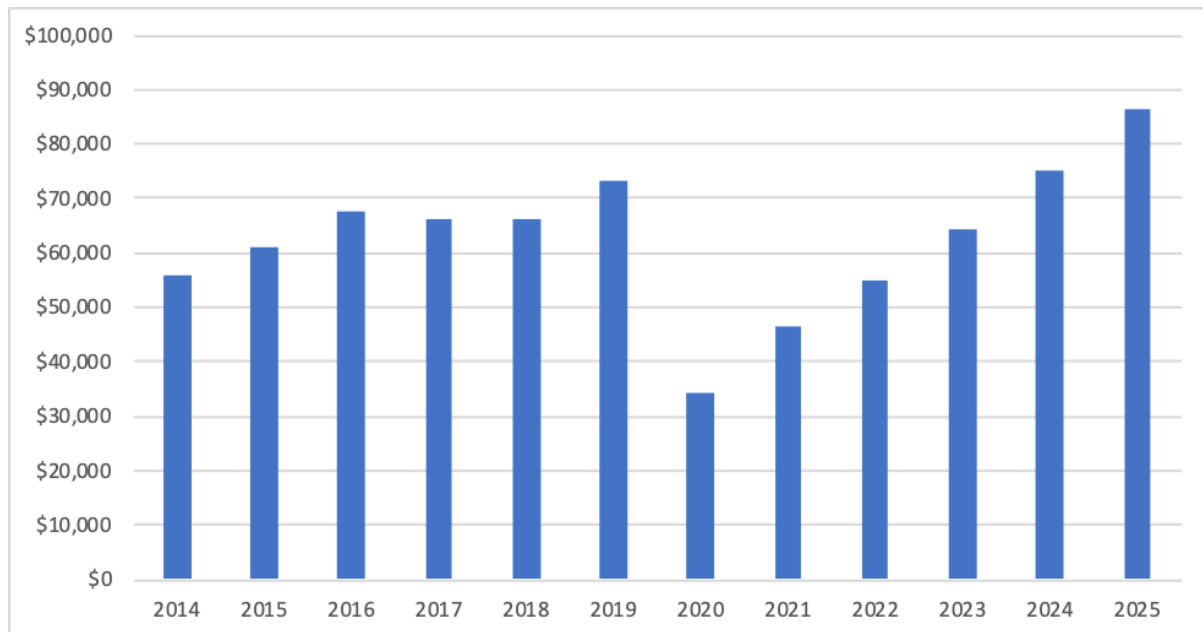
(Source: Gulf News, 2021)

These two measures of the development of the corporate sector in the KSA, although providing only a snapshot of the corporate sector situation in the country under the two development plans, do offer some insights into the fact that companies started thriving under Vision 2030, more so than under the Ninth Development Plan (Gulf News, 2021).

Vision 2030 impact on the tourism, SME's and construction

The tourism industry has evolved positively in the years after implementing the Ninth Development Plan, and it continued to develop following the implementation of Vision 2030 in 2017. However, the Covid-19 pandemic halved the contribution of tourism to the national economy in the KSA, as shown in Figure 13 below (Statista, 2021). However, the next five years forecast is that the travel, tourism, and hospitality sector will recover and even exceed the record-high level of 2019 (Statista, 2021).

Figure 6.13 – Forecasted economic contribution of tourism in Saudi Arabia from 2014 to 2025



(In million U.S. dollars) (Source: Statista, 2021).

Recently, though, despite substantial growth in the tourism industry in 2019 and the first quarter of 2020, the efforts of the Saudi government and the General Authority of Entertainment and Ministry of Tourism have come to a halt, with the pandemic slowing tourism in Saudi Arabia as it has everywhere (Euromonitor International, 2020). Moreover, religious tourism is an important component of the Saudi economy, as the sacred sites in Saudi Arabia are adored by Muslims worldwide, with the number of Hajj pilgrims increasing year after year until a drop in visitor flows in 2020 (Euromonitor International, 2020).

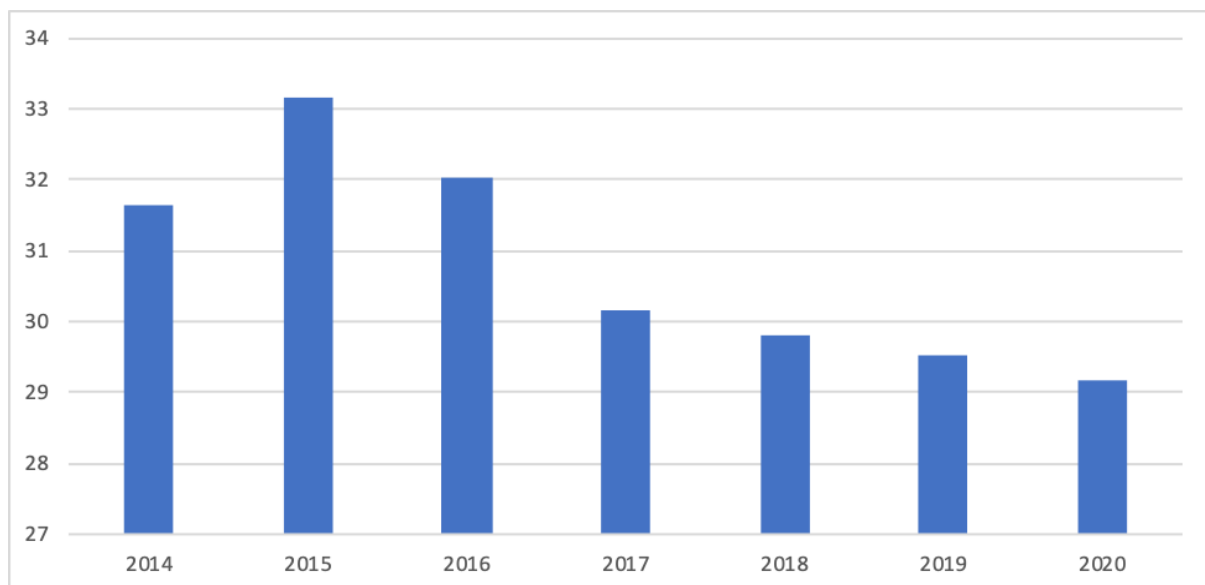
Regarding the growth of the entrepreneurship rate in the Kingdom, the transformation of the SME sector into an engine of economic growth is a fundamental component of Saudi Arabia's ambitious Vision 2030. The government has shown a strong interest in small and medium-sized businesses, facilitating their growth and encouraging entrepreneurship through improved laws and financial assistance. As a result, SME's contribution to GDP in Saudi Arabia was 20 per cent in 2016, the year before the implementation of Vision 2030, while this share reached 28.7 per cent in 2018 (Statista, 2021). This evolution is significant, although there is still more work to do for

SMEs in Saudi Arabia to continue to thrive and for the country to hit the target of 35 per cent SMEs' contribution to GDP by 2030.

Under Vision 2030, Monsha'at and the Local Content and Private Sector Development Unit (Namaa), which was recently turned into authority by a royal decree, unveiled four key measures to promote SMEs in the Kingdom as part of the Vision's objective to facilitate SMEs growth via reforms (Jadwa Investment, 2019). These efforts attempt to regulate and grow the private sector in general while also enhancing the contribution of SMEs to the local economy (Jadwa Investment, 2019).

Lastly, the construction industry has seen massive growth in the years following the Ninth Development Plan, which focused on providing housing and the provision of other buildings for residents. However, starting with 2017, the building construction sector's revenue dropped significantly, reaching a seven-year history low of \$29.16 billion in 2020, as shown in Figure 14 below (Statista, 2020).

Figure 6.14 – Industry revenue of buildings construction in Saudi Arabia from 2014 to 2020



(Source: Statista, 2020).

This evolution could potentially hinder the completion of Vision 2030 objectives, considering that the construction and the infrastructure industry are key pillars for Vision 2030. Nevertheless, Saudi Arabia, which has one of the largest construction industries in the GCC region, depends on the international infrastructure and

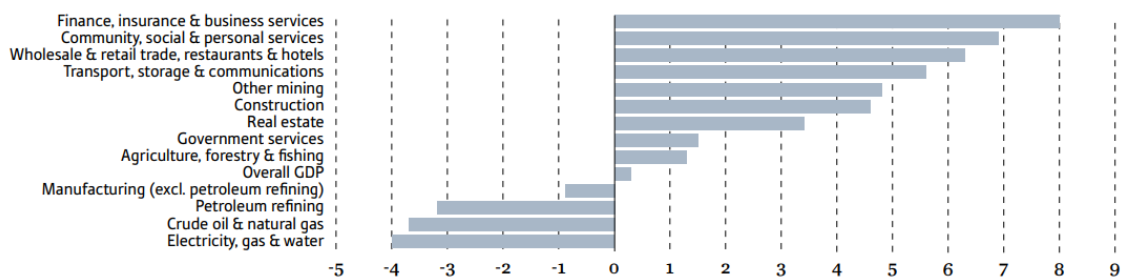
government support for the realisation of the Vision 2030 objectives (Saudi-Build, 2020).

In line with Vision 2030, the demand for infrastructure and building growth will continue to rise as both the public and commercial sectors place more emphasis on these issues. The convenience of travelling to the Kingdom will continue to support growth in the hospitality industry as the Kingdom gradually opens up the tourism and hospitality market (Consultancy-me.com, 2020).

Also, as Saudi Arabia's idea of a national business model is changing towards more sustainable economic and financial reforms and, consequently, a new structure of the economy, the construction and infrastructure industry is gaining importance as part of the National Business Plan.

Figure 15 below shows the growth rate of construction in 2019 in the KSA together with the other rapidly growing economic activities such as finance, insurance and business services, community, social and personal services, wholesale, retail trade, restaurants and hotels as well as transport, storage and communications (Oxford Business Group, 2020a).

Figure 6.15 – Annual growth rate by main economic activity, 2019 (%)



Source: GaStat, cited in Oxford Business Group (2020a)

To conclude, while significant progress has been noticed in the government sector following the adaptation of Vision 2030 national development plan in 2017, especially in international trade, privatisation, economic diversification, and oil dependency and tourism reduction. However, policymakers in the country must focus on the support provided to SMEs, the construction industry, and the overall private sector that requires a thriving environment to help reach the objectives of Vision 2030.

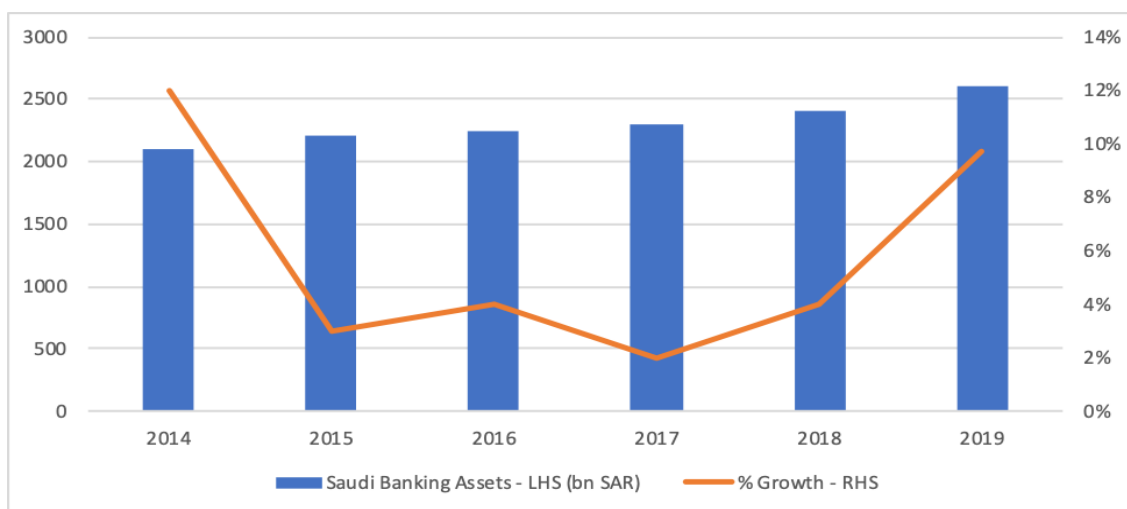
Financial Sector

Banking sector

Saudi Arabia is home to more than 27% of the GCC's total banking assets and has the region's second-largest banking industry in terms of assets and market capitalization. Following a year of promising profit growth, the industry began 2020 prepared to capitalize on the possibilities offered by the Kingdom's ambitious development agenda (Oxford Business Group, 2020b). Vision 2030 lays forth a plan for the growth of financial services in the country and a slew of financing possibilities in critical areas such as infrastructure, health, education, and entertainment. However, falling oil prices and the consequences of the global Covid-19 epidemic in early 2020 would make the domestic banking industry face a challenging year (Oxford Business Group, 2020b). Nevertheless, market players have so applauded the government's announcement of several steps to minimize the effect of the crisis (Oxford Business Group, 2020b).

A general outlook of the banking sector indicates that the banking sector in the KSA had a significant decline between 2014 and 2016, as illustrated in Figure 16. This was observed in the three years after the Ninth Development Plan. However, following the implementation of Vision 2030, the banking sector balance sheet grew back to almost reach the 2014 level (Argaam, 2020).

Figure 6.16 – A general overview of the banking sector balance sheet growth



(Source: Argaam, 2020).

The privatisation of banks in Saudi Arabia had a positive headwind starting with 2014 when the National Commercial Bank was privatised, as shown in a previous section of this chapter. After that, however, the privatisation deals moved to other sectors, leaving most large commercial banks in the state's ownership still today (Z & Co., 2021). Currently, the Saudi British Bank ("SABB") (29% owned by HSBC), Banque Saudi Fransi (16% owned by Credit Agricole Group), and the National Commercial Bank ("NCB") are among the 12 Saudi-incorporated banks (Z & Co., 2021). It shows that the Saudi financial sector gained significant growth and substantial increase in assets because of vision 2030, one of the essential parts of this research study.

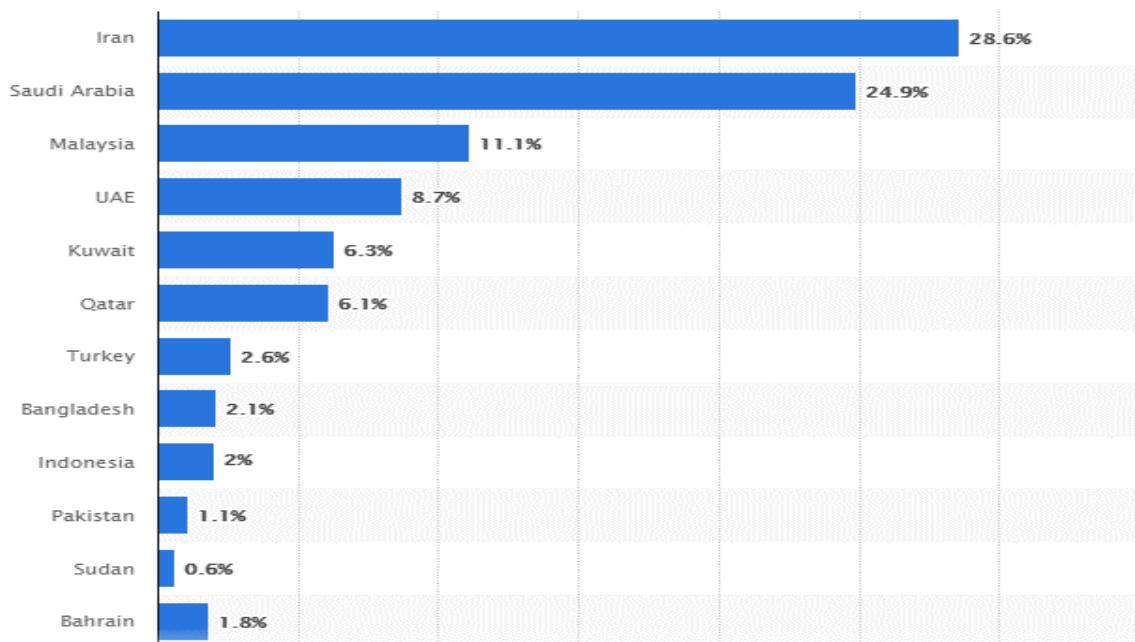
Islamic versus conventional banking

As an integral part of Saudi Arabia's culture, Islamic banking can assist improve financial inclusion by providing financial services to all facets of society. Being situated at the crossroads between the cultural dimension discussed above and the banking sector in Saudi Arabia, it is, therefore, valuable to discuss how Islamic banking contributes to the realization of Vision 2030 and, in turn, to the National Business Plan of Saudi Arabia.

Islamic financing can be used as an alternate source of funding for infrastructure as well as a way to help investors diversify their sources of funding and risk exposure. Additionally, Islamic finance, also known as Shari'ah compliant financing (SCF), is one of the areas of the global financial system that is expanding the fastest, with an estimated 17% compound annual growth rate since 2009 (Asian Development Bank, 2022).

Despite the movement in the Saudi financial sector toward full-fledged Islamic banks, only four of the 12 local regulated banks are deemed true Islamic banks: Saudi Arabia's Al-Rajhi Bank. Al Jazeera Bank is a financial institution based in Qatar. Bank Al-Bilad. Nevertheless, in 2019, as shown in Figure 16 below, Saudi Arabia had the most significant Islamic banking assets after Iran (Statista, 2020). This strengthens the country's goal, as part of Vision 2030, to promote Islamic banking and develop the Islamic identity in the Kingdom (ICRIC, 2021).

Figure 6.16 – Distribution of global Islamic banking assets in 2019



(Source: Statista, 2020).

Development of the stock exchange

The only organization permitted to serve as the Securities Exchange in the KSA is the Saudi Stock Exchange Tadawul. The Saudi Exchange was founded in March 2021 as a wholly owned subsidiary of Saudi Tadawul Group after the Saudi Stock Exchange (Tadawul) was transformed into a holding company, Saudi Tadawul Group (Saudi Exchange, 2022).

The Tadawul All Share Index (TASI) had a record high growth in the second half of 2014, followed by a sudden drop in 2016, following the Ninth Development Plan, as shown in Figure 17 below (Trading Economics, 2021). However, during the 2017-2020 period, after the adaptation of Vision 2030, the stock market had a slower growth, marked by a decline in 2020 due to the Covid-19 pandemic and followed by a recovery that almost matched the peak in 2014 (Trading Economics, 2021). This development shows that under Vision 2030, the efforts of the Financial Sector Development Programme to remove the obstacles that had previously limited the growth of finance companies paid off, albeit later than expected.

Figure 6.17 – Saudi Arabia Stock Market (TASI) between 2014 and 2021



(Source: Trading Economics, 2021).

As the TASI encompasses the stock performance of companies from various sectors including energy, materials, capital goods, commercial and professional services, transportation, consumer durables and apparel, consumer services, media and entertainment as well as financial firms such as banks, diversified financials, insurance, etc., it is indicative of how the private sector in Saudi Arabia is performing towards the goals established in Vision 2030.

Furthermore, there is a close link between the stock exchange in Saudi Arabia and the National Business Plan since the TASI also reflects the investment environment in the Kingdom, which is governed by liberal, open market practices. Since the National Business Plan has at its forefront the promotion of a national investment strategy that encourages both national and international investments, monitoring the performance of the TASI as part of KSA's national strategy is key because it gives a solid indication of the expected return on investments.

The XBRL format, introduced worldwide in 2015, has also been adopted by the Saudi Stock Exchange (Tadawul) (XBRL.org, 2017). Entities must annually submit both the XBRL file and the PDF file to the MCI, starting in 2015. The goal of the XBRL file submission format is to make it simpler to analyse and compare submitted data (pwc,

2020). For those in charge of creating the financial statements, it calls for adjusting reporting procedures, employee training, and the adoption of the required technical solutions. According to Sassi et al. (2020), who conducted an empirical study on 18 nations between 2000 and 2019, the introduction of XBRL can impede the growth of the stock market.

Moreover, Saudi Arabia updated its corporate governance rules in 2017 to encourage responsibility, openness, and good management of investors' money. Ali (2019) suggested that the Saudi Regulations on Corporate Governance (SRCG) 2017 required the CMA to establish new corporate governance regulations in order to protect shareholders and other stakeholders after the Saudi stock market experienced a significant meltdown in February 2006. One of the goals is to entice foreign investment into Saudi Arabia and to complement the CMA's own regulations with those of the 2016 Companies Law, which was just recently reviewed. The CMA works to bring its regulations in line with those of other well-known universal exchanges by enhancing the regulatory oversight of listed businesses (Ali, 2019).

In summary, from the quantitative examination of the data related to the financial sector using a critical analysis approach, several emerging aspects were noted that could positively impact the economy. These include that the banks' balance sheet grew fast after implementing the Vision 2030 national development plan, Islamic banking developed, and the stock market recovered after the implementation of Vision 2030. However, the country is still implementing Vision 2030 to help its stock market advance and provide an environment where finance companies can grow.

Foreign Direct Investment (FDI) contribution to the National Business Model

As an important focus of the discussion around the national strategy of the KSA is on foreign investments, this section will discuss the evolution and growing role of FDIs for the Kingdom, considering greenfield investments, minority stakes and a dedicated FDI authority in Saudi Arabia to help meet the goals in the National Business Plan.

Greenfield FDIs refer to a class of FDI where a company establishes operations in a new foreign country (CFI, 2020). In Saudi Arabia, greenfield investments have been estimated at 0.2 per cent of GDP between 2009 and 2012 (Caccia et al., 2018). In

recent years, however, Saudi Arabia has grown in importance as an investor in target economies; in the past five years, about a third of greenfield FDIs from MENA countries came from companies based in the Kingdom. This comes after the Kingdom made an effort to diversify its economy away from oil and gas, notably by making investments in its sovereign wealth fund (OECD, 2021).

With minority stakes, on the other hand, investors receive funds in exchange for non-controlling ownership, meaning less than 50 per cent in a company (BGF, 2021). Minority funding's main goal is to accelerate a company's expansion since the investor often contributes money and other resources to assist the current management team in carrying out its expansion strategies (BGF, 2021). For instance, the Saudi Egyptian Investment Co. (SEIC), recently launched by Saudi Arabia's Public Investment Fund (PIF), has acquired minority stakes in four listed Egyptian companies for around \$1.3 billion (Darasha, 2022).

Using FDIs as a measure of how investors assess the performance of KSA's national strategy is an efficient tool since Vision 2030 itself was launched to diversify the economy of the country by attracting FDIs in several industries including healthcare, housing, banking, energy and tourism as seen in this analysis (Whiteaker, 2020).

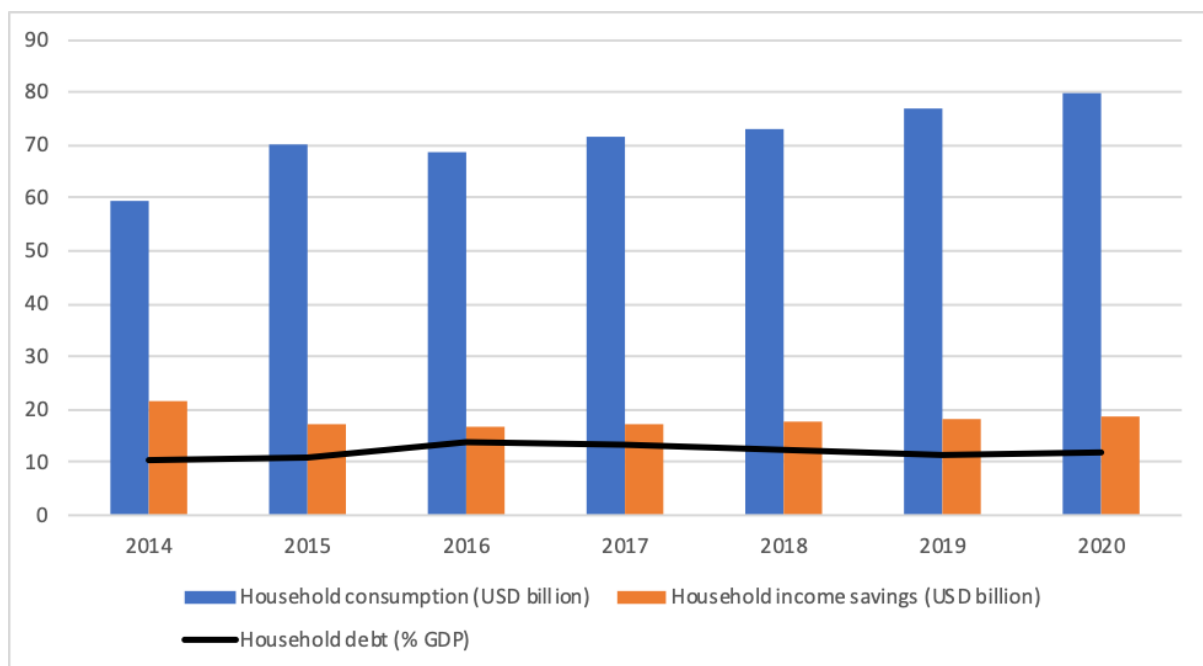
Moreover, by creating a special agency in 2022 to try and improve its dismal track record of luring inbound investment, the Saudi Arabian government is making yet another attempt to entice more foreign investors (Dudley, 2022). The Saudi Investment Promotion Authority would provide an integrated approach amongst government departments to stimulate more investment and foster partnerships between local and foreign businesses, in keeping with the objectives set forth in Vision 2030, as announced by the cabinet on August 2nd, 2022 (Dudley, 2022).

Households and their role in the economy of the KSA

The household sector is considered one of the critical sectors that have benefited from the adaptation of Vision 2030 by Saudi Arabia (Haslam *et al.*, 2013). The current analysis is focused on household consumption and household income savings concerning the GDP. In this case, household consumption as a percentage of the GDP was selected due to its ability to consider a wide range of factors such as general government consumption, government purchases, and net exports. In contrast, the

household debt about the GDP is expected to indicate the capacity of the KSA government to serve its loans. As noticed in Figure 18 below, in the years following the Ninth Development Plan, namely 2014-2016, household consumption and income savings have been slowly rising while household debt as a percentage of GDP increased. However, after the implementation of Vision 2030 in 2017, household consumption started growing relatively faster while the proportion of household debt as a percentage of GDP dropped (Trading Economics, 2021). Despite the existing differences in the business models that KSA adopted in different periods. These findings are in line with increased oil prices, reduced oil exports, and foreign reserves, which have forced the government of Saudi Arabia to borrow from the international markets.

Figure 6.18 – Household consumption and income savings as a percentage of GDP for 2014 – 2020



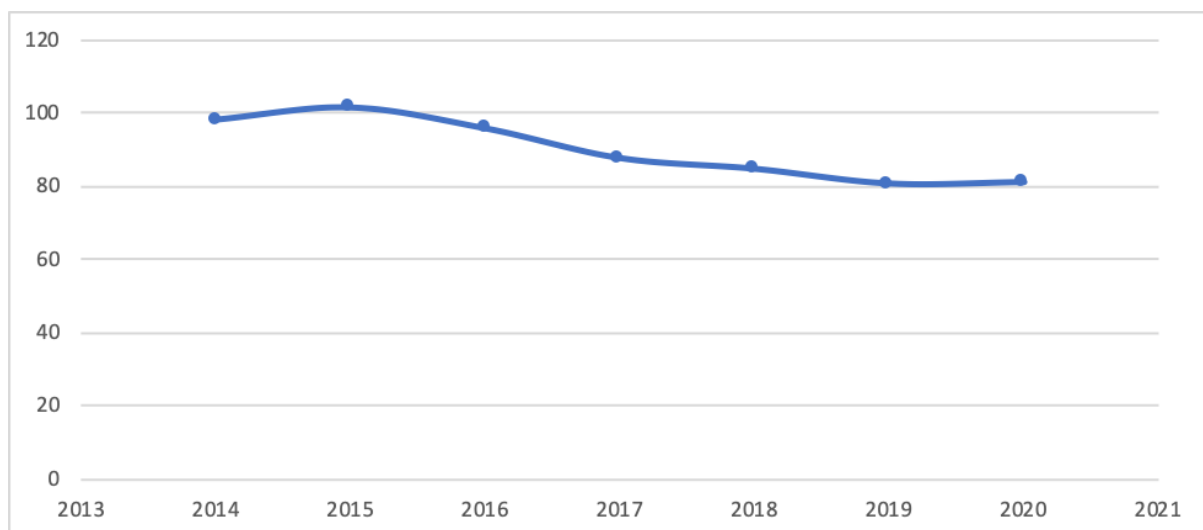
(Source: Trading Economics, 2021).

With an increase in Saudi population size from 27.42 million in 2010 to 34.8 million in 2020, it is expected that there will be a high demand for house ownership. Additionally, there is an increased need for the government to increase its housing spending to meet the growing demand for house units, allow more individuals to own and rent a household unit. Figure 19 below is a graphical representation of housing ownership for 2014 – 2020. However, Vision 2030 anticipates that housing ownership will

increase to 53 percent by 2020, accounting for a 10 percent growth in GDP. This could be attributed partly to more concentration non-oil-based activities to improve the economic situation.

Additionally, the data revealed that house ownership and rentals in KSA were distributed in 70 and 30 per cent, respectively. Figure 19 below illustrates the evolution of the housing index in Saudi Arabia for the 2014-2020 timeframe. Saudi Arabia's Real Estate Price Index analyses changes in real estate prices in three major sectors: residential (65%), commercial (31%), and agricultural (5%) (Trading Economics, 2021).

Figure 6.19 – Housing index in Saudi Arabia, 2014-2020



(Source: Trading Economics, 2021).

Despite the growth in the household sector, the qualitative analysis pointed to the contrary. Vision 2030 points to the current poverty level that needs to be addressed urgently. On the other hand, the Ninth Development Plan provided several challenges which impacted the household's contribution to the economy of the KSA, namely low household income savings, increased household debt, inadequate supply of housing units, low level of house ownership, lack of affordability of owned or rental housing units, lack of financing for housing or residential land, and proliferation of slum neighbourhoods. From this context, it can be noted that there is a need for different stakeholders to join efforts in developing low-cost access housing plans that can meet the demands of the growing economy, especially the underprivileged groups.

Cultural interventions

To develop a clear understanding of how the Vision 2030 national business model has impacted the cultural sector in Saudi Arabia, it is essential for this study to quantitatively examine different forms of cultures that have been embraced, namely the participation of women in employment and the development of the entertainment sector. Also, it is essential to examine the extent to which the relaxing of segregation rules had positive effects in Saudi Arabia, such as the increase in female-led entrepreneurship and lifting the driving ban, and the wearing of the abaya by tourist women.

Women participation in the economy

For quite a long time, the Saudi culture has restricted the participation of women in the labour force, limiting their contribution to the economy. This has been attributed to the conservative approach taken by the government regarding religion, women's participation in the labour force, and public forms of entertainment.

Since the role of women is so intricately linked with both culture and the national economy through the participation of women in the labour force, the Saudi government recognised their potential in helping to enhance the National Business Model. The Ninth Development Plan (2010-2014) attempted to increase the number of women participating in employment with little success. Also, the Saudi government has adopted numerous reforms as part of Vision 2030, leading to the highest proportion of women joining the labour force, at almost 30 per cent in 2020 (Brookings, 2021).

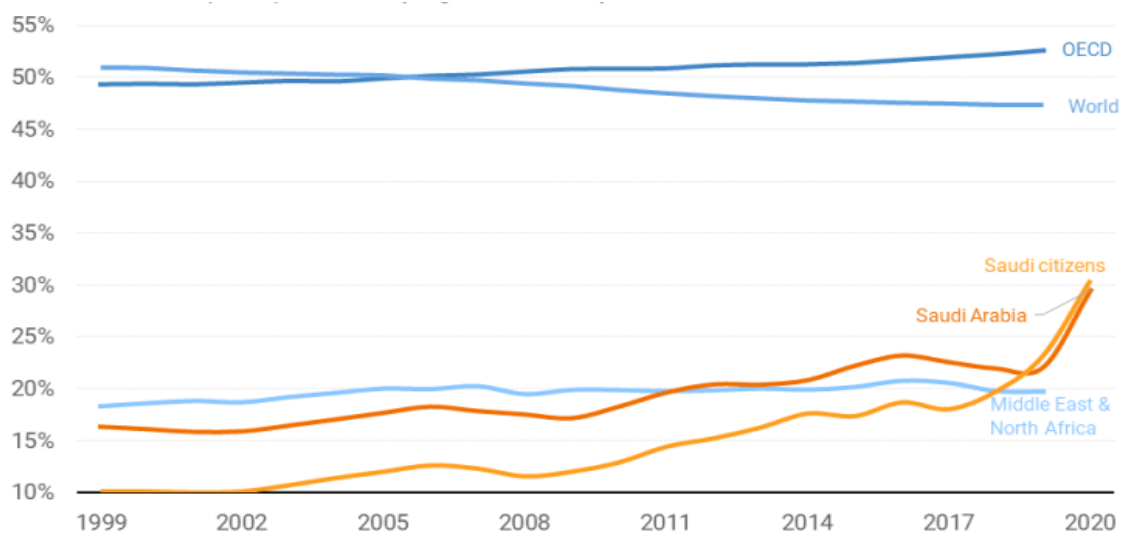
Nevertheless, as Alhareth et al. (2015) have stated, the unique blend of religion and culture in Saudi society presents challenges for the government when it comes to women's education. Women have a difficult position in Saudi society and face many obstacles to obtaining an education because they are constantly subject to male power (Alhareth et al., 2015).

On the other extreme, the role of female labour force participation has been recognized as crucial for the advancement of Vision 2030 by researchers such as Naseem and Dhruva (2017). They showed that the rate of female labour force participation is statistically significantly influenced by the unemployment rate, fertility rate, and urban population (Naseem & Dhruva, 2017). Thus, despite the difficulties

faced by Saudi Arabia's female labour force, Vision 2030 opens a new route for empowering women to contribute to the Kingdom's economic progress.

This study examines the distribution of women entering the labour force expressed as a percentage of GDP and how it contributed to the improved economic situation in Saudi Arabia. Data collected from the World Bank database was used to explore how increased participation of women in the labour force has improved the economic condition. Figure 20 is a representation of the women joining the labour force and, for this part of the analysis, it is worth going back to 1999 to show how low the female labour force participation has been historically for Saudi Arabia, how it increased significantly during the years of the Ninth Development Plan and the three years that followed, 2014-2016, and how it exploded after the implementation of Vision 2030 (Brookings, 2021). Even during the Covid-19 pandemic or even fuelled by it since women could work from home and establish more flexible schedules, the female labour force participation in Saudi Arabia reached a record in 2020 (Brookings, 2021).

Figure 6.20 – Women participation in the KSA labour market, 2014-2020



(Source: Brookings, 2021).

The examination of the data regarding women's participation in the Saudi economy indicated that there had been a steady increase from approximately 17 per cent in 2009 to 23.2 per cent in 2016 before it dropped slightly to 21.95 per cent in 2018. Furthermore, Vision 2030 has set a target to improve the participation of women in the labour market compared to the initial development plan the realization of various goals.

From the results obtained from the NTP programme, it was observed that Vision 2030 had exceeded the expectations concerning improving the participation of women in its business model. By the end of the fourth quarter of 2019, for instance, it was noted that KSA had achieved 27.30 per cent of women's participation compared to the set target of 24 per cent for the year 2020. Critical factors that could have contributed to more improved women participation mainly revolve around introducing numerous reforms such as loosened restrictions regarding women's dress, permitting women to drive cars, creating women-only public spaces, and developing historical pre-Islamic sites and luxury beach developments. Restrictions on foreign women to strictly "abaya" and produce their marriage certificates have also been lifted in Saudi hotels (Abdul Aziz, 2019).

Figure 21 below shows the results of a study carried out in 43 countries and reveals that female entrepreneurs are more common in Saudi Arabia than even in the United States and that this entrepreneurialism is innovation-driven, unlike the one in Angola, where more than 50 per cent of adult women are engaged in an entrepreneurial activity, but this is out of the need to supplement the household income or even provide the primary source of income (Statista, 2021).

Figure 6.21 – Countries where female entrepreneurs are most and least common



(Source: Statista, 2021).

Vision 2030 has also focused on strengthening national and Islamic values while at the same time supporting income-generating activities. This has been achieved by lifting labour and social precincts that affected women's participation in society. Additionally, the programme has created a conducive environment to attract tourists and develop new industries. For example, the KSA business model has allowed foreigners of different genders to share hotel rooms without necessarily providing any evidence of relation based on a new tourist visa scheme (Alhejji et al., 2018). However, caution has been taken to prevent the polarisation of the national and Islamic values through gender segregation and the creation of women-only public spaces that allow women to undertake specific activities reinforcing separate structures.

Conclusion

To summarise, the study aimed at examining the effects of two business models adopted by the government of Saudi Arabia, namely the Ninth Development Plan and Vision 2030, and the impacts on the economy from the measures taken as part of these plans.

To optimise the outcome, the study relied on secondary data gathered from General Authority for Statistics (GaStat), Trading Economics, and Statista, 2014 – 2020. In addition, a critical data analysis was used to provide a degree of the relationship between the different elements that have been examined. Essential factors discussed include trade openness, imports of goods and services, the privatisation of state-owned firms, GDP per capita and GDP growth, oil exports, and the diversification of the economy through tourism, SME's and the construction industry for the government sector.

The growth in corporate loans and the percentage of citizens working in the private sector have been examined for the corporate sector. Banking assets, the distribution of Islamic banking assets, and the development of Saudi Arabia's stock market have been analysed for the financial industry. Household consumption and income savings and the housing index were assessed to gauge the participation of the household sector in Saudi Arabia. Lastly, for the cultural interventions, women's participation in the labour market and female entrepreneurship has been examined.

Several aspects seemed to emerge from the analysis of the data. First, it was noted that diversification of the economy contributes to the development of non-oil products and enhances the economic situation, in line with Vision 2030 objectives. The privatisation of an increasing percentage of state-owned enterprises emerged as a practical approach that the government could adopt of Saudi Arabia to improve the economic situation, enhance the current skill levels, and enhance a high level of service provision.

Second, it was noted that Islamic banking played a critical role in regulating the banking sector by taking up loans, protecting its investment from losses, and increasing savings. Lastly, it was noted that an increased number of women participating in the labour market was a positive outcome on the economy. This is largely attributed to the introduction of new reforms to improve the economic situation. To reach the goals of Vision 2030 and to further improve the economic situation of Saudi Arabia, the government needs to enhance the successful implementation of Vision 2030 and the realisation of the goals.

The gaps that have been identified as part of the quantitative analysis and linking it with the narratives in the qualitative analysis, point towards the need to address economic openness by abolishing present trade barriers that may have a negative influence on the Kingdom's national business model. Another measure the Saudi government should take to improve trade openness, in line with the Vision 2030 plan, is to enhance its interaction with the private sector while continuing to explore new industries and sectors that can contribute to the economic diversification of the KSA.

CHAPTER 7: CONCLUSION

Theoretical framework and contribution to the extant literature

This research study adds to the body of literature by advancing the application of accounting theory to business models' adaptation and restructuring (Serwalder et al., 2005; Magretta, 2002; Teece, 2010; Haslam et al., 2013; Andersson et al., 2014; Valentin et al., 2012) by examining its potential application within the context of the KSA's national business model (Lei, 2007; Birkin et al., 2009; Temiz and Gokmen, 2014).

Also, the thesis brings clarity to the notion of a business model, which is defined as a conceptual tool that consists of a number of parts and their relationships that allows the business logic of a certain firm to be expressed (Osterwalder, 2005). A company's fundamental underlying logic and strategic choices for enhancing and capturing value within a value network are also shown in a business model. Moreover, as the concept of the national business model is central to this thesis, the paper adopts the accounting interpretation of the notion as the procedures and methods of national economic growth and evolution. The thesis also uses the understanding of the national business model based on creating liquidity and preparing for ongoing solvency (Haslam et al., 2013).

Study on national business models is undertaken in established economies, as the introduction chapter describes; however, there is little research on the application and conversion of national business models in developing economies, therefore its application in those economies is unclear (Lei, 2007; Birkin et al., 2009). Therefore, this study is conducted in Saudi Arabia. Saudi Arabia was also selected for the research study since it is intriguing to comprehend how the Saudi economy changed from being an oil-based economy to a diversified economy.

Following this paradigm, the KSA introduced Saudi Vision 2030, a series of economic and financial reforms that seek to transform the Saudi economy's structure into a diversified and sustainable economy. These reforms are aimed at increasing productivity, enhancing the private sector's contribution, and empowering the third sector in order to grow and diversify the economy and lessen reliance on oil. Saudi Arabia's Vision 2030 presented a singular opportunity for creating an inductive,

exploratory study that assesses the dynamics and degree of change attained (adaptation and restructuring). Government regulation within the framework of a nation, as opposed to the corporate and industry contexts the focus of academic research, was what brought about this transition.

Based on the Varieties of Capitalism (VOC) framework by Hall and Soskice (2001), the KSA has been classified as a “patrimonial market economy” or “patrimonial capitalism” (Buhr & Frankenberger, 2014). In such economies, as Buhr and Frankenberger (2014) have argued, "institutional complementarities" are usually implemented to support a significant growth rate.

The Saudi government made adjustments in order to increase economic variety while lowering reliance on crude oil. These reforms make Saudi Arabia an interesting case study for analyzing and evaluating the applicability of the concept of national business models because of the uncommon opportunity to see the adaptation and restructuring of business models at a national level.

Building on the application of accounting business models theories by Andersson and Haslam (2012), Haslam et al. (2012), and Haslam et al. (2013), this research study expands the study of business models for the public and private sectors by incorporating the element of economic and business transformation (2015). A rising economy like Saudi Arabia benefits from applying the national business model theory because it provides a framework for the government to monitor progress and improve the effectiveness of changes in important areas like the public sector. Additionally, it enables a corresponding impact on the corporate, financial, and household sectors that were looked at in the analysis of national business models in industrialized economies (Lei, 2007; Birkin et al., 2009; Haslam et al. 2014; Temiz and Gokmen, 2014).

The investigation of reforms influencing Saudi Arabia's culture and their resulting impacts on the adjustment and restructuring of the national business model is another addition of this study to the theory of the national business model and is connected to the Saudi Arabian instance. Indicators suggest a case of mutual causality, meaning that regulatory and economic treatments affect culture and, in turn, cultural change strengthens the objectives set by those interventions. While the data currently

available cannot confirm my observation regarding culture, they do point to a case of mutual causality. The research results, conclusions, and practical implications thus align with the predetermined research goals of this thesis, namely evaluating the effects of government strategies on the economy and society through a methodology built on a theory originally intended to look at adjustment and recapitalization processes within corporate business models. By filling in a vacuum in the earlier literature, this method also improves our comprehension of the processes described in the corporate and national business models theory.

The research was theoretically underpinned by the Haslam et al. (2013) study on national business models, even though this has not been used in the context of developing nations. As a result, the instance of Saudi Arabia has a greater potential to contribute new insights and expand the body of knowledge concerning national business models. As this thesis has shown, national business models can serve as illustrations of the restructuring and change of corporate business models (Nina & Iztok, 2016). This is particularly true in the context of globalization, where country-to-country economic connectivity renders national culture essential to the conduct of business (Nikcevic, 2013).

Findings from the research study

Key findings from the qualitative analysis

The primary objective of the qualitative analysis chapter is to investigate regulatory narrative rules for Vision 2030 and the Ninth Development Plan strategy. Further, to compare the two sets of KSA development strategies, map out how KSA used regulations to introduce new targets and determine how the national business model can be restructured and adapted following the Vision 2030 provisions.

According to earlier research on national business models, the study has concentrated on identifying the tactics utilized to carry out the transformation of the nation's national business model within each of the sectors, including government, corporate, financial, and households (Haslam et al., 2013; Andersson et al., 2014). In addition, in relation to the distinctive culture of the KSA, I examined stories about legislative initiatives that pushed for the cultural shift required for Vision 2030's accomplishment.

Drawing from the accounting-based business models theories highlighted in the literature review chapter and their impact on the adaptation and restructuring of the processes within the national context of the Kingdom of Saudi Arabia (KSA), the qualitative content analysis method used in this thesis consisted of interpreting the narrative of both the Ninth Development Plan (2010-2014) and the Vision 2030 Development Plan. As shown in chapter 4, dedicated to the research methodology, the interpretative method depends on extracted narratives from regulatory documents to investigate how Vision 2030 and its previous ninth development plan have altered Saudi Arabia's economic model.

Government sector

The qualitative analysis shows that the government's privatisation initiative appears to be significant in improving service delivery, increasing government resources, and instituting fundamental changes to the national economic model by contrasting the key insights from the previous Ninth Development Plan and the current Vision 2030.

Additionally, the main ways that Vision 2030 enhanced Saudi Arabia's national business plan were in the areas of labour markets, explicitly expanding the country's current labour market to include foreign workers, upskilling the labour force, and raising the standard of living for those who live and work there, and diversifying the government's main revenue sources to include, among others, tourism, industrial sectors, SMEs, public-private partnerships, and banking. The excerpts from the Vision 2030 provided in chapter 5 of this thesis highlight these aspects in that the Saudi Arabian government's Vision 2030 recognizes the need for economic changes to entice global expertise and talent to the country by investing in education and other areas of the economy rather than oil and mineral resources (PIF, 2030).

The PIF, which is the KSA's preferred transformation channel, the government has demonstrated that it holds the view that investing is about more than just gaining money (PIF, 2022a). As a result, PIF invests in people, change, and whatever else is required to guarantee that everyone has a better future (PIF, 2022a). To finance new human futures, PIF focuses on building new economic sectors, offering novel employment opportunities, and encouraging every human difference that can be created in the people's future (PIF, 2022a).

Moreover, the major advancements mentioned as part of the Ninth Development Plan that contributed to increasing the Quality-of-Life index included the management of public finances, government investment in infrastructure, incentives for job possibilities, and the protection of natural resources. In contrast, the goals of Vision 2030 for the quality of life in the KSA included enhancing Saudis' lifestyles by creating environments that would enable the development of fresh alternatives and increase residents' and citizens' participation in sports, cultural, and environmental activities. The quality-of-life program's components are an integral part of the national business plan because the private sector is so important to the aforementioned components of the program. The program also works to create the necessary rules and laws to permit private sector investments, ensuring their continued growth and sustainability (Vision 2030, 2022). Additionally, by assisting in the management of public funds, the Quality-of-Life program contributes to the achievement of Vision 2030's goals.

Corporate sector

According to the qualitative content study of the corporate sector, Vision 2030 has primarily changed the KSA's corporate sector by expanding job prospects in the private sector, especially for SMEs. Implementing specialized programs to improve professional competencies, boost labour market participation, and level the playing field for start-ups, SMEs, and existing firms in the KSA is another distinction. The privatization of various state-owned companies in the healthcare, education, and infrastructure sectors has also been a crucial component of the Vision 2030 plan and has required a lot of work.

Based on the analysis of the narrative text, Vision 2030's main goals for the corporate sector are to create and put into place rules and procedures that make it easier to manage a business, give it the protection it needs, draw FDIs and win the trust of foreign investors, and create a cutting-edge digital economy (Vision 2030, 2021).

Moreover, the Vision Realization Programme included in Vision 2030 and National Business Plan is related because public-private partnerships support the development of non-oil businesses in Saudi Arabia, in keeping with Vision 2030. (Ikediashi et al., 2014). The thesis also demonstrates how corporations are contributing to the national business model by diversifying their business operations in accordance with government plans and investing in other areas of the country in order to achieve

revenue diversification and move from an economy that is solely dependent on oil to one that is highly diversified.

Financial sector

The narrative analysis highlights that while the financial achievements of the Ninth Development Plan consisted of the recovery from the global financial crisis, the outcomes of Vision 2030 focused on modernising and privatising the financial industry, as well as promoting FDIs and Islamic banking (FSDPC–DP, 2020).

The actions outlined in Vision 2030 are crucial to guaranteeing the long-term growth of the Saudi economy since they provide more chances for investments in SMEs than the previous Ninth Development Plan did. The actions implemented in accordance with Vision 2030 also support a strong sovereign economy since they encourage savings at the corporate and individual levels through competitive deposit interest rates.

In order to expand the amount, value, and complexity of financial transactions among financial institutions, businesses, and individuals in Saudi Arabia, these programs aim to structurally improve the financial sector. The narrative texts acknowledge a number of advantages gained from Vision 2030 in the financial sector, including increased financial literacy, the training of local knowledge workers with professional and technical skills who can work in the local industry, increased privatization of state-owned entities, and increased individual savings (FSDPC-DP, 2020).

Households and their role in the KSA economy

The management of the complex interactions between the institutions that affect how wealthy KSA households become was one of the main changes brought about by Vision 2030 in the domestic sector of the country. Another was an increase in the household savings rate (a permanent main objective of Vision 2030). Additionally, Vision 2030 acknowledged the needs and developed plans to improve the housing sector (the right direction). These institutional features encouraging household wealth accumulation were important milestones in enhancing the standard of living for the Saudi people. The goals outlined in Vision 2030 and the Financial Sector Development Program have drawn attention to the fact that promoting and facilitating financial planning is one of the main goals of the FSDP. To do this, it expands the market's

selection of savings products, fortifies the savings ecosystem, and improves financial literacy (FSDPC–DP, 2020).

Moreover, the qualitative analysis showed that the importance of household income to the creation of the national business model in the KSA cannot be overstated. National consumption patterns can be particularly beneficial to the country's monetary authority as well as regulators as part of the National Business Model because household consumption growth promotes economic expansion and domestic savings support national investment growth (Al Gahtani et al., 2019).

Additionally, Vision 2030 involved identifying the requirements and putting in place steps to develop the housing sector. These institutional components that encourage household wealth building were essential milestones in raising the Saudi people's level of living.

Cultural interventions

As stated in the second chapter of this thesis, the cultural component of the study bridges the gap between the Sharia law and the examination of the national business model within the context of local culture. Also, the national culture of Saudi Arabia has a substantial effect on the country's economy (Esmail, 2019). People's social and economic behaviours, as well as their cultural heritage, contribute exhibiting many development-related aspects. Culture is the culmination of all the means by which human resources have understood to adapt, and it affects Saudi Arabia's economy both in regard to consumption and production.

Promoting Islamic heritage in the Kingdom of Saudi Arabia, boosting people's spirits to help them succeed, encouraging women to participate in the workforce and cultural activities, and supporting the expansion of the entertainment industry are some of the key cultural initiatives implemented by Vision 2030. What's important is that Vision 2030 has raised the proportion of women working, an area that the Ninth Development Plan had not prioritised (Vision 2030, 2021).

The cultural dimension analysis of the thesis revealed that Saudi Arabia scores highly on the power distance criterion of the cultural dimensions of Hofstede (2009), a model that is popular in the business world and among policymakers creating national

business plans. This indicates that people are satisfied with a hierarchical structure where everyone has a role and is justified solely by its existence (Almutairi, 2020). Additionally, the nation receives good marks for avoiding ambiguity, demonstrating the government's aversion to risk (Almutairi, 2020). The long-term vision and indulgence or humanity dimensions receive the lowest marks for the KSA, showing that the country values self-control over socializing and tolerance (Almutairi, 2020).

In conclusion, the qualitative analysis emphasizes the crucial role played by the KSA government in carrying out the measures of privatization and economic diversification as well as the contribution made by other sectors like the corporate, financial, and household sectors to the growth of the KSA economy. A national business model's adaptation and reorganization were also accomplished using the qualitative analysis chapter as the narrative base. As a result, the foundation was laid for evaluating the KSA's progress to date and the challenges it has in trying to change its national economic model. This evaluation was conducted using quantitative analysis, which sheds light on the degree of progress made since Vision 2030 by using key economic indicators.

Findings from the quantitative analysis

The quantitative analysis assisted in quantifying the KSA government's progress toward the goals of its Vision 2030. This was accomplished by analyzing developments made in Saudi Arabia concerning the national business model released under the Ninth Development Plan between 2014 and 2016. These developments follow the objectives of Vision 2030, which are based on the interactions between the corporate, financial, household, and government sectors of the economy and the national culture.

In terms of its economic situation and level of product base diversification beyond oil extraction, Saudi Arabia's national business model has changed throughout the inquiry and now represents a complicated model. The General Authority for Statistics (GaStat) and the Saudi Arabian Monetary Authority (SAMA), which contain annually published statistics for the period 2014 to 2020, are the sources of the data used to assess the degree of conversion and reconfiguration of Saudi Arabia's national business model on the sectors mentioned above. The findings from the government

sector are presented first, then the key findings from the household sector, and finally the results from the remaining economic sectors.

Based on secondary data from General Authority for Statistics (GaStat, 2021), Trading Economics (2021), and Statista (2021), for the period 2014 – 2020, the quantitative data analysis examined critical factors like trade openness, imports of goods, and services, the privatization of state-owned firms, GDP per capita and GDP growth, oil exports and the diversification of the economy through tourism, SME's and the construction industry, for the government sector.

Because Vision 2030 is focused on growing each of the major reform sectors, including the public sector, private sector, financial sector, and household sector, it can be said that as a result of its execution, the Saudi economy will improve (Haslam et al., 2012; Haslam et al., 2015). A key component of the new policy, as stressed by the qualitative study, is the diversification of the economy away from its protracted dependence on the oil industry.

According to the goals of Vision 2030, the analysis showed that economic diversification helps produce non-oil items and strengthens the financial situation. Additionally, it became clear that the privatization of an increasing number of state-owned businesses was a key decision the Saudi government could make in order to strengthen the nation's economy, raise existing skill levels, and offer a high quality of service. Furthermore, by taking on loans, protecting its investments from losses, and encouraging savings, we demonstrated that Islamic banking played a crucial role in the supervision of the banking industry. Finally, we saw that the economy benefited from an increase in the number of women participating in the labour force. This is mainly because new policies to boost the economy have been put in place.

The impacts of Vision 2030 did not take long to manifest themselves, as evidenced by the fact that the travel balance was in excess in 2019 for the first time ever and that the gap between spending on domestic and foreign travel expanded (Vision 2030, 2022). However, the results of the World Investment Report demonstrate that in some industries, such as FDIs, there was a considerable fall in the trade balance in 2017 and a resulting decrease in income as a result of hastened divestments (UNCTAD, 2020). Increased political tensions, the difficulty of obtaining credit for many small

enterprises, and the implementation of unfavourable legislation were all factors in the decline of FDIs (UNCTAD, 2020).

Moreover, the number of people employed in the corporate sector and the loans made to it can both show how much the relevant business model has changed. The growth in corporate loans, which climbed throughout 2019 and just reached a peak around the end of 2020, provides an indicator of how the business sector in Saudi Arabia changed one year after Vision 2030 was put into effect (Trading Economics, 2021).

Based on the findings of the quantitative analysis, the research question of how much the Saudi Arabian changes under Vision 2030 have succeeded in generating a diversified economy is difficult to answer. Additionally, how the national business model concept and the reforms' specified structure fit with Saudi Arabia's culture and religion. Lastly, consider whether the existing national business model can make the reforms more effective.

According to this thesis's qualitative and quantitative analysis, the Saudi government, businesses, and society still have a lot of work to do in order to accomplish the goals set forth in Vision 2030. Regarding the national business theories mentioned above (Andersson & Haslam, 2012; Haslam et al., 2012; Haslam et al., 2015), it is possible to respond to the second and third research questions. The short response is that there is a complex relationship between the idea of a national business model and the peculiarities displayed by Saudi Arabia, especially from a cultural and religious perspective. However, Saudi Arabia has a great opportunity to follow and put into practice a national business model that can assist in more effectively achieving the goals of national development.

Limitations of the research

This study has certain significant limitations that are primarily attributable to the mixed-method approach that was chosen as the research methodology. Although this research approach in accounting studies provides the researcher with unique opportunities by combining the explanatory power of both approaches and minimizing the drawbacks of each (Malina et al., 2011), there is still the restriction of its complexity and the challenge of choosing the most suitable research methods for the qualitative and quantitative methods (Morse, 2010). In the instance of this thesis, this difficulty

was met when conducting quantitative research for Saudi Arabia, where the secondary data approach was used as a last resort strategy because there was a dearth of data.

Another major limitation of this thesis stems from the barrier it faced in terms of the paucity of research on the applicability of national business models, particularly in emerging nations like Saudi Arabia. Thus, despite being novel, the theoretical and empirical research underpinning this thesis has some restrictions on its applicability in general. However, this is very much in accordance with the rules governing studies that take an exploratory, inductive approach.

Practical implications and recommendations

Following the insights from the critical literature review and the summary of findings from the qualitative and quantitative analysis, some practical implications of the findings have been highlighted below. Also, this section seeks to answer the question of what it would mean for Saudi Arabia to continue with the objectives set forth within the Vision 2030 national development plan, since this highlights the importance of implementing the proposed framework versus maintaining the status quo.

Practical implications of the findings

By using an interpretive research approach, this study focuses on highlighting the practical implications of the suggested paradigm and fundamentally intends to focus on developing rational explanations from social and legal aspects that can draw from a collection of narratives and quotations as well as the evaluation of the research methods used (Smith, 2015).

A crucial practical implication that can be derived from Vision 2030 with ramifications for the national strategy is that the accounting principles and reporting that underlie it can be thoroughly analysed in order to determine where the development opportunities are and which are the major roadblocks to achieving the goals included in the Vision 2030 national development plan. This could be a valid future research direction as well.

Moreover, the notion of a business model has both theoretical and practical implications, as has been shown in this thesis. As the concept has generated interest

among researchers and professionals during the past decades, the fundamental framework provided by this thesis serves to describe how the KSA government, similarly to a private organisation, interacts with and relates to its customers, competitors, and suppliers within its value network (Magretta, 2002).

Another important practical implication of the thesis is that the government of Saudi Arabia may improve the country's economic situation, raise the level of expertise in the workforce, and provide high-quality services by privatizing a growing proportion of its state-owned businesses. This is an important finding from the data analysis, as it was shown that economic diversification advances the growth of non-oil products and improves the economic environment, both of which are goals of Vision 2030.

Lastly, the potential outcomes and policy recommendations in the following sections also provide important practical implications from the results of this study.

Potential outcomes for the current Vision 2030 national plan

One point that needs to be addressed in relation to the existing national development plan is what would occur if the Saudi government continued with the Vision 2030 growth plan. Although there isn't a clear-cut answer to this, it appears from the qualitative and quantitative analysis in this thesis that the Saudi government will adhere to the goals established as part of Vision 2030, to which it could continue to add objectives or at least indicate existing ones and add measurable targets against them. A hypothesis surrounding this subject seems to be confirmed by the recent release of "The Transformation Journey," a document introduced by the minister of tourism Ahmed Al-Khateeb in June 2021, in which the minister claimed that while progress is being made toward the objectives outlined in Vision 2030 for tourism, "the bar keeps getting higher and higher" (Nihal, 2021, para 4).

Additionally, after a thorough assessment of progress toward Vision 2030 targets, several of the Kingdom's senior leaders stated that Saudi Arabia is "just getting started" on the path to diversifying its economy (Nihal, 2021, para 4). Following the execution of more than 555 reforms in commerce regulation, Saudi Arabia obtained 8th place among the G20 countries, according to the 2020 National Transformation Program, which tracked the significant accomplishments towards Vision 2030. (National Transformation Program, 2020, p. 12).

Additionally, the number of SMEs has expanded to over 626,000, the time it takes to launch a business has been reduced from 15 days to 30 minutes, and new foreign investments have surged by 54% in 2020 compared to the previous year (NTP, 2020, p. 12). (NTP, 2020, p. 14). In the following years, more accomplishments will be made if the government keeps concentrating on developing the regulations around economic and corporate development. The current national development plan simply lists areas for improvement and KPIs that are allocated in general terms. Therefore, it is still unclear how this progress compares to the goals of Vision 2030 in many of these particular sectors. This is an area where the theoretical conceptualization of Haslam et al. (2012)'s around the national business model, which has been modified in this thesis, can offer a comprehensive framework of progress evaluation and control that can guide Saudi Arabian policies.

Policy recommendations for the Saudi government

The Saudi government must create a suitable action plan for managing the resources for each project before the Kingdom of Saudi Arabia may adequately undertake any program. The administration of any effort should also be looked into by the Saudi government, especially if a loss is made. The Saudi government has also created an oversight committee to assess the performance of significant sectors in this regard, as outlined in Vision 2030. Furthermore, by enforcing accountability and implementing fines in accordance with current law, regulatory measures have also been put in place to stop the theft of money provided to various sectors of the economy.

The Saudi government should implement reforms that are specific to each of the areas examined in this thesis, including government, business, finance, households, and culture. This will guarantee both a concentration of resources from the existing Vision 2030 development plan, which is divided into eight themes, and the ability to cascade resources for each of the five proposed areas into sub-areas like government digitalization, healthcare, and the labour market, to name just a few, in the government area. Along with better resource management, this recommended framework of the national development plan also provides better accountability. Each of the five suggested areas has a designated authority, including the central government and the corresponding ministries of business, finance, and labour. The internal audit and

internal control systems already had a positive impact on public accountability in Saudi Arabia, as Sari et al. (2017) noted.

Assigning quantifiable key performance indicators (KPIs) to SMART (specific, measurable, attainable, relevant, and time-bound) goals is another crucial policy advice for Saudi Arabia (Bjerke and Renger, 2017). It would also impose a time restriction for each result, which is not the case at the moment, which will make it easier to monitor the progress of the changes made in each of the five essential areas mentioned above. Currently, implemented changes are measured against predetermined objectives and accompanying KPIs, even if only the advancement can be defined and the KPIs are frequently not measurable, as was previously indicated. Along with this, deadlines are getting pushed back indefinitely, and progress reports like the 2020 NTP list more goals than actual accomplishments.

Last but not least, based on the findings of this study, the Saudi government should adapt its existing national development strategy, Vision 2030, to the framework suggested by Andersson and Haslam (2012), Haslam et al. (2012), and Haslam et al. (2015). By doing so, the national development plan could integrate accounting principles, business transformation principles, and sustainability principles, all of which have been shown to improve governance overall and enhance the effectiveness of reform implementation. This would also prevent the national development plan from failing and the need to scrap it and adopt a new one in a few years.

Research recommendations and future research paths

Based on the difficulties encountered while conducting the research for this thesis, it is crucial to carry out a meta-analysis of related studies on the subject of national business plans for the case of Saudi Arabia and other developing countries. This would enable a detailed comparison of the research methods chosen and the outcomes obtained. The complexity of the chosen mixed-method research approach also raises the possibility of errors when it comes to selecting the best research methodology or even the right dataset in the case of quantitative analysis or qualitative analysis approaches, as was mentioned in the sub-section above focusing on the limitations of this thesis. Consequently, a meta-analysis would aid future researchers by demonstrating which methodology has produced what outcomes and highlighting the current gaps in the research.

Another suggestion is to concentrate on the Vision 2030 development plan and try to undertake a thorough analysis of the accounting principles and reporting that underlie it in order to determine where the development opportunities are and which are the major roadblocks to achieving the goals included in the Vision 2030 national development plan. This could be a valid future research direction.

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APPENDICES

Appendix 1 – Letter of ethics approval

Date Sent: Thursday, January 25, 2018 3:15 PM
From: ERM
To: <RashedMZSMS.Alazemi@brunel.ac.uk>; <RashedMZSMS.Alazemi@brunel.ac.uk>
CC:
Subject: Confirmation of Receipt of Research Ethics Application: Mr Rashed Alazemi, 10503-NER-Jan/2018- 11144-1

Dear Mr Rashed Alazemi

Thank you for your application. On the basis of the information you have provided on the application form, your project should not require research ethics approval.

Please ensure you have considered the following before commencing your research:

- Brunel University Research Integrity Code
- Brunel University Research Data Management Policy
- Brunel University Open Access Policy
- Provisions of the Data Protection Act 1998 and the University Data Protection Policy (further advice is available from the Information Access Officer by emailing data-protection@brunel.ac.uk)
- University Health and Safety practice and procedures.

Kind regards,



Professor David Galliar

Chair, University Research Ethics Committee

Appendix 2 – List of the regulatory documents

Authors (if available)	Title	Year	Source or Publishing organisation	Website link (if available)
Government	Financial Sector Development Program Charter Delivery Plan 2020	2020	Ministry of finance	https://vision2030.gov.sa/en/programs/FSDP
Government	NATIONAL TRANSFORMATION PROGRAM	2020	Ministry of Economy and Planning	https://vision2030.gov.sa/en/programs/NTP
Government	QUALITY OF LIFE PROGRAM	2020	Council of Economic and Development Affairs	https://vision2030.gov.sa/en/programs/QoL
Government	HOUSING PROGRAM	2020	Ministry of Economy and Planning	https://vision2030.gov.sa/en/programs/Housing
Government	NATIONAL COMPANIES PROMOTION PROGRAM	2020	Saudi Arabian General Investment Authority (SAGIA)	https://vision2030.gov.sa/en/programs/NCPP
Government	FISCAL BALANCE PROGRAM	2020	Ministry of Economy and Planning	https://vision2030.gov.sa/en/programs/FBP
Government	NATIONAL CHARACTER ENRICHMENT PROGRAM	2020	Heritage Department	https://vision2030.gov.sa/en/programs/NCEP
Government	PUBLIC INVESTMENT FUND PROGRAM	2020	Ministry of Economy and Planning	https://vision2030.gov.sa/en/programs/PIF
Government	PRIVATIZATION PROGRAM	2020	Saudi Arabian General Investment Authority (SAGIA)	https://vision2030.gov.sa/en/programs/Privatization

Appendix 3 – Government Sector – 2030

Government Sector – Vision 2030						
No.	Document reference	Specific industry (e.g., oil, tourism, manufacturing, etc.)	Quotation of target or objective set on the vision for the specific industry, government service, labour force (e.g., women, migrants) etc. (This can include numerical targets, policy initiatives, support plans, investment plans etc.)	Page number of the quote	Main difference(s) from previous vision or development plan	Your own comments (if relevant)
	vision2030.gov.sa/en/programs/NTP	Overall government sector	Has eight themes that include healthcare, improving living standards, labour markets, supporting non-profit sectors, national heritage and the tourism sectors, and sustainability of important resources.	7		

	vision2030.gov.sa/en/programs/NTP	Overall government sector	including the peripheral areas covered by the health services, the program has increased the proportion of residential areas from 78% to about 80%.	7		
	vision2030.gov.sa/en/programs/NTP	Overall government sector	acceleration of the implementation of digital and primary infrastructure projects.	7		
	vision2030.gov.sa/en/programs/QoL	Overall government sector	the quality-of-life vision realization program is to improve lifestyles of the Saudis by establishing ecosystems to develop and support new alternatives that boost participation of residents and citizens in the sports, cultural	9	Examples include the development of opera houses, 40 public parks, 6 botanical gardens, zoos, and aquariums, 3 theme parks, 45 cinemas, 11 public libraries, 11 museums, 1 water park, 16 family entertainment	

			and environment activities.		centres, 27 electronic games facilities, and 150 art galleries.	
	vision2030.gov.sa/en/programs/PIF	public investment	It will contribute to local contents in the amounts of fifty billion riyals or 2.3% of the overall domestic contents that value assets under management to 1.6 trillion riyals.	10		
	vision2030.gov.sa/en/programs/PIF	public investment	The program will contribute more than 20,000 direct job opportunities and add 185 billion to the GDP	11		
	https://www.pif.gov.sa/en/Pages/About-PIF.aspx	public investment	PIF Program aims to grow the Fund into one of the world's largest sovereign wealth funds.	1		

1	https://www.pif.gov.sa/en/Pages/About-PIF.aspx	Financial Services Sector	The PIF Program looks address financial needs, explore regional and international opportunities and support banking services.	35		
2	https://www.pif.gov.sa/en/Pages/About-PIF.aspx					
3	https://www.pif.gov.sa/en/Pages/About-PIF.aspx	Labour and Social Development	Through the first three quarters of 2019, the total private-sector wages and employment for Saudis both fell marginally in 2019 while the Saudization ratio in the private sector improved slightly in the same period.		More job seekers are turning to the private sectors even though the government has made efforts to equalize working conditions, expand wage protection, create an online job-seekers platform, and effective staffing policies.	
	https://www.pif.gov.sa/en/Pages/About-PIF.aspx	Labour and Social Development	Vision 2030 acknowledges the need for economic transformations to lure foreign know-			

			how and talents to Saudi Arabia.			
	https://www.pif.gov.sa/en/Pages/About-PIF.aspx	Labour and Social Development	Since 2016, two million expatriate labour force are reported to have left the Saudi economy and yet the total number of Saudis hired increased by hardly 40,000 over that time. The unemployment in KSA has not decreased below 12%.			
	https://www.pif.gov.sa/en/Pages/About-PIF.aspx	Labour and Social Development	Women has a share of working Saudis for the first time. The NTP took the 2017 figure of 21.20% as a baseline and established 24% as a target of 2020.	27		
4	https://www.pif.gov.sa/en/Pages/About-PIF.aspx	Education	Saudi Arabia spends a larger portion of its GDP on education than the global average, and has achieved near universal literacy (95 percent of adults, 99			

			percent of youth) and enrolment rates			
	https://www.pif.gov.sa/en/Pages/About-PIF.aspx	Education	The ministry of Education is tasked with enhancing outcomes and outcomes of education under vision 2030.			
	https://www.pif.gov.sa/en/Pages/About-PIF.aspx	Minerals	The government's strategies towards the vision indicate great concern on other forms of investments besides the oil and mineral resources.	14	The state continues to struggle with local issues such as misappropriation of public funds and deficient employment opportunities affecting the youths.	
	https://www.pif.gov.sa/en/Pages/About-PIF.aspx	foreign investment	Through the Program, PIF's international assets are expected to reach 25% of its assets under management by 2020.		A friendly foreign-investment environment has been set out in the Saudi Arabia territories.	The technological developments resulting from the partnership program has become facilitated by the concentration and restructuring of

						the energy system and the telecommunication networks
	https://www.pif.gov.sa/en/Pages/About-PIF.aspx	foreign investment	The investment flow observes approximately 80% earnings drop from the \$7.4 to 1.5 between 2016 and 2017 according to the World Investment Report.	45		Favouritism in a local labour service is an obstacle in the mechanisms applied by the FDI, which has shifted investment in national infrastructure
	https://www.pif.gov.sa/en/Pages/About-PIF.aspx	Petrochemicals Sector	the PIF Program has achieved operational excellence by continuously supporting companies in improving their processes and increasing their competitiveness, and by investing in R&D	36		
	https://www.pif.gov.sa/en/Pages/About-PIF.aspx	Petrochemicals Sector	the PIF Program has reduce the heavy reliance on advantaged feedstock (ethane) by expanding	36		

			operations internationally			
	https://www.pif.gov.sa/en/Pages/About-PIF.aspx	Telecommunications and Information Technology Sector	an advanced digital infrastructure is a key enabler for multiple Vision 2030 objectives	36		
12	https://www.pif.gov.sa/en/Pages/About-PIF.aspx	Utilities Sector	The PIF program will invest in solar power, energy modernization, and renewables to localize the sector across the value chain and lead the Kingdom to become a global player in the industry.	38		
13	https://www.pif.gov.sa/en/Pages/About-PIF.aspx	Mining Sector	the sector is one of the pillars of industrial development in the Kingdom and contributed roughly SAR 11 billion to Saudi Arabia's non-oil GDP in 2019	39		
14	https://www.pif.gov.sa/en/Pages/About-PIF.aspx	Mining Sector	Support downstream aluminium production to enable	39		

			the development and growth of manufacturing sectors, given Saudi Arabia's unique opportunity to become a key player in the aluminium market			
	https://www.pif.gov.sa/en/Pages/About-PIF.aspx	Food and Agriculture Sector	the Kingdom reached approximately 31 million metric tons while food production was limited to about 7 million metric tons.	41		
	https://www.pif.gov.sa/en/Pages/About-PIF.aspx	Transport and Logistics Sector	Develop a Saudi regional leader in seaport operations that can leverage its Red Sea and Gulf locations and provide services that can support imports and exports from the Kingdom	43		
	https://www.pif.gov.sa/en/Pages/About-PIF.aspx	Transport and Logistics Sector	Explore global acquisitions opportunities to achieve economies of scale and enhance	42		

			Saudi Arabia's global presence.			
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Government Sector – Previous Vision or plan					
No.	Document reference	Specific industry (e.g., oil, tourism, manufacturing, etc.)	Quotation of target or objective set on the vision for the specific industry, government service, etc. (This can include numerical targets, policy initiatives, support plans, investment plans etc.)	Page number of the quote	Your own comments (if relevant)
	<u>The Ninth Development Plan of 2010 - 2014</u>	Overall government sector	It is composed of 13 objectives which assist in the implementation of the policies, programs, and projects	25	
	<u>The Ninth Development Plan of 2010 - 2015</u>	Overall government sector	continue enhancing the standards of living and quality of life of its citizens, caring for needy social groups, and reducing unemployment	25	
	<u>The Ninth Development Plan of 2010 - 2016</u>	Overall government sector	supporting the move towards a knowledge economy, raising the rates of growth and performance efficiency	25	
	<u>The Ninth Development Plan of 2010 - 2017</u>	Overall government sector	The "Quality of Life Index" is composed of many indicators that include level and distribution of income, employment, education and health services, housing situation, family condition and environmental situation.	30	Some of the improvements that were noted included rewarding employment opportunities, protection of natural resources among others.

	<u>The Ninth Development Plan of 2010 - 2018</u>	Public investment	As a result, government investment in fixed assets increased at an annual rate of 5.2%, from a value of approximately SR55.4 billion in 2009 to SR71.4 billion in 2014.	75	
	<u>The Ninth Development Plan of 2010 - 2019</u>	Public investment	This GDP reduced by 6.5 %.	75	
	<u>The Ninth Development Plan of 2010 - 2020</u>	Public investment	The Ninth Plan balances the long-term development aspirations of the Kingdom with the realities of the global economy and its various implications.	61	
	<u>The Ninth Development Plan of 2010 - 2021</u>	Financial Services Sector	The Plan also envisages growth in investment and labour absorption in the sector at an average annual rate of 16.1% and 1.7% respectively, compared with about 8.7% and 6.5% under the Eighth Plan.		
	<u>The Ninth Development Plan of 2010 - 2022</u>				
	<u>The Ninth Development Plan of 2010 - 2023</u>	Labour and Social Development	Despite an increase in economic level from 5.1 to 6.2 percent during this period, it was projected that labour force and employment will increase at an annual rate of 3 percent from 7.74 million workers to 13.81 million workers.	83	With an increase in unemployment rates, it is essential that the young population should be trained in technical and vocational areas.

	<u>The Ninth Development Plan of 2010 - 2024</u>	Labour and Social Development	There is a need to adopt new approaches that can support the recruitment of foreign workers to meet the changing market needs and absorptive capacity of national employment	714	The economy is still riddled with low wages and unfavourable employment conditions, which are not attractive to foreign nationals
	<u>The Ninth Development Plan of 2010 - 2025</u>	Labour and Social Development	The plan envisaged an increase in the GDP of the private sector by 6.6 percent annually as compared to 5.5 percent as noted in the Eighth Plan contributing 61.5% of the economy by 2014.	65	
	<u>The Ninth Development Plan of 2010 - 2026</u>	Labour and Social Development	Women are still discriminated from workings Saudis nor drive cars		
	<u>The Ninth Development Plan of 2010 - 2027</u>	Education		715	
	<u>The Ninth Development Plan of 2010 - 2028</u>	Education	The Ministry of Education is mandated to improve existing educational opportunities and the enrolment rates at all educational levels	715	
	<u>The Ninth Development Plan of 2010 - 2029</u>	Minerals	Minerals constitute 15.7% of the total allocations approved in the Plan for the development of the sectors, and exceed comparable allocations under the Eighth Development Plan by 115.1%	79	

	<u>The Ninth Development Plan of 2010 - 2030</u>	foreign investment	Developments plans made depends on progress to diversify the economic base, reduce reliance on oil and improve the production of non-oil goods and services.	36	
	<u>The Ninth Development Plan of 2010 - 2031</u>	foreign investment	achieving balanced development throughout all regions of the Kingdom and enhancing their role in economic, social and environment development	31	
	<u>The Ninth Development Plan of 2010 - 2032</u>	Petrochemicals Sector	The Ninth Plan intended to achieve an annual growth rate of 1.2% which can contribute approximately 19.6 percent to the GDP.		
	<u>The Ninth Development Plan of 2010 - 2033</u>	Petrochemicals Sector	With the support of competitive advantage in the petrochemical and energy sector, the Kingdom of Saudi Arabia has been able to occupy an influential position globally.		
	<u>The Ninth Development Plan of 2010 - 2034</u>	Telecommunications and Information Technology Sector	the Ninth Development Plan gives priority to consolidating government efforts aimed at expanding and developing training and skill–building programmes		
	<u>The Ninth Development Plan of 2010 - 2035</u>	Utilities Sector	With an increase in population growth and expansion of production capacities, various utility sectors such as electricity, gas and water sector have grown at an annual rate of 7.5%, as compared to the previous eight development plan, contributing significantly to the growth in investment and employment at an annual rate of 8% and 6.8% respectively	70	
	<u>The Ninth Development Plan of 2010 - 2036</u>	Mining Sector	The Ninth Development Plan envisages for the mining sector an average annual growth rate of 9.2% at constant 1999 prices, compared to 3% in the Eighth Plan.	69	

	<u>The Ninth Development Plan of 2010 - 2037</u>		Higher rates of investment under the Ninth Plan are anticipated to result in employing capital-intensive production methods that rely on modern, highly productive technologies.	69	
	<u>The Ninth Development Plan of 2010 - 2038</u>	Food and Agriculture Sector	Ninth Development Plan has resulted in a real growth at an average annual rate of 1.7% at constant 1999 prices as compared to 1.4% in the previous plan has been realized.	34	
	<u>The Ninth Development Plan of 2010 - 2039</u>	Transport and Logistics Sector	the transport and communications sector is expected to grow at an average annual rate of 6.1%, thus increasing its share in GDP to about 7.1% in 2014	71	
	<u>The Ninth Development Plan of 2010 - 2040</u>	Transport and Logistics Sector	investment and employment in this sector are expected to grow at an average annual rate of about 14% and 0.2%, compared with 9.3% and 6.2%, respectively, under the Eighth Plan	71	

Appendix 4 – Corporate Sector – Vision 2030

Corporate Sector – Vision 2030						
No.	Document reference	Specific industry (e.g., oil, tourism, manufacturing, etc.)	Quotation of target or objective set on the vision for the specific industry, government service, labour force (e.g., women, migrants) etc. (This can include numerical targets, policy initiatives, support plans, investment plans etc.)	Page number of the quote	Main difference(s) from previous vision or development plan	Your own comments (if relevant)
1	vision2030.gov.sa/en/programs/NCPP	Overall corporate sector	The Vision Realization Program has transformed more than one-hundred corporations from local companies to leading regional companies.	page 7	Realization Program will coordinate initiatives to organize the essential procedures and regulation.	
	vision2030.gov.sa/en/programs/NCPP	Labour	The program will enable KSA to create more than 12,000 job opportunities in the private sector.	page 7		
2	/vision2030.gov.sa/en/programs/Privatization	Private sector	The program has improved the private sector role relation to government assets and provisions of services.	8	this program strengthens the focus of the government on	

					its regulatory and legislative roles.	
	/vision2030.gov.sa/en/programs/Privatization	Privatization	From the partnerships between the private and public sectors or privatization, the net savings of the government will be 35 billion Riyals.	12	The program also seeks to improve the balance of payments by attracting foreign direct investments.	
	/vision2030.gov.sa/en/programs/Privatization	Privatization	From privatization, net savings of government from operating expenses will be 1.2 billion U.S dollars.	11	The total government revenues from the sales of assets shall increase by 40 billion Saudi Riyals.	
3	Vision 2030	Overall corporate sector	Improving the business environment as a means of promoting the private sector development is a major objective of Vision 2030.		Accomplishing a rank of 62nd out of 190 nations in the whole world, KSA scored 71.6% in 2020.	In terms of ease of doing business, the World Bank ranked KSA as the number one most improved economy based on regulatory reforms

	Vision 2030	overall business sector	one of the Vision Realization Programs intended to grow the non-oil economy.			the greatest improvements were in getting electricity, starting a business, and safeguarding minority investors,
	Vision 2030	overall business sector	The Saudi government hopes to see the private-sector contributions to gross national product increase from 40% to 65% by 2030 when the programs was launched in 2016.			
4	Vision 2030	SME sector	When vision 2030 was declared in 2016, the small-and-medium-sized enterprises contributions to non-oil gross domestic product was less than 2%. The goal was to increase that figure to 35% by 2030.		The program offers several early-phase funding programs, reimburses business fees to some SMEs during their initial operation years, and provides financing to struggling businesses.	Increased loans to SMEs from a baseline of 2% to 5% by 2020. Such loans have already exceeded the 2020 targets because they now represent 5.9%.

	Vision 2030	SME sector	The Saudi government has launched a private-sector stimulus program of \$53 billion in efforts to improve the SME funding.			The overall bank credits to the private sector increased by 3.5% on a year-on-year basis as of June 2019.
	Vision 2030	SME sector	In these areas, increasing the representations of micro-and-small-capitalization businesses on Tadawul is another key performance indicator.			
5	Vision 2030	Private sector	Foreign direct investment can benefit the investing entity as well as the host government.	7	Including the IPO for Aramco, certain privatizations appear aimed at improving the Public Investment Fund assets.	
	Vision 2030	Private sector	The Privatization Vision Realization Program launched in April 2018 is anticipated to produce 12,000 jobs and \$10 billion in nonoil revenues by 2020.	7	In pushing forward state-owned industries' privatization, the KSA has shockingly found progress slow.	

	Vision 2030	Private sector	The KSA has so far signed six private-public partnership agreements, in which outside private firms manage state assets. Two are in transport and health care and four are in the water sector of the six deals.	7		
	Vision 2030	Private sector	The investment funds grew by 19.8 percent in 2016 compared to the previous year summing up SR215.9 b in total investment fund budget. The increase got associated with the growth of the private sector by 66.2 percent.	7		The prospected international and regional partnership would well serve in terms of privatized business entities to enhance efficiency.
	Vision 2030	Private sector	Changes in public equities in the same duration of 2015-2016, an overall drop of -32.5 % prevailed in the financial period. However, the private sector indicates an opposite situation in which the funds rose by 66.2 % in the same period.	8		A continuous decline in the public sector creates the need for a privatized operation as remains the interest of Saudi's foreign plan to improve efficiency as it

						offers promise on success.
	Vision 2030	Private sector	However, the public funds accounted for 40.4 percent of the total private and public assets indicating a decrease of 15.2% compared to the previous year.	8	The total number of subscribers in the private sector suggests an increase of 1.3 percent.	
	Vision 2030	Private sector	Privatizing selected government services will improve quality of services and reduce government's spending while considering citizens' interest	8		
	Vision 2030	Private sector	Moreover, the program will attract foreign direct investments and improve the balance of payments.	8		
	Vision 2030	Private sector	the private firms must adhere to the policies of the government, and this needs some movements of their parts toward satisfaction of their prospect workforce demands.	article	Saudi reactions have not been encouraging despite the increment of these programmes and the conditions of the private sector	

					has continued to be criticized	
	Vision 2030	Private sector	Saudi Arabia government is responsible for the provision of health services		Therefore, the citizens enjoy the health services and treatment free of charge as the government is primarily accountable for ensuring in better healthcare in the country.	
	Vision 2030	Private sector	private hospitals and healthcare centres assume a nominal role compared to the government sector.		This plan aims at reducing the pressure in the public's sectors and give the private sectors better opportunities.	It's expected to provide better services at lower cost and satisfy the needs of all members of the country.
	Vision 2030	Private sector	To make changes and innovation in the health care system is such a challenging endeavour because today's organizations have very complex structures and functions.			The safety of the healthcare facilities should also be improved and ensure there is adequate healthcare

						coverage with financial sustainability.
	Vision 2030	Development of the Non-Profit Sector	It aims at promoting the social welfare of the citizens by improving the employees' capacity to help them to be self-reliance	article	It seeks to enhance effects of volunteerism by ensuring the efficiency and effectiveness of the non-profit sector.	
	Vision 2030	Development of the Non-Profit Sector	The government in Saudi Arabia should develop non-profit sectors to improve the diversity and its impact to be the pillar of the Country's economic and social structure.		These sectors will also help in creating employment opportunities for the citizens	
	Vision 2030	Development of the Non-Profit Sector	Supervisory units must be established in the organizations and their services be automated.			
9	Vision 2030	Workforce localization in the Saudi Arabia	Localization of Private sector policy is a Saudi Arabian government initiative which forces the private sector to hire more Saudi nationals and reduce reliance on foreign.	article	By employing Saudi nationals, the private sector will help to eliminate unemployment among Saudi men and women and develop them so that the	

					government can depend on the in building their development pillars.	
10	Vision 2030	Workforce localization in the Saudi Arabia	The localization of private policy seeks to create more employment opportunities for Saudi nationals.		The government strategies targeted at encouraging skill acquisition among Saudi nationals.	
	Vision 2030	Workforce localization in the Saudi Arabia	the Saudization policy seeks to reduce overreliance on the foreign workforce		long term coordination between public and private organizations is critical to ensure talent and skill development through continuous training and apprenticeship	
	Vision 2030	Workforce localization in the Saudi Arabia	Saudization seeks to involve the private sector firms in providing training facilities which in turn will contribute to the government development plan of raising literacy levels among the Saudi nationals in a bid to provide skilled labour.		localization of private sector policy will play a significant role in achieving Saudi's vision 2030	

	Vision 2030	Workforce localization in the Saudi Arabia				
11	Vision 2030	Saudization in the Private Sector				
12	Vision 2030	Conventional banks Versus Islamic banks	The Islamic banks save their revenue in line with Islamic Shariah, while the conventional banks focus more on making profits.	article	The commercial supremacy of the Islamic model is thus enhanced to European model because it reflects not only one investor but all of them.	Islamic financial institutions are not allowed under any situation to fund ventures disagreeing to the codes of the Islamic faith.
13	Vision 2030	Conventional banks Versus Islamic banks	The current substantial concerns linked to the depositors may be the agency problem to the companies.	article	The Anglo-Saxon aims at defending any investor rights while the European model focuses on ensuring that all firms are satisfying the wellbeing if all investors.	Although financial institutions can freely check customer "suitability" if they are having rigorous processes in place, inspecting secluded

						accounts and specific customers are likely to be more problematic.
14	Vision 2030	Conventional banks Versus Islamic banks	The waqf was a trusted platform used for the wellbeing of the community such as assisting the less fortunate, providing wedding clothes to poor brides, helping individuals on their journeys as well as supplying clean water.	article	The commercial supremacy of anti-structure is achieved by associating investor with the bank. This means the success of the bank affects the investor 100% either positively or negatively.	

Corporate Sector – Previous Vision or plan					
No	Document reference	Specific industry (e.g., oil, tourism, manufacturing, etc.)	Quotation of target or objective set on the vision for the specific industry, government service, etc. (This can include numerical targets, policy initiatives, support plans, investment plans etc.)	Page number of the quote	Your own comments (if relevant)
1	https://www.imf.org/external/pubs/ft/dp/2011/1101mcd.pdf	Overall corporate sector	By the end of 2010, there were approximately 103 listed companies which had an aggregate asset of \$317	97	

			billion representing 70 percent of GDP and 86 percent of bank assets.		
		Labour	The Program was tasked with developing programmes that can promote initiative among youth and motivate youth to establish projects and encourage the private sector to play an active role in achieving this.	97	
2	https://www.bis.org/publ/bppdf/bispap54u.pdf	Private sector	The regulatory agencies have strengthened international regulatory standards, enhance transparency in global financial markets and ensure all markets and	7	A macroprudential approach is advised in which national and international coordination between financial institutions to ensure a

			participants are subject to oversight.		systemwide approach.
3	https://www.bis.org/publ/bppdf/bispap54u.pdf	Overall corporate sector	Corporate sector lending by banks rose sharply during the period 2006–08 from SAR 274 billion to SAR 529 billion, a growth of almost 93% over a three-year period.	12	
			There was strong growth in lending to almost all sectors, which showed high growth percentages: commerce (68%); manufacturing and processing (120%); transport and communications (400%); services	12	

			(95%); and building and construction (45%).		
			The only sector where there was a significant downturn in lending was the financial companies' sector, which declined by 70%	12	
4	https://www.sustg.com/smes-in-saudi-arabia-supporting-growth-sme/	SME sector	The ninth five-year plan of Saudi Arabia missed its target: unemployment reduction, rendering economic planning a fruitless exercise. As per the latest plan, unemployment would be reduced from 10.5% in 2010 to 5% by 2013 while unemployment as per the latest survey (2013) is 11.7%	1	

5	https://www.researchgate.net/publication/320558250_Foreign_Investments_in_Saudi_Arabia	Private sector	Foreign Direct Investment in Saudi Arabia averaged 3819.05 USD Million from 2006 until 2020, reaching an all-time high of 11746.54 USD Million in the fourth quarter of 2010 and a record low of 264 USD Million in the fourth quarter of 2017.		
			Foreign Direct Investment (FDI) is an important part of national and global economy.		
7		Private sector			
8		health sector			

9		Development of the Non-Profit Sector			
10		Workforce localization in the Saudi Arabia			
11		Saudization in the Private Sector			
12		Conventional banks Versus Islamic banks			
13					

Financial Sector – Vision 2030

No	Document reference	Specific industry (e.g., oil, tourism, manufacturing, etc.)	Quotation of target or objective set on the vision for the specific industry, government service, labour force (e.g., women, migrants) etc. (This can include numerical targets, policy initiatives, support plans, investment plans etc.)	Page number of the quote	Main difference(s) from previous vision or development plan	Your own comments (if relevant)

1	FSDPC - DP: 2020: FINANCIAL SECTOR DEVELOPMENT PROGRAM	Overall financial sector	The aim of the Financial Sector Development Vision Realization Program is to develop effective and expanded financial sector to stimulate investments, savings and financial.	8	The financial development program has been dedicated to opening financial services to emerging participants to stimulate growth and innovations.	
	FSDPC - DP: 2020: FINANCIAL SECTOR DEVELOPMENT PROGRAM	Overall financial sector	The program has increased the non-cash transactions' share to 28% in 2020 from 16% in 2016. The share of assets of capital markets has been increased to 45% in 2020 from 41% in 2016.			

	FSDPC - DP: 2020: FINANCIAL SECTOR DEVELOPMENT PROGRAM	SME	The share of SME financing banks and financial institutions has been increased to 5% in 2020 from 2% in 2016.		To enhance inclusiveness and productive financing, the program commits to increasing the share of SME financing at banks from the 2% level currently to 5% by 2020. Similarly, the share of mortgages in bank financing will increase to 16% by 2020 from its 2016 level (7%).	In 2016, the share of SME financing in banking assets stood at. Currently, the Saudi household savings rate is very low, standing at ~2.4% of annual disposable income.
	FSDPC - DP: 2020: FINANCIAL SECTOR DEVELOPMENT PROGRAM	SME	The sector will support the emerging FinTech players, remove obstacles that hinder growth of finance	35		

			companies, unlock financing for SMEs, and increase mortgage penetration.			
	WV_1599544508_3241_vision_2030_Financial_Sector_Development.pdf	Housing	The financial development programs have also increased the share of mortgages in banking financing from 7% in 2016 to 16% in 2020.		To diversify the structure of financial services sector, the program will increase share of capital markets assets (total domestic market capitalization and outstanding debt issuances registered at the exchange) from 41% in 2016 to 45% by 2020.	

	WV_1599544508_3241_vision_2030_Financial_Sector_Development.pdf	Overall financial sector	The FSDP will diversified and offer effective financial services by enabling financial institutions to support private sector growth, ensuring the formation of an advanced capital market.	pg. 8	The Financial Sector Development Program's objective is to create a thriving financial sector that serves as a key enabler in achieving Vision 2030's objectives.	
	WV_1599544508_3241_vision_2030_Financial_Sector_Development.pdf	Overall financial sector	To achieve digitization aspirations in a cashless society, the program commits to increasing the share of non-cash transactions from 18% in 2016 to 28% by 2020.		Accordingly, the share of non-cash transactions (in absolute number of transactions) is expected to increase.	

2	WV_1599544508_3241_vision_2030_Financial_Sector_Development.pdf	financial sector	the program will seek to further deepen the debt capital markets in Saudi Arabia to provide alternative funding away from banking and equity.	36	To diversify sources of funding, especially for specific economic segments, the program will emphasize on the growth of private equity, venture capital, financing investment funds, and endowments.	
	WV_1599544508_3241_vision_2030_Financial_Sector_Development.pdf	Overall financial sector	Vision 2030 aspires to reduce Saudi Arabia's dependence on the oil industry and to foster the development of private sector.	15	Tripling the size of the economy will require significant funding requirements for the required projects and investments of the Vision.	Growth will be commensurate with an increase in private sector involvement in GDP creation, while reducing oil sector and government contributions

						in line with Vision 2030 objectives.
	WV_1599544508_3241_vision_2030_Financial_Sector_Development.pdf	Overall financial sector	Key macro-economic metrics impacted by the program have been identified and assessed by working with relevant teams .	15	The development and strengthening of the financial services sector is the cornerstone to the development of the Saudi economy and aspirations articulated in Vision 2030.	
3		Overall financial sector	The current situation has been viewed from two primary angles namely major challenges facing the financial services sector and	24	In 2016, 74% of adults had a bank account in Saudi Arabia, while developed markets registered over 90% inclusion. Financial	

			ongoing transformation efforts that are aligned with Program aspirations.		inclusion among female adults in the rural areas is low at 61% in 2016.	
	FSDPC - DP: 2020: FINANCIAL SECTOR DEVELOPMENT PROGRAM	Technology	While Saudi Arabia has invested heavily in various components of technical infrastructure , significant improvement has contributed to infrastructural development of cashless society. In 2016, share of non-cash transactions stood at 18% of total transactions.	28		

	FSDPC - DP: 2020: FINANCIAL SECTOR DEVELOPMENT PROGRAM	Education	Financial literacy is low in comparison to similar countries. Only 30% of adults are considered financially literate.	28		
4	FSDPC - DP: 2020: FINANCIAL SECTOR DEVELOPMENT PROGRAM	Education	The program will enhance the professional and technical capabilities of existing talent by preparing them to become high quality industry professionals with the capacity for facilitating innovation in financial services.	35	This will be done by establishing a Financial Sector Academy covering all sub-sectors of financial services.	

5	FSDPC - DP: 2020: FINANCIAL SECTOR DEVELOPMENT PROGRAM	Privatization	the program will encourage the planned privatization of state-owned entities to be performed through IPOs on the Saudi Stock Exchange.	36	This will increase equity market capitalization and further diversify investment options available for investors.	
6	FSDPC - DP: 2020: FINANCIAL SECTOR DEVELOPMENT PROGRAM	Overall financial sector	The program will seek at promoting and enabling individuals' long term financial planning and financial independence , which are core objectives of Vision 2030.	37	Given the limited appetite today from private sector (e.g., banks) to promote interest-bearing savings accounts, the program will seek the establishment of a National Savings Entity to ignite and bolster competition	The program will encourage the development of tailored government-backed savings products to spearhead efforts in motivating long-term savings.

						for savings deposits with private sector.	
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Financial Sector – Previous Vision or plan					
No.	Document reference	Specific industry (e.g., oil, tourism, manufacturing, etc.)	Quotation of target or objective set on the vision for the specific industry, government service, etc. (This can include numerical targets, policy initiatives, support plans, investment plans etc.)	Page number of the quote	Your own comments (if relevant)
1	BRIEF REPORT ON THE NINTH DEVELOPMENT PLAN 2010- 2014	Overall financial sector	the Plan aims at developing the Saudi labour market and raising its level of service and efficiency in a manner that ensures its best utilization and balance between labour supply and demand.		
	BRIEF REPORT ON THE NINTH DEVELOPMENT PLAN 2010- 2015	Overall financial sector	The program focuses on providing the needed infrastructure and public services in the different regions, based on objective indicators and criteria that reflect the present and future conditions of the regions		

	BRIEF REPORT ON THE NINTH DEVELOPMENT PLAN 2010- 2016	SME	The Plan addresses the issues of enhancing the "work culture", and instilling values of diligences, creativity, and innovation in the Saudi worker to become the "knowledge worker."		
	BRIEF REPORT ON THE NINTH DEVELOPMENT PLAN 2010- 2017	SME	The Plan improve the capabilities of the national labour force to meet labour market requirements and keep up with rapidly changes in production technologies.		
	BRIEF REPORT ON THE NINTH DEVELOPMENT PLAN 2010- 2018	Housing	The financial allocations to the programs and projects of the social development and health sector during the Ninth Development Plan amount to about SR 273.9 billion, an increase of around 75.6%, compared to the amounts allocated during the Eighth Development Plan.	70	
	BRIEF REPORT ON THE NINTH DEVELOPMENT PLAN 2010- 2019	Overall financial sector	Overcoming adverse impacts of the global financial crisis to develop the domestic financial sector	12	
2					

3					
4					
5	BRIEF REPORT ON THE NINTH DEVELOPMENT PLAN 2010- 2019	Privatization	To monitor performance of private investments in the economic cities to check on the extent of their commitment to the planned paths and to remove obstacles which limit their performance.	14	
	BRIEF REPORT ON THE NINTH DEVELOPMENT PLAN 2010- 2019	Overall financial sector	To establish more "investment banks" to increase the importance of medium and long-term bank credit in line with the Council of Ministers' Resolution No. (72) dated 19/3/2007 in the banking sector by developing policies and mechanisms for meeting the financial needs.	44	

Appendix 5 – Household Sector – Vision 2030

Household sector – Vision 2030						
No.	Document reference	Specific industry (e.g., oil, tourism, manufacturing, etc.)	Quotation of target or objective set on the vision for the specific industry, government service, labour force (e.g., women, migrants) etc. (This can include numerical targets, policy initiatives, support plans, investment plans etc.)	Page number of the quote	Main difference(s) from previous vision or development plan	Your own comments (if relevant)
1	vision2030.gov.sa/en/programs/Housing	Overall Housing sector	The housing vision realization program offer solutions of housing that allow Saudi households to own homes based on financial and personal needs.	page 7	The program is committed to gain from possible opportunities of mortgage by increasing the total loans of mortgages to 502 billion Saudi Riyals.	This shall improve access to relevant and subsidized funding, enhance the living standards for current and future generations, and improve the supplies of affordable housing apartments in record time.

	vision2030.gov.sa/en/programs/Housing	Overall Housing sector	implementing initiatives specialized in securing housing for underprivileged segments of the society	7	It is committed to minimize the ratios between the average unit price and average yearly per capita income to five times.	
	vision2030.gov.sa/en/programs/Housing	Housing	developing its local content and improving its attractiveness to the private sectors, resulting in job creations, and further strengthening the economy of Saudi Arabia	7	The program is committed to increase the proportion of home ownership among Saudis to sixty percent and local contents to 63%.	
2	the National Transformational Plan (2020) and the Vision 2030	Overall Housing sector	The objectives is to increase real estate sector contribution and existing housing units from 5% to 10%	page 10	The memoranda signed by Saudi Green Building Forum saw the launch of the first chain of green chain network of green	

					buildings in the kingdom of Saudi Arabia.	
	the National Transformational Plan (2020) and the Vision 2031	Overall Housing sector	The vision 2030 advocates for the diversification of the economy and preservation of the natural resources through sustainable development.	article		
	the National Transformational Plan (2020) and the Vision 2032	Overall Housing sector	States that the percentage of home ownership and rentals is 70% and 30% respectively. Home ownership is currently at 47% and is planned to rise with the NTP 2020 to approximately 53%.	article	Average and low-income earning citizens in the Kingdom of Saudi Arabia have been experiencing housing difficulties.	
	the National Transformational Plan (2020) and the Vision 2033	Overall Housing sector	By 2013, the number of the sustainable projects had escalated to 140, with a majority being in the urban areas.	article		
3	vision2030.gov.sa/en/programs/Housing	Overall Housing sector	The signing the memorandum with the UN-Habitat's Regional Office for Arab States saw the launch of the first chain of green chain network of green buildings in the kingdom of Saudi Arabia.	article	This enriched the science of green buildings through the creation of a	

					forum for knowledge and experience	
4	vision2030.gov.sa/en/programs/Housing	Overall Housing sector	Saudi Arabia is planning to create an inflow of hundreds of billions of dollars in public and private investment for infrastructure development that will benefit the real estate development.	article	The current focus of the sector's authorities is to increase home ownership and create a conducive environment for foreign and domestic investors.	
	vision2030.gov.sa/en/programs/Housing	Overall Housing sector	It has even launched a five-year strategy for multi-faceted developments integrating both commercial and residential properties in the Kingdom. This is expected to contribute 10% to the national non-oil economy.	article		
	vision2030.gov.sa/en/programs/Housing	Overall business sector	Average and low-income earning citizens in the Kingdom of Saudi Arabia have been experiencing housing difficulties.	article	States that the percentage of home ownership and rentals is 70% and 30% respectively.	

					Home ownership is currently at 47% and is planned to rise with the NTP 2020 to approximately 53%.	
5	vision2030.gov.sa/en/programs/Housing	Overall business sector	Recent trends in real estate across Saudi Arabia make it an ideal sector to support diversification plans.	article	The current focus of the sector's authorities is to increase home ownership and create a conducive environment for foreign and domestic investors.	

Household sector – Previous Vision or plan					
No.	Document reference	Specific industry (e.g., oil, tourism, manufacturing, etc.)	Quotation of target or objective set on the vision for the specific industry, government service, etc. (This can include numerical targets, policy initiatives, support plans, investment plans etc.)	Page number of the quote	Your own comments (if relevant)
1	<u>The Ninth Development Plan of 2010 - 2014</u>	Overall Housing sector	The housing sector faces several challenges, including inadequate supply of housing units; low level of house ownership; lack of affordability of owned or rental housing units; lack of financing of housing or residential land, and proliferation of slum neighbourhoods.	79	
	<u>The Ninth Development Plan of 2010 - 2012</u>	Overall Housing sector	Despite the efforts of various bodies concerned with housing, progress is still below aspirations, which requires cooperation among stakeholders give priority to low-cost housing	79	
	<u>The Ninth Development Plan of 2010 - 2013</u>	Overall Housing sector			

2	<u>The Ninth Development Plan of 2010 - 2014</u>	Overall Housing sector	Ninth Development Plan envisages an increase of approximately SR100.5 billion on the development of municipal services and housing. This represents about 7% of total allocations for all development sectors, and an increase of about 53% over amounts allotted under the Eighth development Plan. This increase reflects the central importance of municipal services and housing in the development of the regions and in improving living conditions.	292	
	<u>The Ninth Development Plan of 2010 - 2011</u>	Overall Housing sector			
	<u>The Ninth Development Plan of 2010 - 2012</u>	Overall Housing sector	This constitutes a major challenge, especially since finance of the real estate sector in the Kingdom is still below prevailing global levels.	335	
	<u>The Ninth Development Plan of 2010 - 2013</u>	Overall Housing sector	The Ninth Development Plan pays particular attention to establishing an effective regulatory and institutional framework for monitoring performance of joint-stock real estate ventures in reference to Council of Ministers Resolution No. 130 of 2008.	292	
3	<u>The Ninth Development Plan of 2010 - 2014</u>	Overall Housing sector	The provision of mortgage finance by commercial banks has expanded, and the number of companies specializing in finance and real estate development increased.	335	

4	<u>The Ninth Development Plan of 2010 - 2014</u>	Overall Housing sector	Under the Ninth Development Plan, the real sector is projected to grow at an average annual rate of about 7.2%, compared with 5.2% under the Eighth Plan, which would increase its contribution to GDP from 13.3% in 2009 to about 14.7% in 2014. which would increase their contribution to GDP from about 6.6% in 2009 to about 7.4% in 2014.	71	Real estate services are expected to grow at an average annual rate of 6.8%, compared with 3.7% under the Eighth Plan, while value added in finance, insurance and business services is expected to grow at about 7.6%, compared with 6.9% under the Eighth Plan,
	<u>The Ninth Development Plan of 2010 - 2012</u>	Overall Housing sector	The housing sector in the Kingdom faces several issues and challenges, including adequacy of supply of housing units, rate of home ownership, prevailing price and rent levels for housing units, and availability of finance for housing and residential land.	353	
	<u>The Ninth Development Plan of 2010 - 2013</u>	Overall Housing sector			
5	<u>The Ninth Development Plan of 2010 - 2014</u>	Overall Housing sector	The Ninth Development Plan aims to: complete preparation, adoption and accelerate implementation of the comprehensive housing strategy, reduce the growing gap between housing supply and demand	354	

Appendix 6 – Culture – Vision 2030

Culture - Vision 2030						
No.	Document reference	Specific industry (e.g., oil, tourism, manufacturing, etc.)	Quotation of target or objective set on the vision for the specific industry, government service, labour force (e.g., women, migrants) etc. (This can include numerical targets, policy initiatives, support plans, investment plans etc.)	Page number of the quote	Main difference(s) from previous vision or development plan	Your own comments (if relevant)
	vision2030.gov.sa/en/programs/NCEP	Overall Cultural sector	improves the national character of the Saudis by promoting a set of values based on the Islamic heritage and legacy of KSA	page 7		
		Overall Cultural sector	The program strengthens the national identity sense of Saudis, anchoring it in both national and Islamic values.	page 7	This is accomplished by improving psychological and personal attributes that motivate and lead Saudis to be optimistic and successful	

1		Overall Cultural sector	The youth-centric policies expand the social, intellectual, and human legacy of KSA and building the national economy in line with leading ambitions and roles of KSA.	page 7		The program describes an approach-based on Saudi youths via procedures developed to improve the values of optimism, ambition, hard work, excellence, volunteering, generosity, and entrepreneurships.
		Overall Cultural sector	Most of the announcements come from the crown prince himself and have been implemented through the Life Program Quality.			
		Overall Cultural sector	Lifting workforce and social restrictions on women has the possibility of creating more welcoming atmosphere for tourists and improving the labour force, considered a new industry for developments		Gender segregation in the public domain has become a cornerstone of the Saudi interpretation of Islam.	. In these women-only public spaces, women undertake activities that are by them and for them, therewith reinforcing the existence of these separate structures.

		Overall Cultural sector	Saudi Arabia will allow foreigners of both genders to share hotel rooms without proving they are related after the conservative Muslim kingdom launched a new tourist visa scheme to attract holidaymakers.			
2	Vision 2030	Overall Cultural sector	Women has a share of working Saudis for the first time. The NTP took the 2017 figure of 21.20% as a baseline and established 24% as a target of 2020. The figure reached 27.3% in the fourth quarter of 2019 exceeding 2020 target of the government.			
3	Vision 2030	Entertainment sector	The entertainment industry is also anticipated to generate \$20 billion for the national economy over the next 15 years.		Vision 2030 commits enormous resources in establishing entertainment offerings.	
	Vision 2030	Entertainment sector	With that, it could create approximately 30,000 jobs directly and more than 100,000 indirectly in the Kingdom			

	Vision 2030	Entertainment sector	The general entertainment authority started its work in 2016 to build an entertainment industry essentially from scratch, with programs for an entire entertainment city, an opera house, water parks, theme parks, concerts, and cinemas.		The government has allocated adequate resources to promote entertainment and sports.	
4	Vision 2030	Overall Cultural sector	Other forms of entertainment like comic con and mixed-gender national day celebrations are allowed enabling tourists to enjoy their time spent in the Kingdom.			
5	Vision 2030	The Saudi Social Contract	The Social Contract provides a mechanism used by the government to legitimize the available authority beyond coercion.	article	The contract seeks the rights or mechanism to explain implicit assumptions perceived in the interaction between the state and society.	

Culture – Previous Vision or plan					
No.	Document reference	Specific industry (e.g., oil, tourism, manufacturing, etc.)	Quotation of target or objective set on the vision for the specific industry, government service, etc. (This can include numerical targets, policy initiatives, support plans, investment plans etc.)	Page number of the quote	Your own comments (if relevant)
1	<u>The Ninth Development Plan of 2010 - 2014</u>	Overall Cultural sector	In the Ninth Development Plan, increased efforts have been directed towards increasing the quality of cultural services by organizing and supporting cultural events and activities.	637	Some of these activities that are considered include symposia, forums, poetry, short story evenings, plays, seminars, workshops, and lectures.

2	<u>The Ninth Development Plan of 2010 - 2014</u>	Overall Cultural sector	The Ninth Development Plan has attempted to clearly define the role of media in cultural development to address its cultural implications on globalization. all media activities are controlled with the intention of inculcate the values and principles of tolerant Isla	331	The Ninth Development has attempted to address these issues pertaining to women, the family and society with little success.
3	<u>The Ninth Development Plan of 2010 - 2014</u>	Overall Cultural sector	Participation of women in economic activity has remained significantly low as compared with aggregate number of women who have achieved working age or the total labour force.	337	The Ninth Development Plan has taken several factors into consideration to improve female employment namely diversification of female employment,
		Overall Cultural sector	Investments in entertainment possibilities and cultural venues would also be pursued, with the number of people exercising at least once weekly expected to rise from 13% to 40% and household cultural and entertainment expenditure projected to increase from 3% to 6%		

4	<u>The Ninth Development Plan of 2010 - 2014</u>	Overall Cultural sector	During the Ninth Development Plan, there was a decrease in entertainment indicator from 119.2 points to 112.4 points, which is attributed to an increase in the number of housing units, particularly the number of affordable housing units that improved on the provision of water and sanitary services and implement the property mortgage law and related rules. To improve the current contribution of entertainment industry to the economy (4 %), the Ministry of Agriculture has been tasked with the role of developing national parks that are important for tourism and entertainment which can increase private-sector participation	195, 207, 240	
5	<u>The Ninth Development Plan of 2010 - 2014 on Saudi Arabia Vision</u>	The Saudi Social sustainability	the Saudi government considers it a priority to strengthen, preserve and highlight the country's unique cultural and historical heritage for generations. The country is commitment to building cultural museums and increasing the number of Saudi heritage sites registered with the United Nations Educational, Scientific and Cultural Organization (UNESCO). I	7	The effect of crime on the society has received wide research to understand its sources. Crime is a burden on the economy, creates uncertainty and inefficiency, discourages domestic and foreign investments, reduces competitiveness among firms and impacts factor accumulation.

Appendix 7 – Overall Goals Country Economy – Vision 2030

Overall goals country Economy – Vision 2030						
No.	Document reference	Specific industry (e.g., oil, tourism, manufacturing, etc.)	Quotation of target or objective set on the vision for the specific industry, government service, labour force (e.g., women, migrants) etc. (This can include numerical targets, policy initiatives, support	Page number of the quote	Main difference (s) from previous vision or development plan	Your own comments (if relevant)

			plans, investment plans etc.)			
1	vision2030.gov.sa/en/programs/FBP	Economy	In conjunctions with enhancing efficiencies of government spending and managing risks related to the processes, the fiscal balance vision realization program includes the foresights and supervisions of fiscal performan	pages 4,5,6 and 7	While sustaining the relevant growths of non-oil economy, the 2020 commitments to fiscal balance are line with the need to minimize the deficits to sustainable levels. International exercise was carried out to consider the experiences of other	This program shall ensure that there is no additional fiscal imposition by the state on the private sector or Saudis. It will ensure that there no further removals of subsidies, no corporate income taxes and no income tax imposed on the Saudis. The

		<p>ces with the aim of maximizing non-oil and oil government revenues. Also, the program targets maintaining stable government reserve account to accomplish fiscal sustainability while sustaining the ability of KSA to borrow funds from global and local markets as per the medium-term debt strategies.</p>	<p>nations that underwent main economic reforms to balance the two targets. These exercises helped in the development of the fiscal balance program that targeted reforms influencing 15.2% of the GDP for a period of four years.</p>	<p>program is committed to inclusive processes of draft primary policies. There is grace period between policy implementation and policy announcements. The program shall also ensure that there is no retroactive decision-making. The program appreciates that many businesses have been very reliant on the cash-flows</p>
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							they get from the government in the past. The program committed that moving forward, the government shall pay within two months of due dates and there shall be no delays in the government paying contractors for services rendered as part of the program support for the broader economy.
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2	"Saudi Arabia: 2019 Article IV Consultation—Press Release; and Staff Report," IMF Country Report No. 19/290, 5.	Economy	Establish fiscal balance	19/290	The KSA government faced budget short fall in 2015 of 15% of gross domestic product following the plunge in prices of oil in mid-2014 that needed it to spend down \$116 billion (424 billion SAR) in reserves that year, almost 16% of total approved reserves. Therefore, the most urgent task was to stabilize the macro-	Following the collapse of oil prices in mid-2014, the short-term macroeconomic policy handling of KSA merits praise. Saudi policy makers managed to begin to stabilize the macroeconomic situation through prudent fiscal policies after watching foreign exchange reserves fall, oil revenues
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					<p>economic situations and stem the bleeding. To this end, Saudi officials undertook the various fiscal measures in the immediate economic downturn aftermath. The officials reduced government spending sharply as the country re-evaluated its budgeting procedures and spending priorities.</p>	<p>plummet, and the budget tilts heavily into deficits. While designing various new government revenue sources, they reined in government spending, progressively bringing the national budgets back on trajectories towards balance, thereby stemming the outflows of foreign exchange reserve. The KSA</p>
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							governmen t designed medium- term budgetary planning with the assistance of the IMF at the end of 2019.
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3	vision2030.gov.sa/en/programs/FBP	Economy	<p>The Council of Economic and Development Affairs introduced by the government proposes to undertake national building affairs to create a better ground for investments. Such plans remain one of the competitive advantages in the nation which will attract many partners</p>	Article	<p>The oil and mineral resources have the potential to attract manufacturing companies to utilize raw materials for a wide variety of consumer goods production. Such an aspect reduces the practice of exporting crude oil which brings relatively lower revenue to the government. The imported</p>	<p>Saudi Arabia has the potential to employ the strengths and opportunities to overcome potential threats and weaknesses. The proposed support by the United Kingdom would improve the bargaining power with the proposed partners who would bring operational changes to diversify the kingdom's</p>
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		<p>who would undertake the national building projects. Also, the Islamic model of moderation intends to allow a diversity of business partners regardless of religion to engage in investment practices. The real tradition of Islamic dominance with significant restrictions to non-Muslims</p>		<p>technology by the partners minimizes the governments strive to improve technology in the kingdom.</p>	<p>economy. Plans with Korea also target a diversified market where the two states exchange marketing grounds for the locally produced commodities.</p>
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			renders it possible to offer a level ground for all interested parties if the aspect of vision 2030 becomes one of the partners' mandates. Salman's leadership has performed numerous adjustments to the law for the provision of a friendly environment.			
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4	https://www.euromoney.com/article/b1kwsyr21vw5qs/saudi-arabias-vision-2030-faces-its-biggest-test	Economy	<p>The Gulf's largest economy is facing unprecedented challenges from the coronavirus Covid-19 and oil at \$30 a barrel. Saudi Arabia has announced SAR120 billion (\$32 billion) of stimulus to support its economy as it looks to fight Covid-19, but the impact of lower oil prices means it is also having to</p>	pg. 20	<p>The country announced a partial reduction on spending in some items with the least social and economic impact", while the government re-focuses its financial firepower to implement measures to fight the consequences and spread of the virus. Healthcare and social spending are key priorities.</p>	<p>Saudi Arabia has also been hurt by the fall in oil prices to below \$30 a barrel, squeezing the financial resources available and forcing the Kingdom to announce a SAR50 billion reduction in expenditure, as well as a reorientation of spending to fight the virus. Already running a fiscal deficit, Al-</p>
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		<p>announce emergency spending cuts and increase its deficits to pay for them. Minister of finance Mohammed Al-Jadaan unveiled SAR70 billion of new initiatives to help the private sector, in particular SMEs, taking the official response stimulus up to SAR120 billion.</p>			<p>Jadaan said Saudi would increase borrowing to fund the plan, raising the question of how much it will put aside to continue supporting Vision 2030.</p>
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5	https://www.globalbusinessoutlook.com/key-sectors-to-drive-saudi-arabias-vision-2030-strategy/	Economy	<p>All stakeholders including the private sector, foreign investors and households should participate in the government's diversification efforts. For example, greater participation of men and women is equally important in the labour market to achieve higher</p>	article	<p>The private sector is especially critical in contributing to the national economy because it will improve the market conditions and create more ownership, employment, trade and competition in the Kingdom. Currently, twice as many Saudi nationals are working in the public sector compared to the private</p>	<p>The government should further develop policies to impose austerity measures such as reduction in energy subsidies, increase in taxes and promote SME culture in the Kingdom. In the long term, the effects of these policies will help the government maintain economic stability. More importantly, investing</p>
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		<p>household income. It is also imperative for the Kingdom to improve the current business regulations and open domestic markets to competition, trade and investment. Increasing efficiency of government spending and new revenue streams, such as taxes and increase in</p>	<p>sector. So, the major challenge for the Kingdom is to overcome the existing unemployment trend. This transformation requires a change in mindset among nationals to be able to adapt to working in the private sector, which sees higher working hours and lower paying jobs comparatively.</p>	<p>in renewable energy to counter the challenge of weak oil prices will be ideal, especially given the Kingdom's climatic conditions.</p>
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			domestic oil prices can also contribute to fiscal sustainability in the Kingdom.			
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6	https://www.globalbusinessoutlook.com/key-sectors-to-drive-saudi-arabias-vision-2030-strategy/	Economy	<p>According to the General Authority of Statistics, a government agency responsible for the implementation of statistical works in the Kingdom, the oil sector output fell by 6.43 percent, but the non-oil output rose 4.33 percent because of private sector activity last year. The</p>	article	<p>Despite contraction in the energy sector, the Kingdom's non-oil economy recorded growth by 3.3 percent last year, marking its fastest growth rate since 2014. A shift to a market-based approach is necessary. According to the Mckinsey report, the Kingdom will have to make a dynamic shift in its approach from the</p>	<p>The government should further develop policies to impose austerity measures such as reduction in energy subsidies, increase the pressure of declining oil prices has had an impact on the Kingdom. In 2015, its fiscal deficit had nearly reached \$100 billion or 15 percent of GDP. More recently, the</p>
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			<p>Kingdom's growth in the third quarter last year was attributed to wholesale and retail trade, which rose 8 percent, while finance, insurance, real estate and business services rose 6.28 percent.</p>		<p>current government-led economic initiatives to a more market-based approach.</p>	<p>Kingdom is set to increase oil production and sell the crude at significantly discounted prices on the back of declining oil demand. This decision has affected not only its domestic oil market but hurt its neighbouring oil producers who are now forced to sell their crude at the price fixed by the Kingdom. Another significant impact on</p>
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							importantly , investing in renewable energy to counter the challenge of weak oil prices will be ideal, especially given the Kingdom's climatic conditions.
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7	https://www.globalbusinessoutlook.com/key-sectors-to-drive-saudi-arabias-vision-2030-strategy/	Economy	<p>The Kingdom of Saudi Arabia has recognised economic diversification as an important contributor for building sustainable economic growth. ITs decision to lead economic diversification is largely attributed to the high dependence on oil which has demonstrated volatility</p>	article	<p>The government is expecting real GDP growth in 2020. In fact, the Institute of International Finance in its report noted that the Kingdom's non-oil economy will remain at 2.7 percent in 2020, largely supported by recovery in private sector economic activity. In January, the International</p>	<p>Last year, the Kingdom's GDP growth slowed because of tumbling oil production and below average oil prices. In the third quarter, its economy contracted 0.46 percent from the previous year. Although crude is still important to the Kingdom its economic diversification is led by the Vision 2030 programme</p>
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			risks on the back of macroeconomic factors in global markets.		al Monetary Authority predicted that the economy would expand 1.9 percent this year, with an increase from an estimated 0.4 percent in 2019. However, the slowdown in oil output has forced the authority to revise the forecast for the Kingdom's growth to 2.2 percent.	, a reform responsible for massive developments in select non-oil sectors to create a post-oil future.
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8	https://www.globalbusinessoutlook.com/key-sectors-to-drive-saudi-arabias-vision-2030-strategy/	Economy	<p>The Kingdom's non-oil sector is anticipated to grow this year despite the global macroeconomic challenges and mixed forecasts. The good news is that its monetary, fiscal and structural policies are directed toward economic expansion of the private non-oil sector in the medium term.</p>	article	<p>The credit for the breakthrough goes to the Crown Prince Mohammed Bin Salman Al Saud, who has prepared the ground for the Kingdom's diversification plan very well. Recently, the Saudi government even introduced a 5 percent value added tax, as part of the diversification plan, to increase revenue and reduce</p>	<p>The IFF report highlights that the Kingdom is in a good position to balance its fiscal budget by 2023 and is now more secure than a few months ago. This is mainly due to the government's restrained spending amid low oil prices</p>
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					fiscal deficits driven by low oil prices. This is a landmark move ending decades of tax-free living for residents and most businesses in the Kingdom, with exceptions to health, education, and public transport.	
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9	https://www.globalbusinessoutlook.com/key-sectors-to-drive-saudi-arabias-vision-2030-strategy/	Tourism	<p>Tourism is a lynch pin of Saudi Arabia’s diversification plan. The Kingdom is heavily investing in the tourism industry which seeks to contribute from 3 percent to 10 percent GDP by 2030. In essence, its tourism strategy is a major part of the Vision 2030 — and now it has set ambitious targets to become a</p>	article	<p>Led by the Red Sea Development Company, the mega project is expected to increase the domestic GDP by \$5.86 billion annually after completion . The first phase of the project is slated for completion by 2022, with 3,000 suites constructed in addition to an airport, marina and recreation centres. Every year,</p>	<p>Saudi Arabia’s way of enhancing the tourism industry is through development of posh projects which will allow tourists to experience world-class luxury. An example of that is the landmark Red Sea Project which is a land and property development planned along the Kingdom’s Red Sea coast.</p>
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			<p>global tourist destination with grand infrastructure developments and ease of visa restrictions.</p>	<p>the Red Sea Project will attract one million tourists and create 70,000 new jobs. The project's value addition to job creation is extremely significant as unemployment among Saudi nationals is quite high. In 2018, Saudi youth saw a 25 percent unemployment rate, observed the Federal Reserve</p>	
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					Bank of St. Louis.	
10	https://www.globalbusinessoutlook.com/key-sectors-to-drive-saudi-arabias-vision-2030-strategy/	Tourism	It is no surprise that the Kingdom wants to become a top five global tourism destination over the next decade. The outlook is quite positive for the industry because	article	Another highlight of the project that will lure tourists is its ecological contributions like achieving 100 percent carbon neutrality and no discharges to the sea. Such benefits	Saudi Arabia's way of enhancing the tourism industry is through development of posh projects which will allow tourists to experience world-class luxury. An example of that is the landmark Red Sea

			and it is expected to generate substantial income for the Kingdom.		accrue to both the tourists and the Kingdom, which is seeking to generate revenues that can replace income previously generated from oil production , creating a sustainable form of economic development.	Project which is a land and property development planned along the Kingdom's Red Sea coast.
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11	https://msysmhsptkazqgnbycne.s3.amazonaws.com/user/WV_1599544707_6096_vision_2030_Public_Investment.pdf	technology	<p>PIF seeks to support the localization of technology and know-how through the launch of new sectors, as well as through the strategic partnerships it forms with global partners. Moreover, PIF will, as an active investor, stimulate and encourage its portfolio companies in Saudi Arabia to</p>	pg14	<p>PIF's contribution has since grown significantly considering the strategies set by CEDA, as part of the broader effort to drive national economic transformation and achieve positive and sustainable change in Saudi Arabia. Specifically, PIF is actively contributing towards domestic economic</p>	<p>To measure the performance and impact of the PIF Program, several Key Performance Indicators (KPIs) were identified. These include KPIs that measure progress against the four PIF Program objectives, as well as macroeconomic indicators. The 2020 targets for these KPIs are set based on the PIF program's</p>
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		<p>expand their research and development efforts. In this context, the Program aims to create 11,000 high-skilled jobs locally by 2020. Moreover, it expects to invest SAR 210 billion - both directly and through its portfolio companies - over the coming</p>	<p>development, while expanding its international assets by investing in global sectors and markets, establishing strategic partnerships, and launching large-scale programs and initiatives. PIF will aim to maximize sustainable returns in line with the ambitious goals and objectives of Vision 2030.</p>	<p>models and projections.</p>
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			three years in advanced technology sectors and research and development, locally and internationally.			
12	https://msysmhspkzqgnbycne.s3.amazonaws.com/user/WV_1599544707_6096_vision_2030_Public_Investment.pdf	Economy	PIF contributes to the development and diversity of Saudi Arabia's economy, drives the diversification of the government's sources of	pg14	PIF is a long-term active investor that enables its portfolio companies to grow into regional and global leaders; it engages with	PIF takes a strategic approach towards investing, leveraging its scale to be a partner of choice for global investors and businesses. PIF is

		<p>income, launches new sectors in the local economy and localizes technology, knowledge, and innovation. PIF complements, enables, and partners with the private sector, by creating new opportunities through its investments. PIF adopts an innovative and gold-</p>		<p>companies through their respective boards employing a rigorous governance framework that meets local and international requirements, and advocates for sound corporate governance standards in its portfolio.</p>	<p>unique as it mobilizes its capital resources and leverages its network and scale to create complex and transformative new ecosystems, innovate, and positively affect trends at the global level.</p>
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			standard institutional model that is continuously evolving with emerging and future trends, and that seeks excellence by developing people, talent and systems.			
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13	https://msysmhsptkazqgnbycne.s3.amazonaws.com/user/WV_1599544508_3241_vision_2030_National_Transformation.pdf	Transform Healthcare	Transform Healthcare seeks to achieve a vibrant society by restructuring the health sector to become a comprehensive and effective system. It will promote public health through the implementation of a new model of care that focuses on prevention and improving society's health awareness	pg14	Strategic Objective (2.1.1: Ease Access to Health Services): Strategic Objective (2.1.2: Improve Quality and Efficiency of Healthcare Services): Strategic Objective (2.1.3: Promote Prevention Against Health Risks): Enhance the accessibility of healthcare services for citizens and residents at the right	The initiative is concerned with the separation of healthcare services from the Ministry of Health and transferring those services to Accountable Care Organizations (ACOs) that compete on the basis of quality, efficiency, and productivity. The initiative aims to improve the efficiency of the
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		<p>. It will also improve access to health services through optimal coverage, equitable geographical distribution, as well as comprehensive and expanded e-health services and digital solutions. Furthermore, it will aim to continually improve health services by focusing on beneficiar</p>	<p>time and right place, through four components: expansion of total capacity (number of beds and medical staff), adequate geographical distribution (distance from healthcare provider), timely and affordable access to related healthcare services. Enhance the overall value provided to beneficiari</p>	<p>healthcare sector through information technology, digital transformation, and through utilizing state of the art technologies to ease access to healthcare (such as tele-medicine, and tele-consultations). The initiative aims to introduce a new approach to healthcare that focuses on prevention</p>
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			<p>y experienc e and satisfactio n in line with internatio nal standards and best practices.</p>	<p>es through the improveme nt of the quality and efficiency of the healthcare services as well as the safety of the healthcare facilities, ensuring adequate healthcare coverage with financial sustainabili ty. Enable healthy living by promoting preventive healthcare (such as awareness and vaccination) to minimize</p>	<p>and goes beyond simply disease treatment; it will integrate the role of the individual, society, and institutions with the role of health service providers to ensure access to healthcare in accordance with best practices. The initiative aims to supervise the purchase of healthcare services,</p>
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					<p>the risks associated with health crises and diseases of communicable and non-communicable diseases</p>	<p>which includes a package of comprehensive health benefits approved by the concerned authorities. These services cover all citizens and residents working in the government sector and their families. The initiative aims to develop programs that increase the number of spaces available for training and</p>
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								improves the quality of the training outputs, to contribute to the qualification of specialized health professionals in the Kingdom of Saudi Arabia.
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14	https://msysmhsptkazggnbycne.s3.amazonaws.com/user/WV_1599544508_3241_vision_2030_National_Transformation.pdf	<p>Improve Living Standards & Safety</p>	<p>Improve Living Standards & Safety seeks to elevate Saudi cities to become smart cities with high-quality services and infrastructure, including public spaces, green areas, and sidewalks. The theme also aims to achieve a healthy and safe environment by enhancing traffic safety and</p>	<p>pg14</p>	<p>Theme will be overcome through the following strategic objectives: Strategic Objective (No. 2.3.1: Improve the Quality of Services Provided in Saudi Cities): Strategic Objective (4.4.1: Improve the Living Conditions of Expatriates); Strategic Objective (No. 2.3.2: Improve the Urban Landscape in Saudi Cities):</p>	<p>The aim of this initiative is to increase the coverage of stormwater and floodwater drainage networks. In addition to upgrading the existing networks to enhance the reliability of drainage within cities and to protect the population and property from floods hazards. The aim of this initiative is to reduce</p>
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			<p>reducing pollution. Furthermore, the theme aims to make Saudi Arabia attractive to international talent by opening more public and private schools, as well as adopting an efficient and simplified system for issuing visas and residence permits.</p>		<p>Strategic Objective (No. 2.3.4: Enhance Traffic Safety): Strategic Objective (No. 2.4.1: Reduce All Types of Pollution): Improve services provided at the city level, including: utilities (water, power, electricity, fiber optics, gas, and sanitation), public transport, and infrastructure (roads and parking) by</p>	<p>road congestion and improve the users' satisfaction through improving the roads quality based on traffic studies. The aim of this initiative is to improve the quality of streets, urban roads, bridges, and tunnels within cities. This includes road safety, aesthetics, and maintenance. The aim of this initiative is</p>
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					<p>improving their quality, reliability and accessibility. Convene living stability, residency enablers, property ownership regulations to enhance ties to the motherland. In addition to providing appropriate educational opportunities, raising living standards, accepting cultural differences, and blending</p>	<p>to consolidate the various data centres into a unified data centre for the municipal sector, which will operate with high-performance devices, efficient procedures and managed by highly qualified teams for optimum operational efficiency.</p>
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					<p>with the community . Improve urban landscape in the Kingdom by: First: improving the urban landscape of public and community spaces for people to enjoy (e.g., green areas or gardens). Second: imposing architectural guidelines for buildings to ensure their quality and safety. Third: reducing</p>	
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					visually unpleasant scenery (visual pollution), such as landfills and construction areas.	
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15	https://msysmhsptkazqgnbycne.s3.amazonaws.com/user/WV_1599544508_3241_vision_2030_National_Transformation.pdf	Ensure Sustainability of Vital Resources	Ensure Sustainability of Vital Resources) aims to develop and protect natural areas such as, reserves, islands, and beaches. It also aims to formulate the optimum environment to attract the private sector and activate its roles to rehabilitate and maintain these natural areas. The	pg43	Strategic Objective (2.4.2: Provide Environmental Protection from Natural Hazards): Strategic Objective (2.4.3: Protect and Rehabilitate Natural Landscapes): Strategic Objective (5.4.1: Ensure Development and Food Security): Strategic objective (5.4.2: Ensure Sustainable Access to Water	The aim of this initiative is to develop a comprehensive system to protect all aspects of the agricultural sector concerning the Ministry of Environment, Water, and Agriculture.
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			<p>theme also aims to improve the Kingdom's environmental protection from natural hazards via vegetation to both; combat desertification and protect against insects and pests. Further, the theme aims to improve the national capabilities to predict natural hazards</p>	<p>Resources) : Preventing natural disasters such as desertification, floods, sandstorms, and epidemics. In addition to minimizing losses caused through improving early warnings and predictions. . Establishing reserved areas such as natural reserves, beaches and islands with land ownership and</p>	
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		<p>and reduce the response time to protect against human, economic and environmental impacts. Moreover, the theme also intends to develop the Kingdom's biological resources and ensure its sustainability through focusing on, water resources, food and drugs security and</p>	<p>building codes. In addition to imposing restrictions on certain practices such as animal hunting, fishing, dumping and vandalism. Further, facilitating the access to the subject areas without posing threats on the environmental sustainability and the rehabilitation of the affected natural areas.</p>	
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			<p>availability of labour. This would strengthen the national capability of effective crisis management.</p>	<p>Ensuring the sustainability of vital resources including food, medicine, energy, and labour resources. Further, the assessment of vital resources in accordance with the social and economic needs of Saudi Arabia. This sustainability includes the flexibility, adaptability, and ability to</p>	
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					deal with crises.	
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16	https://msysmhspkzqgnbycne.s3.amazonaws.com/user/WV_1599544508_3241_vision_2030_National_Transformation.pdf	Social Empowerment and Non-Profit Sector Development	Social Empowerment and Non-Profit Sector Development aims to promote social welfare by improving the effectiveness of programs and employees' capabilities to enable the beneficiaries to achieve self-reliance. The Theme also aims at spreading the	pg55	Provide citizens in need with the necessary tools to enable them to rely on themselves , which include follow-up programs for education, qualification and training programs, and pensions and medical care; this will help transition from the "subsidy" approach to a "helping for	Enhance the social responsibility of companies by carrying out activities that positively reflect on the environment, clients, employees, and stakeholders. Moreover, support the role of the government in providing services to society and increase the level of social cohesion. Develop the non-profit
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		<p>culture of volunteerism, improving effectiveness and available opportunities; as well as empowering the non-profit sector, enacting possible legislation, and expanding the services of non-profit organizations. The Theme also seeks to maximize the impact of volunteerism and its benefits</p>	<p>empowerment” approach. Targeting and supporting the most vulnerable groups in need of assistance, providing them with care that contributes to their independence; and to achieve such with the highest efficiency. Encouraging the participation of Citizens in Volunteering activities. Also, ensuring the</p>	<p>sector to increase its diversity and impact, to become a pillar of the Kingdom’s economic and social structure, and to create employment opportunities. Achieve the sustainability and social impact of non-profit organizations, enhance their role in innovation, and make these services high quality by building</p>
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		<p>by raising the efficiency of the non-profit sector, qualifying its employees, and enhancing their capabilities, raising the level of contribution of local companies in supporting the non-profit sector, and enhancing Corporate Social Responsibility (CSR) from the business sector.</p>	<p>readiness of the legal structure to create more and better Volunteering opportunities. as a result, the number of volunteers will increase which will lead to enrich their experiences and create an impact on their life and environment and provide them with practical skills that increase their ability to find</p>	<p>an advanced system to foster their development.</p>
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					suitable job opportuniti es.	
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17	https://msysmhsptkazggnbycne.s3.amazonaws.com/user/WV_1599544508_3241_vision_2030_National_Transformation.pdf	Achieve Governmental Operational Excellence	Achieve Governmental Operational Excellence seeks to enhance government performance and improve its services by raising the level of productivity of the government employee. It will do so by establishing the principles of integrity and transparency, reforming	pg65	Reforming civil service sector's regulations & organizational structures while empowering government entities to create a stimulating work environment and raising the efficiency of human capital. Thereby, enhancing job satisfaction, engagement, and productivity of civil service employees.	Increase transparency in the various roles, functions, and responsibilities of the government entities; by setting up the necessary legislative environment & standards and supporting institutional readiness to comply. Reflecting the increased trust of beneficiaries in the performance of government sectors
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			<p>the civil service system, improving the efficiency of infrastructure, and activating e-services. It will also build channels for effective communication between service providers, customers, and beneficiaries, to reach a superior customer experience.</p>	<p>Develop government services for citizens and companies, boost the digitization of internal government operations, increase the spread and use of e-government services, raise customer satisfaction rates, and reduce the cost of government services. Improve the quality of services provided to citizens by ensuring</p> <p>and services, which will in turn increase foreign investor trust in the Kingdom. Enhance channels of communication between citizens, businesses, and government entities by providing effective communication channels (e.g., e-platforms, discussion boards with citizens). Ensure government entities'</p>
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					reliability, speed, and accuracy of government services, simplifying related procedures, and developing customer experience to ensure easy access to services.	response to customers' feedback is provided, including timely response to stakeholders, and providing satisfactory solutions.
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18	https://msysmhsptkazggnbycne.s3.amazonaws.com/user/WV_1599544508_3241_vision_2030_National_Transformation.pdf	Labour Market Accessibility & Attractiveness	Labour Market Accessibility & Attractiveness seeks to overcome the obstacles that development of the labour market faces for all segments of society. That will include strengthening the culture of women's participation in the labour market and providing the possible	pg.79	Increase the contribution of women to economic and social development, by raising their participation in the labour market in all sectors. Also, by removing the barriers that stand in the way of their joining the labour market. Remove obstacles that hinder people with disabilities from	Enhancing the protection of expatriates' rights by increasing the commitment to the labour system and improving labour rights requirements, including protecting their financial rights, and increasing the attractiveness of the work environment both in terms of health and professionalism.
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		<p>means that makes the working environment suitable for women. As well, through establishing supporting programs for rehabilitation and employment of people with disabilities and legislate institutional regulation that makes the working environment suitable for them</p>		<p>integrating into the labour market by providing opportunities, establishing infrastructure, and developing their professional and social skills.</p>	<p>Extend proactive efforts and employ effective channels to attract talent and competencies, also facilitate administrative procedures. And motivate those recruited to integrate with Saudi society.</p>
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			which ensures their integration in the labour market. It also aims at developing mechanisms for inspection and settlement of global differences which improves people's experiences and contributes to attracting talents.			
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19	https://msysmhsptkazggnbycne.s3.amazonaws.com/user/WV_1599544508_3241_vision_2030_National_Transformation.pdf	Contribute to Enabling the Private Sector	Contribute to Enabling the Private Sector contributes to overcoming the obstacles facing the development of the private sector and attracting Foreign Direct Investment (FDI). It will do so by facilitating doing business, developing the digital economy, developing the retail sector,	pg86	Develop and implement regulations and processes that remove hurdles to start, run, develop, and exit a business, and provide needed protection to businesses (e.g., contract enforcement, insolvency, shareholder protection) . Attract high quality, diversified, and sustainable	Promote the culture of entrepreneurship and innovation to increase SME's contribution to GDP and employment. Increase the contribution of productive families to GDP and employment and enhance the degree of development of their various businesses. Encourage companies to participate in
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			<p>adapting rules and regulations, and intensifying the empowerment of productive families and Small and Medium Enterprises (SMEs), thereby contributing to supporting this sector's growth and sustainability.</p>		<p>FDI and win over foreign investors' confidence . Develop an advanced digital economy operating mainly through digital technology , especially those technologies of the Fourth Industrial Revolution, supporting it with innovations and thereby contributing to the development of the economy. Develop</p>	<p>economic activities in a sustainable manner and increase their capacity to cope with shocks, by creating a robust and long-term link to the environmental and economic system.</p>
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					and transform the retail sector through applying modern solutions, enhancing e-commerce, qualifying the national workforce to occupy various operational and administrative vacancies within the sector, in addition to opening new retail markets. This will help increase retail sector	
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					contribution to GDP and job creation.	
20	https://msysmhsptkazqgnbycne.s3.amazonaws.com/user/WV_1599544508_3241_vision_2030_National_Transformation.pdf	Develop the Tourism and National Heritage Sectors	Develop the Tourism and National Heritage Sectors aims at marketing KSA as a tourist destination regionally	pg10 2	Reviving, preserving, and promoting the Islamic, Arab, and National heritage, both locally and internationally; conserving and	Enable the growth of tourist and leisure offerings to local and international tourists, thereby enhancing awareness of the Kingdom as a tourist

		<p>and globally through the development of advanced infrastructure, preparation of the necessary regulations and legislation, and building of institutional capacities, which contribute to creating diverse job opportunities and increasing the contribution of the tourism sector to</p>		<p>rehabilitating heritage sites, classifying several of them within the list of world heritage sites; and reviving traditions and organizing events and facilitating access.</p>	<p>and leisure destination .</p>
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			<p>the economy of the Kingdom. The Theme also caters to the revival, preservation, promotion, and classification of Islamic, Arab, and National heritage within the list of internationally recognized heritage sites.</p>			
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21	vision2030.gov.sa/en/programs/FBP	Sustainability of Vital Resources	<p>The aim of sustainability of vital resources is to create and safeguard natural resources like beaches, reserves, and islands. Also, it aims to establish optimum environments to appeal to the private industry and catalyse its roles to recover and sustain these natural resources.</p>	pg55	<p>Protection and rehabilitation of natural landscapes establish reserved areas like islands, natural reserves, and beaches with building codes and land ownership. It also imposes restriction to specific practices like vandalism, dumping, fishing, and animal hunting. Besides, protection and</p>	<p>The challenges facing sustainability of vital resources is overcome via various strategic goals. Some of the strategic objective include ensuring sustainable access to water resources, ensuring food security and developments, protecting, and rehabilitating natural landscape, and providing</p>
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				<p>rehabilitation of natural landscapes facilitates the access to the certain locations without posing dangers on the rehabilitations of the affected natural areas and on the ecological sustainability.</p>	<p>ecological protection from natural threats. The environmental protection prevents natural hazards like epidemics, sandstorms, floods, and desertification.</p>
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		<p>threats and minimize the time of responses to safeguard environmental, human, and economic impacts. Further, it intends to create biological resources of KSA and make sure their sustainability via concentrating on labour availability, drugs and food security, and water resources.</p>			
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			<p>This would reinforce the effective crisis management national capabilities. The major agencies involved in sustainability of vital resources include Social and Labour Development Ministry, Health Ministry, Planning and Economy Ministry, Authority of Saudi Wildlife, Environme</p>			
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			ntal Protection and Meteorolo gy General Authority, Corporatio n of Saline Water Conversio ns, and Agricultur e, Environme nt, and Water Ministry.			
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22	vision2030.gov.sa/en/programs/FBP	Development of non-oil sectors	<p>The strategic objectives include the development of non-oil sectors by cutting off the sale of hydrocarbons by the year 2020 (Moerenhout, 2017). Then increasing the government's non-oil income from \$43.5b to SR 600b by 2020 and then to one trillion by 2030. Also increasing the GDP of</p>	Article	<p>Such practices would ensure that the kingdom becomes sustainable throughout the times. Depletion of oil reservoirs in the future would cripple the economic activities if no alternatives were sought to complement the sector. Also, the frequent changes in oil prices render it essential for Saudi's</p>	<p>The period of the oil boom, where many residents migrated from the rural areas to the major towns led to the importance of government's development of the cities to create a sustainable environment for all the citizens. The vision 2030 is mandated to accomplish most of the developme</p>
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		<p>the private sector from 40 to 65 percent remains one of Saudi's vision 2030 strategic objectives. Finally, raising the non-oil exports GDP from 40 to 65 percent by 2016. The overall objective of the vision is to diversify the production methods from oil sales to concentrate on other</p>	<p>diversification of the methods to raise the government's revenue. A tremendous increase in the Saudi population, especially in the urban areas causing inflation for commodities, raises the need to create a more sustainable economy for the kingdom. The local resources available cannot fully satisfy</p>	<p>plans proposed for the wellbeing of all the citizens in the kingdom of Saudi Arabia. The large population in the urban centres raised demand for services by residents which the government could not sustain.</p>
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			means of economic growth.		the developing country in the Middle East and Gulf region. A high fertility rate leading to rural-urban migration and international business development in the urban areas creates the urge for expansion of the housing sector to sustain the new developments.	
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