

Policy Report

Special Issue

*Vision 2030 and the Socio-Economic Reform
Process: The Future of Labour and Migration in
Saudi Arabia*

No.4

The Global Competition for Talent

How does Saudi Arabia Compare with Gulf and Global Peers?

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Executive Summary

Vision 2030 emphasises reducing Saudi Arabia's reliance on oil revenue by building a more dynamic and diverse economy. Attracting highly skilled migrants is essential to achieving this goal and is explicitly targeted in the vision. This policy brief, which is drawn from a longer and more academic report on the topic, provides an overview of Saudi Arabia's current talent attraction efforts, highlights areas of strength and ongoing challenges, and presents targeted recommendations to enhance Saudi Arabia's competitiveness in the global talent market. Despite competition with Gulf and global peers, Saudi Arabia has been successful in recent years in attracting highly skilled workers, as shown in local labour market survey data as well as analysis of third-party data, such as changes in residency on LinkedIn profiles. There has been very strong growth in the migrant numbers in some of the most highly skilled occupational groups, such as managers and professionals. At the same time as it has attracted significant numbers of migrants, Saudi Arabia has also created large number of jobs for nationals in the private sector, bringing their unemployment rate down to a record low and their labour force participation to nearly a record high.

Saudi Arabia's talent attraction efforts are supported by recent reforms in immigration policy and labour market regulations, including the introduction of Premium Residency. Saudi Arabia ranks fairly high in relevant indices, such as the Global Talent Competitiveness Index and the International Institute for Management Development (IMD) World Talent Ranking. It performs particularly well in the Expat Insider Index, which is based on an annual survey of highly skilled migrants, rising from near the bottom in 2017 to the top quartile in 2024. However, it still lags well behind the UAE across all the indices and is behind Qatar, Oman, and Bahrain in some of them. A major drag on its attractiveness relative to Gulf peers is the liveability of cities, with Riyadh and Jeddah ranking in the bottom third of an index of major global cities from Mercer, whereas Dubai and Abu Dhabi are in the top third.

Key recommendations for improvement include enhancing immigration policies by expanding residency options, improving the quality of life in urban areas by investing in infrastructure and public services, supporting migrant families through better access to education and work opportunities for spouses, and fostering a more inclusive and culturally accommodating environment for migrants. By focusing on these areas, Saudi Arabia can attract and retain skilled talent, fostering long-term contributions to the economy and advancing its Vision 2030 goals.

Introduction

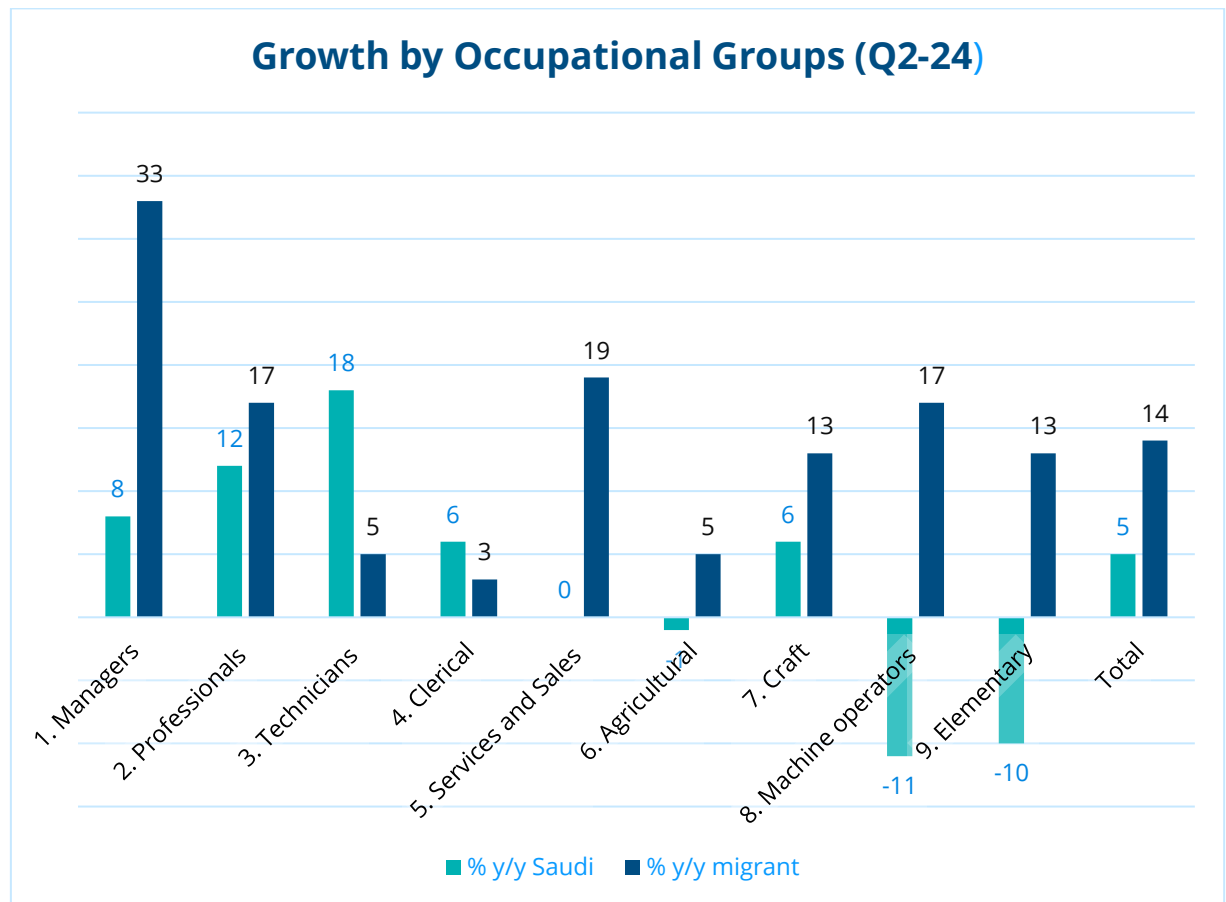
Saudi Arabia's Vision 2030 aims to diversify the economy beyond oil dependency, and attracting skilled migrants is a key component of achieving this transformation. Migrants can help to fill skills gaps, especially in critical growth sectors such as advanced manufacturing and financial services, while also providing essential labour in roles that are not of interest to Saudi nationals, such as in construction.

The situation is similar to Saudi Arabia's context in the 1970s when there was also a period of rapid development creating a need for migrant labour; the government at the time focused on attracting migrant talent and was successful in doing so. During subsequent decades, the focus shifted to concerns that migrants might crowd out Saudis from the private sector, resulting in Saudisation policies. However, Vision 2030 has explicitly included attracting and retaining global talent among its objectives, with KPIs related to its rank in relevant indices and efforts to improve conditions for migrants.

Unemployment among Saudis was at a record low of 7.1 percent in Q2 2024, at the same time as female labour force participation was near to a record high. This suggests that the Saudi Arabia is succeeding in creating opportunities for both nationals and expatriates. However, challenges persist in optimising the balance between migrant labour and Saudi employment, particularly in ensuring adequate talent attraction in high-skill areas without undermining national employment efforts.

Current State of Talent Attraction

According to recent data from the quarterly labour market survey, migrant employment has grown rapidly in high-skill occupations in the private sector, such as managerial and professional roles, indicating progress in attracting valuable talent to Saudi Arabia. There has also been strong growth in some lower-skilled sectors, but the growth rates for nationals exceeded those of migrants in mid-skilled occupational groups such as technicians and clerical workers, which together comprise about 40 percent of Saudis working under social insurance regulations.



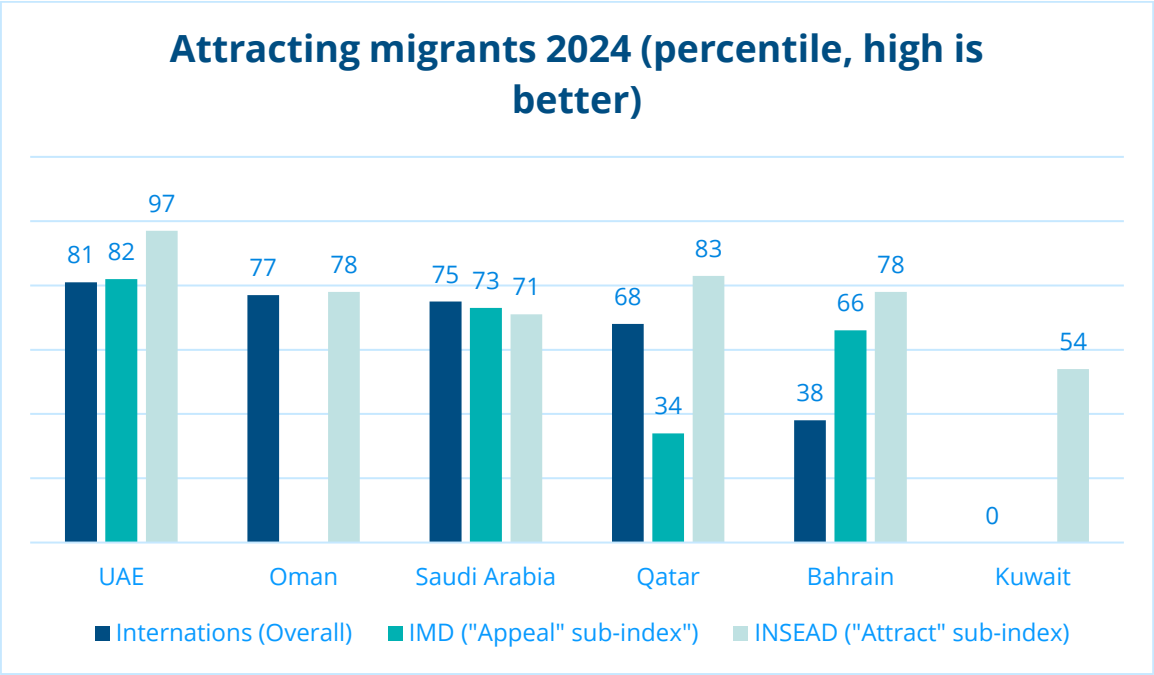
Source: General Authority for Statistics

There is also some third-party data available on international talent mobility. Boston Consulting Group partnered this year with workforce analytics firm Revelio Labs to collect mobility data from a variety of professional social networks, such as LinkedIn, encompassing around 200 million highly skilled workers, of whom 2.4m were internationally mobile during the year. Its data found that Saudi Arabia was the fourth most popular location globally, attracting four percent of all the relocating migrants in the sample, as many as France. Moreover, Saudi Arabia's share saw one of the largest annual increases amongst countries in the survey and it also recorded the second-highest retention ratio, after Canada. An earlier study by the World Bank from LinkedIn data also found that Saudi Arabia performed strongly in attracting and retaining skilled migrants, particularly in 2022, the most recent year in its dataset.

Factors Influencing Talent Attraction

Several indices, including the Global Talent Competitiveness Index (INSEAD), World Talent Ranking (IMD), and Expat Insider Index (InterNations), assess the attractiveness of countries for global talent. Saudi Arabia's rankings indicate a moderate but growing appeal, showing improvements over the last decade. For example, the most notable trend is in the InterNations index, which draws on a global survey of highly skilled migrants. Over the last decade, Saudi Arabia has advanced in most years, rising from close to the bottom of the rankings in 2014-17, to 13/53, or the 75th percentile, in 2024. Qatar and the UAE have also seen significant improvement over this period, although not to the same extent, while other

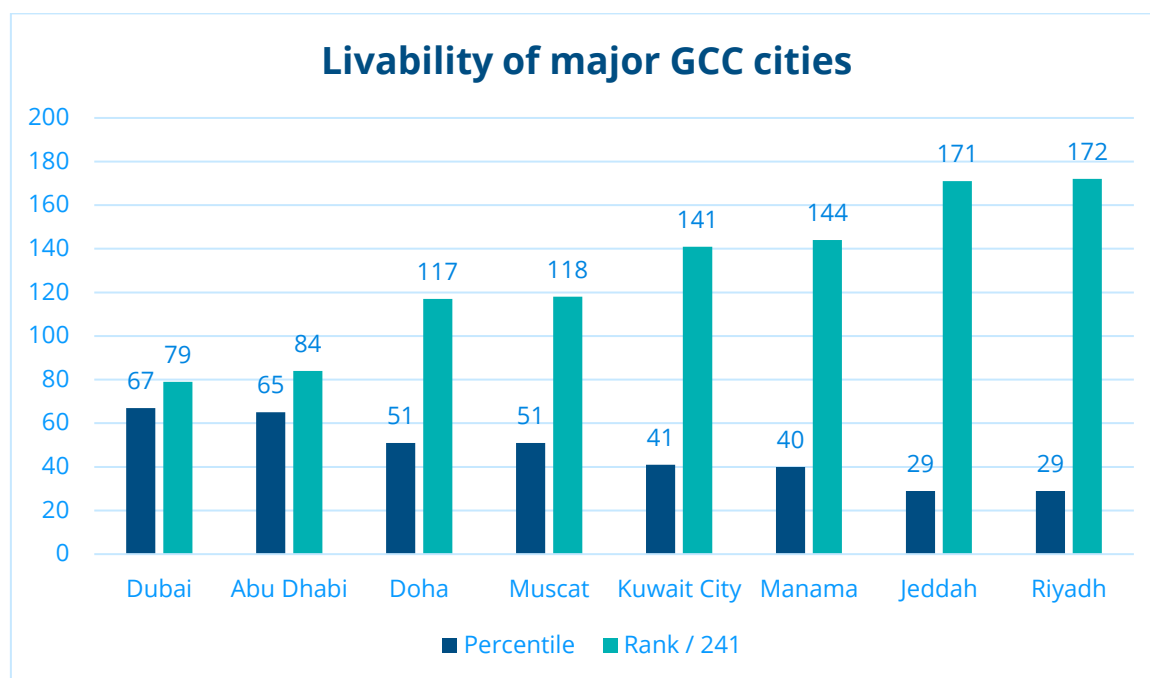
Gulf states have been more static—notably Kuwait at the bottom of the InterNations rankings—or have declined. There are some methodological weaknesses with most kinds of composite indicators, including these ones for talent attractiveness, but they still provide useful and actionable insights into what is working and what is not.



Source: Khalij Economics

Attracting highly skilled migrants depends on both intrinsic factors, specific to each migrant, and extrinsic factors related to the destination itself. Intrinsic factors include familiarity with the language and personal recommendations, while extrinsic factors encompass job opportunities, quality of life, financial considerations, and safety. Surveys indicate that Saudi Arabia performs well in job opportunities and financial incentives but lags in quality of life and social integration measures compared to Gulf peers like the UAE and Qatar.

The quality of life in Saudi cities is one of the major barriers to attracting and retaining talent. Liveability indices, such as those produced by Mercer and the Economist Intelligence Unit, rank Saudi cities lower than other major GCC cities, highlighting areas for improvement such as access to green spaces, public transportation, and cultural amenities. Additionally, the dependents levy and limited access to international schooling for expatriate families are key deterrents for highly skilled migrants considering relocation to Saudi Arabia.



Source Mercer, Khalij Economics

Policy Recommendations

1. Enhancing Immigration and Residency Policies

Saudi Arabia has taken steps to simplify its immigration system, such as the introduction of Premium Residency and allowing greater labour mobility. However, more needs to be done to remain competitive with neighbouring countries. Reducing the cost of visas and expanding affordable residency options, similar to the UAE's Green Visa, could make Saudi Arabia more accessible to a broader range of skilled workers. Establishing partnerships with key source countries can also streamline recruitment and improve qualification recognition.

2. Improving Quality of Life

Improving urban liveability is crucial for attracting and retaining talent. Initiatives like the Riyadh Metro and King Salman Park are positive steps, but further investments are needed to enhance public infrastructure, affordable housing, and leisure opportunities. Additionally, addressing pollution, congestion, and access to essential services can significantly improve the quality of life for both expatriates and nationals.

3. Supporting Migrant Families

Many skilled migrants consider family-related factors when choosing relocation destinations. Facilitating access to work permits for spouses and investing in quality international schools can make Saudi Arabia more appealing to expatriates with families. The dependents levy, which adds a significant financial burden, should be reconsidered to align with Saudi Arabia's goals of attracting high-calibre talent and fostering long-term residency.

4. Improving Working Conditions and Social Integration

Strengthening labour protections, such as safeguards against unfair termination and promoting flexible working conditions, can enhance the work environment for expatriates. Continuing to promote gender equality in the workforce could also help attract highly skilled female professionals. Additionally, discouraging wage disparities between different migrant nationalities, a common practice in the GCC, can help attract and retain talent based on skill and expertise rather than origin.

5. Facilitating Social Integration

Offering language and cultural training programs for expatriates, as well as promoting multiculturalism, can improve the overall experience for migrants. Establishing professional networks and industry associations can provide support for expatriates, help them integrate into the workforce, and facilitate career growth, making Saudi Arabia a more attractive long-term destination.

Conclusion

Saudi Arabia has made significant strides in its efforts to attract global talent, particularly in sectors vital to its economic transformation under Vision 2030. However, there is considerable scope for further improvement in immigration policies, quality of life, and support for migrant families. By addressing these challenges, Saudi Arabia can enhance its position in the global competition for talent, ensuring it attracts not only short-term workers but also long-term residents who can contribute meaningfully to the Saudi Arabia's future.

Implementing the proposed policies will help Saudi Arabia build on its recent successes, making it a more competitive destination for talent and better positioning Saudi Arabia to achieve its ambitious economic goals. Continued progress in urban development, family support, and immigration reform will be essential in shaping Saudi Arabia into a leading hub for global talent, equipping it to make progress in priority sectors.

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