

SAUDI ARABIA: HARNESSING HUMAN CAPITAL FOR ECONOMIC SUCCESS

EXPLORING THE HUMAN SIDE OF ECONOMIC DIVERSIFICATION

At the heart of Saudi Arabia's vision for the future is a recognition that human capital is the cornerstone of any successful nation-building endeavor. Cognizant of this fact, Arthur D. Little (ADL) has focused on human capital and its role in shaping the future trajectory of the Kingdom and its economy, unearthing key findings through the annual ADL CEO Insights study and facilitating a series of workshops in the capital city, Riyadh. The latest roundtable revealed instructive insights from leaders within the public and private sectors across four main topics: (1) filling the talent gap, (2) striking a balance between foreign and local talent, (3) keeping up with AI and automation, and (4) addressing generational shifts and adapting to change.

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CAPTURING CEO SENTIMENT: THE GLOBAL PICTURE

From geopolitical volatility to emerging technologies, leading an organization is as complex today as it has ever been. Yet, as the global C-suite navigates its way through the challenges of 2024, the business landscape is marked by optimism and appetite for growth – both of which have been captured in the latest Arthur D. Little CEO Insights study. Homing in on business leader sentiment, the 2024 study, which gathered the views of almost 300 business leaders from around the world, found that 66% of chief executives anticipate improvement in the global economic outlook over the next three to five years up from 37% in 2023, with 94% intending to increase or maintain their growth investments.

Underpinning this optimism are several trends that paint a picture of continuation and change. In a nod to the status quo, the study reaffirmed CEO consensus that (1) volatility continues to drive the need for nimble and short-term strategies, (2) that an ambidextrous approach remains critical to balancing scale and productivity with creativity and innovation, and (3) that environmental, social, and governance (ESG) priorities have evolved from top priority to ‘business as usual.’ In other areas of business, change is afoot. Companies across the globe are now striving to maximize internal strategies for business growth on the one hand and exercising careful due diligence in merger and acquisition (M&A) activities on the other – a reminder that M&As have the potential to hinder as well as help. There is also no escaping the impact of artificial intelligence (AI) and automation – a topic that stands out as one of the most impactful factors driving growth over the next three years, according to the study findings.

While the scope of ADL’s CEO Insights is global, each of the trends resonates across Saudi Arabia – not least the rising importance of artificial intelligence. In the study, business leaders in the Kingdom reported significant progress towards the introduction of AI across their organizations, with a quarter possessing a compelling company-wide strategy and 38% stating that AI has been implemented across several departments. These findings position KSA as a leader; at the global level,

just 13% of organizations have a holistic AI strategy for all departments and 4% report no strategic implementation at all.

The rise of AI and evolving business needs across sectors demand a new set of skills – and a whole new way of managing, with 75% of Saudi executives recognizing the need to reskill their employees. It is this context that ADL recently gathered key public- and private-sector decisionmakers from across the country for the latest in its series of CEO roundtables with one clear aim: to help shape the future of talent management in a nation on a journey of profound transformation.

HUMAN CAPITAL: THE SAUDI CONTEXT

In the global campaign to nurture the talent of tomorrow, nowhere in the world is the topic of human capital more pertinent than in Saudi Arabia. When Saudi Vision 2030 launched in 2016, the country embarked on a bold journey to diversify its economy away from oil, create a vibrant environment for investors, and profoundly enhance the quality of life for its citizens. Eight years on, the nation is already witnessing the positive impact, with Saudi Arabia opening up to the world and a multitude of initiatives not just boosting existing industries but creating entirely new ones too. Yet there is a caveat to Saudi Arabia’s tale of transformation: the seismic shifts that are occurring across sectors demand shifts of equal proportions on the workforce landscape.

Saudi Arabia brims with people power. As of June 2024, KSA’s total population stands at around 32 million people,¹ with two-thirds under the age of 35 years-old.² With a large and youthful people, the Kingdom is experiencing what is known as a ‘demographic dividend.’ Simply put, the country’s working-age population is currently larger than its dependent population of children and the elderly. More broadly, the total workforce in Saudi Arabia exceeded 16.9 million people in 2023, with the employment to population ratio among 24- to 55-year-olds reaching 63.2%. Yet, Saudi Arabia is not just a young people’s market. The latest government data shows that the employment-to-population ratio and labor force participation rate have both increased among Saudis aged 55 years and over.³

¹General Authority for Statistics | (stats.gov.sa)

²Arthur D. Little, KSA Vision 2030 document, General Authority of Statistics

³LMS Q1_2024_PR_EN_0.pdf (stats.gov.sa)

The employment landscape is not just growing, it is evolving too, with unemployment falling and more women entering the world of work. By the first quarter of 2024, the Saudi unemployment rate had dropped to 7.6% from 12.3% in 2016. The disparity between genders remains significant, with 4.2% of Saudi men unemployed compared to 14.2% of Saudi women at the end of Q1 this year, but this divide is likely to narrow over time as reforms continue to encourage more women into employment. Today, Saudi women's participation in the workforce has nearly doubled since 2016 reaching almost 36% – a rate that is expected to grow significantly in the coming years.⁴

“Over the last seven months we have significantly changed the way we attract talent compared to the previous seven years, since the launch of the Vision in 2016.”

– Mohammed Babgi, Nomination and Remuneration Committee Member in Public Sector Organizations

Meanwhile, new jobs are becoming available, and as companies recruit, they are seeking different skills. Previously, opportunities were skewed towards agriculture and industrials. Today, with more than 80% of the population concentrated in urban areas, the market demands a workforce with skills relating to IT, services, finance, and technology. A recent ADL survey in fact reveals that analytical thinking (55%), new technologies such as artificial intelligence (52%), and social and leadership skills (52%) are key focus areas for companies when it comes to reskilling. Customer service, empathy, creative thinking, quality control, and other technical skills are also important.

From changing market demands to growing populations, Saudi Arabia's human capital landscape is dynamic and filled with opportunity for economic progress. However, the numbers also reveal a raft of challenges that must first be overcome. Around 31% of Saudis are educated to tertiary level, with only the United States, United Kingdom, and Singapore posting higher ratios. Yet, 15% of under 25s are currently unemployed and 8% of 25- to-34-year-olds – both higher than the national average. Meanwhile, more than three out of four workers in the private sector in KSA are expats, with the majority working in the private sector.

⁴Arthur D. Little, Saudi Vision 2030 document, General Authority of Statistics



Despite these challenges, Saudi Vision 2030 initiatives are effecting positive change. Notably, the Human Capability Development Program (HCDP) is advancing Saudi Arabia towards the achievement of several education- and talent-related key performance indicators (KPIs). In 2023, 34% of children in the Kingdom were enrolled in kindergarten, compared to 21% pre-HCDP, with a target of 40% set for 2040. In another achievement, more than half (52%) of learning institutions were accredited by the Education and Training Evaluation Commission (ETEC) last year, up from 23% pre-HCDP, with the country aiming to increase that figure to 65% within the next 16 years. In addition, average student math performance on the Programme for International Student Assessment (PISA) reached 389 in 2023, up from 373 prior to the launch of the HCDP.⁵

Alongside the HCDP, Saudi nationalization scheme, Nitaqat aims to create 340,000 new jobs by the end of this year. As new positions open up, competition for skilled professionals is intensifying, and the race is on to develop a local talent pool to meet demand.

⁵Human Capability Development Program Achievements Report 2023, QS Ranking 2025, World Bank, Zawya

CHALLENGES & PERSPECTIVES

Saudi Arabia has achieved unprecedented progress when it comes to social and economic transformation, but as the clock counts down to 2030, pressure is mounting to ensure that its initiatives reach their goals and that the country is armed with a workforce capable of driving economic prosperity for generations to come. With stakes high, the creation of a talented Saudi labor force will be a linchpin of success – and a national goal in itself. From Saudization to the emergence of opportunities in new sectors and the increasing presence of women into the labor market, the Kingdom has already come a long way, but there is more to be done.

In the past two years, ADL has had multiple interactions with leaders and key decisionmakers from prominent public- and private-sector organizations in Saudi Arabia to discuss the most pressing issues on the Kingdom's human capital landscape. Drawing on the first-hand knowledge of these individuals, and on the valued insights provided by the participants at the recent CEO workshop in Riyadh, we have identified four key challenges and a range of views on how to overcome them as KSA strives to build an economy that is fit for the future and ready to compete on the global stage: (1) filling the talent gap, (2) striking a balance between foreign and local talent, (3) keeping up with AI and automation, and (4) addressing generational shifts and adapting to change.



Filling the Talent Gap

Saudi Arabia is witnessing a paradigm shift across sectors driven by ambitious development initiatives. For example, in the energy sector, while hydrocarbons remain the dominant force, the Kingdom is making strides towards renewables with bold plans for solar and wind energy projects. Similarly, large-scale infrastructure projects such as NEOM, Qiddiya, and the Red Sea Global underscore the nation's commitment to sustainable urban development and economic diversification. Despite the country's ambitious development agenda, a significant gap exists between the skills provided by the existing education system and evolving human capital needs.

Here, the spotlight points to education. Traditional educational programs often fail to address the specialized technical skills, practical experience, and soft skills required by emerging industries and megaprojects. As a result, graduates may find themselves ill-prepared to meet the demands of the modern workforce, leading to challenges in recruitment, retention, and productivity. Several programs have been set up leading to improved technical capabilities at certain levels, but for the majority, traditional tertiary education outcomes are not in sync with the needs and expectations of the job market. One of the few successful initiatives is the National Industrial Training Institute,⁶ a strategic partnership between Saudi Aramco (SA) and the Technical & Vocational Training Corporation (TVTC).

Real-world examples such as the National Industrial Training Institute point to the tangible measures that Saudi Arabia is taking to bolster its human capital. Building on this progress, the Kingdom now has the opportunity to tackle the current and future skill gaps that form an inevitable part of the journey to economic transformation. There are two dominant views on how that can be achieved.

Meeting Immediate Market Needs

One potential way forward involves focusing on key skills to address immediate market needs in particular professions. This could include promoting industry-academia projects in certain economic sectors or introducing high-demand skills programs in higher education. Here, insights from the ADL 2024 CEO Insights study highlight major skill gaps in machine learning and data management. Despite progress, gaps also remain in software development and further skills development is required in areas such as database and mobile development.

When it comes to focusing on key skills to meet short-term market needs, examples exist across the GCC of industry-academia collaboration. Increasingly, students are engaging with companies through research projects, conferences, and internships, while several programs are in place to help develop skills, share best practices required in the labor market, and introduce entrepreneurs to initiatives that can support their growth.

⁶NITI, <https://www.niti.edu.sa/>



Opportunities and risks: This approach can support practical skills development, enhance youth employment, and nurture a steady flow of professionals tailored to a company's specific needs. However, it likely entails high training costs and rapid technological advancements quickly make skills obsolete.

Transformation for Long-term Impact

While meeting current market needs is important in the short term, transforming learning models to make structural changes can help tackle the issue of long-term employability. To this end, effective measures can include developing and designing broader programs to bridge the skills gaps across all age groups and advancing research and technical capabilities fueled by Saudi institutions.

Singapore has experienced such a journey. Taking a cross-generational approach to society and the workforce, Singapore's leadership created the Council for Third Age (C3A), which aims to promote active aging and improve public attitudes towards the elderly. It has also introduced workplace initiatives that provide incentives for hiring older employees and encourage companies to adopt age-friendly practices.

In a nod to the growing importance of digital technology, Singapore has also developed an AI accelerated program that enhances AI education at the post-graduate level, preparing students for success in AI-related roles.

Opportunities and risks: Long-term skill development reduces the likelihood of future skill gaps and enhances both innovation and critical thinking. This approach also supports and aligns with the goals of Saudi Vision 2030. On the downside, however, focusing on this approach can result in slower realization of the benefits while leaving short-term skill gaps unaddressed, as well as involving higher upfront investments.

The Saudi Perspective

The CEO roundtable in Riyadh yielded diverse opinions and views on how to address the talent gap in Saudi Arabia. Some of the key inputs from participants are outlined below:

- **Distinguish between short- and long-term needs:** Short-term capability building can be led by the private sector, but meeting long term needs should be led by the government. Similarly, the talent required in the short term can be imported, but long-term talent should be developed locally.
- **Develop specialized education:** Much of the content currently taught in Saudi Arabia is not suited to the future needs of the kingdom. KSA no longer needs generalists, it needs experts with deep sectoral knowledge.
- **Offer vocational, on-the-job-training:** Alongside academic qualifications, Saudi Arabia should focus on workplace education that supports people to grow in their jobs, with financial compensation aligned with skills rather than educational attainment.
- **Take a holistic, ecosystem approach:** Bridging the skills gap is about developing a long-term ecosystem rather closing gaps here and there. Saudi needs to start focusing on impact-driven research, the development of continuous partnership between public- and private-sector organizations, and really plugging itself into the supply chain.

“What we need are people challenging the status quo – not waiting to be told what to do. The risk is we become complacent.”

- Roberto Croci, Director of Value Creation and Transformation, Saudi Public Investment Fund (PIF)

Striking a Balance Between Foreign and Local Talent

As Saudi Arabia endeavors to meet its evolving workforce needs, balancing foreign and local talent presents a unique set of challenges for employers and policymakers. For decades, the Kingdom’s expatriate workforce has been integral to economic growth, yet it is Saudi nationals, not expats, who are at the center of the Kingdom’s nation-building campaign. Saudi citizens must be empowered to take ownership of their country’s future and that requires further upskilling and talent development, as well as concerted efforts to meet Saudization quotas and drive down local unemployment. On this front, progress is already evident in the data.

To an extent, limiting reliance on foreign talent on the one hand and boosting local capabilities on the other depends on interplay between the two sides.

Facilitating knowledge transfer from the international talent pool to Saudi nationals is crucial to cultivating the workforce of the future – but it is a significant and complex task to undertake.

Moving forward, foreign talent will continue to be key for Saudi Arabia’s economy transformation. The question is: how can the Kingdom strike a balance between reliance on local talent development and recruiting talent from overseas? Unsurprisingly, the answer is not simple. A number of approaches could prove successful, but two perspectives in particular warrant careful consideration.



The Case for Global Talent

There is a clear case for embracing global talent and for continuing to attract it to Saudi shores. In doing so, the Kingdom can bolster priority sectors, spur economic growth, and fulfil the ambitions of Saudi Vision 2030. More than a hypothesis; comparable models have been tried and tested with well-documented results in the neighboring United Arab Emirates (UAE). Among the key measures, visa schemes in the UAE have been designed specifically to attract and retain the best foreign talent by offering flexible living for work or investment purposes. The country has also made deliberate efforts to foster a business-friendly environment with tax exemptions on personal income, real estate, and investments. Looking ahead to the medium term, the UAE aims to further cement itself as an ideal destination for living and working through the UAE Talent Attraction and Retention Strategy 2031.

Opportunities and risks: Embracing foreign talent offers immediate access to international expertise which drives competitiveness and innovation and supports the creation of a reputation for Saudi Arabia as a global hub for top talent. Despite the benefits, acquiring talent from overseas has the potential to slow down local talent development.

Come, Train, Leave

Worldwide, few, if any, policymakers would advocate for the eradication of foreign talent from the workforce. Yet, just as few would prioritize global expertise at the expense of local capability building.

The future of the Saudi nation hinges on the development of local talent, but that cannot easily be achieved without the international support and expertise that have helped to nurture the rise of the Saudi economy over the course of many decades. Like economies across the globe, Saudi Arabia needs foreign nationals – the question is, for how long?

The case of Singapore offers an example of how global talent can be embraced for the short term, with long-term benefits to the local workforce and the economy at large. Simply put, Singapore engages professionals from overseas to train its own citizens, with local talent gradually replacing foreigners over time. To facilitate the model, the island state runs a permanent residency scheme that limits the possibility for foreigners to apply for permanent residency during their initial years in the country. It also operates a comprehensive work pass system for foreigners that offers different types of work passes that are tailored to needs of the economy. While foreign nationals are encouraged to come and go, Singapore encourages overseas companies to establish research and development (R&D) centers in the country to ensure knowledge transfer to local talent.

Opportunities and risks: Hiring foreign professionals in the short- to mid-term while training local talent can help foster consistent economic growth, develop future Saudi leaders, and reduce long-term reliance on expatriates. However, this approach could slow down immediate competitiveness and skills gaps may remain if the transition happens too quickly.

The Saudi Perspective

Public- and private-sector decisionmakers at the CEO roundtable were aligned on several key areas:

- **A hybrid approach:** In the Saudi context, challenges and needs vary widely between sectors and industries. As such, balancing foreign skills and local talent building requires a hybrid approach conducted on a sector-by-sector and case-by-case basis, factoring in local capabilities and the seniority of the talent required.
- **Active engagement:** Led by the private sector, senior expats need to actively engage in local talent development, skills transfer, and mentorship. Leveraging foreign expertise to boost local capabilities has yielded significant success in the energy and banking sectors.
- **Sustainability is key:** The Kingdom has been successful in absorbing Saudis into the workforce, with unemployment now relatively low. However, it is important to look to the horizon and consider how to grow and sustain talent for the long term.
- **The demographic dividend:** Saudi Arabia is home to a young population and within two decades, the majority will be outside of working age. This creates an urgent need for human capital resources, whether from inside of the Kingdom or from overseas.
- **Revise the admissions policy:** There is potentially a case for the development of assessment criteria when admitting foreign workers, with visas only granted to those with skills that meet labor market needs.

“We need to make sure that foreign expats who have been in leadership roles in the Kingdom for many years are actively engaged in developing, nurturing, and mentoring local talent – not just spending an hour on it here and there.”

- Nadeem Zaman, Group Chief Strategy Officer, Rua Al Madinah Holding

Keeping Up with AI and Automation

Digital transformation is undoubtedly the largest revolution of our time, and as Saudi Arabia’s digital journey gains momentum, organizations must prepare for a world in which AI and automation are integral parts of day-to-day business. Embracing technology-driven transformation is essential for creating higher-value-add jobs and enhancing competitiveness in the global market. It also enables organizations to streamline processes, increase productivity, unlock new avenues for value creation, and nurture a culture of innovation and adaptability.

When it comes to AI implementation, focusing efforts at the departmental level will yield only limited results. To realize the benefits and maximize the potential of artificial intelligence, a company-wide approach to rollout is essential. An organization’s approach to AI and automation must also ensure the long-term upskilling of local talent and mitigate short-term job displacements.

Concerns over displacement of workers by automation are valid. According to Goldman Sachs, generative AI (GenAI) could raise global GDP by 7%, but it comes at a cost: shifts in workflows triggered by advances in artificial intelligence could expose the equivalent of 300 million full-time jobs to automation.⁷ Interestingly, however, the World Economic Forum’s ‘Future of Jobs 2023’ report reveals that companies in Saudi Arabia expect technology to be a source of new jobs more than a source of job displacement, with big data analytics (48%), digital platforms and apps (45%), cybersecurity (43%), and AI (41%) counting among the focus areas.

In addition to creating new roles, AI is likely to change many existing jobs; in industries where automation has the potential to replace repetitive or routine tasks, greater emphasis will be placed on ‘human’ creativity and soft skills that are currently beyond the capabilities of machines. In all cases, humans will increasingly need to learn how to co-exist and interact with AI in the workplace – an entirely new skill that the world is only just beginning to develop.

⁷Generative AI Could Raise Global GDP by 7% (goldmansachs.com)

In this context of dynamic change and uncharted territory, Saudi Arabia, like many of its global counterparts, must consider how it can effectively respond to the growing impact of automation, digitalization, and artificial intelligence across industries. As the digital world continues to evolve, countries find themselves at different levels of maturity. Here, the experiences of first movers on the digital journey offer valuable – and sometimes contrasting – insight as KSA maps its own route, with India and Spain both cases in point.

Bold Transformation

Promoting bold, technology-driven transformation and enhancing productivity through the creation of more value-adding jobs is one response to the growing impact of automation, digitalization, and AI across industries. Among the specific measures are creating an emerging technology program driven jointly by the public and private sector and developing educational policies that lead to niche, tech-driven careers.

India counts as one example of a nation with a bold approach. The country has developed three impactful initiatives to drive transformation and enhance productivity. The Ministry of Electronics and Information Technology focuses on boosting R&D investments and advancing the science and technology sectors, while the National Strategy for Artificial Intelligence aims to position India as a global leader in AI. Third, the Office of the Principal Scientific Advisor (PSA) ensures an enabling ecosystem for technology-led innovations and entrepreneurship.

Opportunities and risks: Bold transformation can help organizations boost their productivity, create new higher value jobs, and achieve competitive advantage by staying at the forefront of innovation. The cons, however, include the possibility of significant job displacements in the short term and potentially substantial investment requirements for reskilling and infrastructure development, which may not deliver returns.

The Gradual Approach

Across continents in Europe, Spain is taking a different approach to automation and digitalization, opting for gradual adoption over bold transformation. In doing so, the Mediterranean country aims to unlock targeted benefits of the digital world while limiting job displacements. Underpinning Spain's efforts are several initiatives including Acelera PYME, the National Artificial Intelligence Strategy, and Connected Industry 4.0. Acelera PYME provides training, advice, and financial support to help small and medium enterprises (SMEs) modernize their processes using digital technologies, while the AI strategy aims to integrate artificial intelligence into different sectors, enhancing productivity and supporting the workforce in adapting to new technologies. For its part, Connected Industry 4.0 promotes a sustainable model for future industries and local digital solutions.

Opportunities and risks: A gradual approach to AI and automation can help to minimize immediate job losses, allow for incremental change, and give employees time to adapt, all of which are likely to reduce resistance from the workforce. On the downside, organizations risk falling behind competitors who adopt technology more aggressively. They are also likely to be slower to realize the benefits of automation, such as cost savings and productivity gains.

The Saudi Perspective

Among attendees at the CEO roundtable in Riyadh, there was broad consensus on one point: AI is not somewhere out on the horizon; it is here, and organizations that have not begun to factor it into their operations and strategic thinking need to act fast. Highlights from the Saudi-led discussion include:

- **AI is not a choice:** Implementing AI is no longer a choice in Saudi Arabia; it is a necessity, and a gradual approach to adoption is a luxury many organizations cannot afford. AI policies have been devised by the government, indicating that its implementation will soon be mandated. As such, the question is how best to manage and govern AI for the best results.
- **Implement in line with readiness:** The implementation of AI is a must and while there is some urgency around the issue, many companies are limited by their capabilities, resources, and readiness. Therefore, the right programs and systems need to be in place to support those who risk being left behind.
- **Saudi Arabia has a thirst for advanced tech:** Saudis are fast adopters of technology, thanks in large part to the widespread use of social media. This creates great potential for AI adoption in the Kingdom.

“If you’re not tech-ready, you’ll be out of a job. If you embrace it, you won’t just have a job, you’ll be a leader.”

- Professor Selwa A. F. Al-Hazzaa, CEO & Founder of SDM

Addressing Generational Shifts and Adapting to Change

For employers in Saudi Arabia, adapting to the changing preferences of the new generation presents several challenges. Traditional work structures and policies, characterized by rigid hierarchies, fixed schedules, and limited mobility, may no longer resonate with younger employees who value flexibility, purpose, and lifelong learning. Additionally, the propensity of the new generation to quickly switch jobs in pursuit of better opportunities or experiences requires companies to invest in retention strategies, talent development initiatives, and employee engagement to remain competitive in the evolving labor market. Failure to implement such measures, a company runs the risk not only of losing staff but losing money too, with low engagement costing the global economy \$8.9 trillion, or 9% of global GDP.⁸

The problem is real. In recent years, millions of employees worldwide have joined a mass exodus from the workplace in a COVID-induced movement now known as the Great Resignation.⁹ According to the World Bank, the number of Saudi citizens quitting their jobs in the third quarter of 2021 almost doubled from a year earlier, with resignations reaching 3% of total private sector employment.¹⁰ As a result, companies are being forced to evaluate what makes them attractive places to work. Organizations that offer a sense of purpose and the potential for professional development along with flexibility and attractive salaries, are likely to reap the rewards in the form of a consistent and productive workforce.

Yet ticking all boxes is a formidable task, especially for companies within traditional industrial sectors that are already grappling with the challenges of digitization.¹¹

Providing meaningful opportunities and an attractive workplace culture is of paramount importance in Saudi Arabia – a country in which around 40% of the workforce will be Gen Z in by 2040. Against this backdrop, public- and private-sector employers need to explore ways of blending and enhancing existing hiring and training approaches to create a progressive model that attracts and retains top talent across generations. Two different yet potentially effective ways of tackling the issue are outlined below:

The Conservative Approach

Adopting and enhancing values or practices that resonate with a young and demanding workforce, such as building an entrepreneurial culture and offering flexible working, can help to attract and retain top talent. This should be done at the organizational level and in a limited way. For instance, organizations may offer some flexibility but require a majority in-office presence and structured work schedules that maintain team synergy, or choose to promote open communication within structured boundaries, retaining clear roles and responsibilities.

The United Kingdom (UK) offers some insights into how this approach can work on the ground. The UK government provides best practices to help organizations implement effective flexible working arrangements and it invests in mental health support programs with educational institutions to address the rising mental health concerns among young people. The country also implements compulsory diversity training programs to foster inclusive workplaces. These initiatives provide guidance and support to organizations seeking to nurture specific values, without mandating their adoption.



⁸State of the Global Workplace Report - Gallup

⁹15 Effective Employee Retention Strategies In 2024 – Forbes Advisor

¹⁰Is Saudi Arabia entering a “Great Reshuffle”? (worldbank.org)

¹¹ADL_PRISM_01_2024_The future workforce.pdf (adlittle.com)

Opportunities and risks: The conservative approach involves less risk of destabilizing the current organizational structure and is likely to facilitate a smoother transition for employees who are resistant to major change. Yet, there are drawbacks; organizations may not be able to fully address the expectations of Gen Z, leading to disengagement or higher turnover among younger employees. This approach could also limit innovation and slow down the ability of organizations to stay competitive in a rapidly changing market.

The Progressive Approach

There is also a case for pursuing systematic changes across all areas, refreshing the organization culture and human resources (HR) policies with broader impact on the workforce at large. It is an approach that has been adopted by Sweden. At the national level, the country has devised strategies, frameworks, and government policies designed to drive results in line with specific values relating to family, sustainability, and mental health. Sweden's National Mental Health Strategy aims to improve access to mental health services while its Climate Policy Framework strives to achieve net zero by 2050 and promotes renewable energy, sustainable transport, and green jobs. Sweden also has generous policies for new parents that allow both parents to share leave, promoting a balanced family life.

Opportunities and risks: This progressive approach positions the organization as a modern, forward-thinking company that attracts and retains top talent across all generations. A holistic refresh of company culture can also lead to improved engagement, innovation, and overall productivity. However, there is potential for resistance from employees accustomed to the traditional organizational structure and the risk of misalignment between the pace of change and the organization's ability to adapt, leading to operational disruptions.

"I don't like policies; it's about building a culture. At Nokia, we nurtured a culture where people could try – in line with our essentials Open, empowered and fearless."

- Mikko Lavanti, Senior Vice President, Nokia Middle East and Africa

The Saudi Perspective

Whether the approach is progressive or conservative, participants in the CEO roundtable agreed on the importance of the following factors in managing the needs of young Saudis with the needs of the job market and economy at large:

- **Generation Z is not a homogeneous group:** The development and retention of talent hinges on thorough assessments of individual candidates, involving in-depth psychometric testing. Individual organizations should also be assessed, with elements such as work culture and business needs factored in. On the basis of these assessments, candidates and companies can then be matched.
- **Facilitate and empower:** It is important to give young Saudis space to experiment, make mistakes, and even fail, safe in the knowledge that they are protected by their mentors and managers. This approach pays dividends in terms of creativity, innovation, and confidence.
- **Focus on building a talent pipeline:** When it comes to talent, retention is not the only priority; ensuring a strong talent pipeline is also critical. Organizations should accept the departure of talent, but make sure there is new people ready to step in.
- **Develop an entrepreneurial mindset:** For previous generations, the mindset was geared towards securing a stable job. Today, entrepreneurship holds increasing appeal among young Saudis and is a key economic driver. With this in mind, there is a need to shift the economy more towards SMEs and to consider how to instil entrepreneurship early in a child's life.

CONCLUSIONS

Human capital is fundamental to Saudi Arabia's journey of transformation, and with six years left on the Vision 2030 clock, the public and private sectors have the opportunity to work together to build the workforce of the future. KSA is already advancing towards that goal, with Saudization making an impact, more women entering employment, and unemployment falling. Against a backdrop of progress and potential, the latest CEO roundtable in Riyadh highlighted the diversity of opinion and the complexities that accompany any human capital endeavor. This is to be expected; diversity, opinion, and complexity are what make us human after all – and willingness to factor these elements into employment and economic futures is a mark of a strong nation.





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