

# Policy Report

## Special Issue

*Stepwise and Return Migration between the Gulf,  
Europe and North America – How do GCC Countries  
Fare in the Global Competition for Talent?*

No. 4

# Retaining Talent

## Strategic Pathways for Highly Skilled South Asian Migrants in Saudi Arabia's Knowledge Economy

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### Executive Summary

Saudi Arabia's Vision 2030 aims to create a knowledge-based economy, requiring strategic talent optimisation, especially among highly skilled migrants. Whilst the Kingdom attracts this talent, its temporary migration framework and limited long-term residency options create a significant retention challenge. This challenge is compounded by perceptions that career progression is linked to nationality, resulting in a crucial missed opportunity to leverage deeply embedded human capital, including multi-generational residents.

Research finds that highly skilled migrant professionals seek permanent residency and stability, with social ties and family presence being strong predictors of extended stays. Conversely, many long-term residents and those with advanced degrees view Saudi Arabia as a 'stepping stone' due to perceived permanent temporariness and limited integration avenues.

To maximise the benefits of talent attraction and strengthen the knowledge economy, this brief recommends a comprehensive approach focused on inclusivity, retention, and long-term engagement. Clear and diversified residency pathways should be developed to provide accessible avenues for long-term and permanent residence, including investment-based and sector-specific talent schemes. Additionally, targeted investment in human capital retention and development is essential, particularly through tailored pathways for long-term residents and individuals raised in Saudi Arabia. Ensuring transparent, merit-based workplace opportunities will be key to fostering fair career progression and minimising citizenship-based wage disparities. To further consolidate talent retention, secure investment structures – such as property ownership – should be introduced to encourage capital reinvestment within the national economy. Finally, by strategising onward mobility through frameworks that promote circular migration and sustained engagement with the global diaspora, Saudi Arabia can build a more dynamic and globally connected workforce, an essential pillar for realising the ambitions of Vision 2030.

## Introduction

Saudi Arabia's Vision 2030, an ambitious blueprint for economic diversification and a knowledge-based society, critically relies on human capital development and global talent attraction. While the Kingdom has succeeded in attracting highly skilled migrants, it is essential to enable the retention of this valuable human capital. This policy brief examines the dynamics influencing the retention and onward mobility of skilled migrants, focusing on temporary migration frameworks, perceived career limitations, and limited long-term residency options contributing to talent drain.

The brief highlights the trend of highly skilled migrants, including those with multi-generational presence, seeking opportunities abroad due to a perceived lack of clear long-term pathways to remain in Saudi Arabia. Integrating existing policy reviews, labour market trends, and empirical research with original findings from a dedicated mixed-methods study (an online survey of over 1,000 respondents and 48 interviews with Indian, Pakistani, and Bangladeshi residents aged 18–65 years), this research explores how individual characteristics, social ties, and subjective experiences interact with structural realities to shape mobility decisions (stay, return, or onward migration). The sample consisted primarily of working professionals, with a smaller proportion of students. The goal is to provide actionable policy recommendations for a more inclusive and dynamic workforce aligned with the Saudi Vision 2030.

## Contextualising Migration and Vision 2030 in Saudi Arabia

Saudi Arabia's demographic and economic landscape is profoundly shaped by its large migrant population. The Kingdom's total population in 2024 stood at 35.3 million. Migrants constitute 41.6% of the total population,<sup>1</sup> making Saudi Arabia the world's third-largest international migrant-receiving country.<sup>2</sup> Since the 1970s, there have been significant inflows from Asian nations, such as India, Pakistan, Bangladesh, and the Philippines, outnumbering those from neighbouring Arab nations.

A majority of migrants operate under the *Kafala* (sponsorship) system, tying their legal status to an employer (*Kafeel*). Employers are responsible for annual residence permit (*iqama*) renewals, though fees are sometimes borne by migrants.

Migrant access to citizenship remains highly limited, reflecting a deliberate strategy to curb long-term presence and influence. While theoretically, pathways to naturalisation exist for foreigners, these are practically unattainable for most migrant workers. As part of Vision 2030, recent 2021 reforms have granted citizenship to select experts with specialised talent across science, technology, engineering, medicine, and the arts, an unprecedented step toward diversification.<sup>3</sup> These pathways, however, are still quite vague and largely inaccessible.

## Labour Market and Social Welfare

Saudi Arabia's labour market has been historically segmented due to the rentier state model, where oil revenues support public sector jobs for Saudis while the private sector relies mainly on foreign workers. This system created hierarchies in occupation and career progression, where nationality greatly influences opportunities for advancement. Saudi nationals have minimum wages and pensions, neither of which are guaranteed for migrant workers.

The private sector remains migrant-dominated despite recent Saudisation efforts. In 2024, the private sector employed 12.1 million workers, with migrants accounting for 9.6 million (80%) and Saudis 2.5 million.<sup>4</sup>

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Since the 1990s, Saudisation (*Nitaqat*) has been implemented to varying degrees to nationalise jobs and reduce foreign labour dependence, further reinforced by Vision 2030 with nationality-based quotas.<sup>5</sup> These policies, along with Value Added Taxes (VAT) and levies<sup>6</sup> introduced in 2017 and 2018, respectively, heighten uncertainties for migrants, especially middle-class families. The COVID-19 pandemic also led to significant migrant departures.<sup>7</sup>

Yet, recent labour market data demonstrates robust employment growth. Saudi unemployment dropped to 7% at the end of 2024, reaching Vision 2030's target six years ahead of schedule. The government has revised its target downward to 5% by 2030. The sectors with the largest annual gains in employment in 2024 were construction, transport, and manufacturing. Migrant employment rose substantially (1.4 million), continuing the 2022-2023 trend, driven by intensifying investment activity in these same sectors.<sup>8</sup> To attract global talent and improve labour market efficiency under Vision 2030, Saudi Arabia introduced a new skill-based system for expatriate work permits in June 2025, categorising workers as high-skilled, skilled, or basic.<sup>9</sup>

Regarding social welfare, public school education is theoretically available for all residents, including migrants, up to age 18.<sup>10</sup> However, given the strict and sometimes restrictive conditions for admission for non-Saudis, such as admission quotas, specific residency status criteria, or academic requirements, accessibility is often difficult in practice; most migrants prefer private international schools with international curricula, often affiliated with their home country's education system. Public universities are free for Saudis, but options for migrants are limited, and private universities are often expensive with varying quality. The higher education system needs an overhaul in Saudi Arabia, as many institutions still lack quality research infrastructure and accessibility.<sup>11</sup> This often leads many individuals to pursue higher education abroad<sup>12</sup> - a missed opportunity to retain talent, especially given the tendency among young adults who grew up in Saudi Arabia to consider returning to the country after obtaining their education or work experience abroad, triggered by strong attachment and familiarity.

### Economic Overview and Saudi Vision 2030 Reforms

Saudi Arabia's Vision 2030 aims to diversify the economy toward a market-based model, reducing oil dependence. It is a holistic plan for economic, social, and cultural reforms, enhancing overall quality of life. Streamlining processes and developing digital platforms have enabled better management of labour recruitment and credentials.

Vision 2030 explicitly targets attracting highly skilled migrants for a dynamic and diverse economy. The National Labour Observatory's (NLO) 2023 Occupation Review Report highlights a shift from 2016 to 2022 toward higher-value occupations, reflecting a growing emphasis on expertise.<sup>13</sup> The demand for skilled workers will also increase in healthcare, education, tourism, hospitality, and industrial infrastructure programmes, including green energy, requiring high levels of technical competencies.<sup>14</sup> IMD World Talent Ranking (WTR) assesses countries' appeal to global talent. Saudi Arabia has shown consistent progress over the past decade, indicating a growing, yet moderate, allure for skilled individuals. This reflects the increasing need for Saudi employers to attract talent, especially in changing sectors like IT and those related to national transformation programmes.<sup>15</sup> In a significant advancement aimed at deeper integration and investment, Saudi Arabia has introduced a new law allowing real estate ownership for foreigners in 2026, specifically in designated geographical zones such as Riyadh and Jeddah.<sup>16</sup> This move is anticipated to have positive effects on retention and foreign investment.

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Saudi Arabia's Premium Residency programmes were launched in May 2019, offering two main pathways: a permanent residency permit priced at 800,000 SAR (~\$213,000) and a one-year renewable residency for 100,000 SAR (~\$26,000). In January 2024, the programme was expanded to include five new specialised categories: Exceptional Talent, Talent, Business Investor, Entrepreneur, and Property Owners. This expansion aimed to align with Saudi Arabia's 'Vision 2030' goal of attracting skilled professionals, entrepreneurs, and investors. As of the end of 2023, a total of 8,074 Premium Residency permits had been issued<sup>17</sup> since the programme's start. This number reflects the initiative's overall success in attracting high-net-worth individuals and professionals to the Kingdom. The programme remains primarily geared towards niche, high-value applicants.

Despite this focus on talent attraction, the inherent impermanence of migrant residency, along with policies like family levies and taxes, creates vulnerabilities for middle-class migrants, particularly those with families.

### Key Findings

Building on existing Gulf migration studies, the analysis of recent trends reveals critical insights into the mobility decisions of skilled migrants in Saudi Arabia. Despite the temporary nature of their migration, many skilled and highly-skilled migrant professionals actively desire stability and permanent residency if accessible.

The above-mentioned research study<sup>18</sup> with South Asian residents in Saudi Arabia reveals that affective belonging, social ties, community integration, and family presence (especially migrant children raised in Saudi Arabia) significantly predict intentions for extended stays and willingness to consider permanent residency. This indicates that emotional and familial embeddedness are powerful motivators beyond purely economic factors.

Conversely, the study identifies Saudi Arabia's role as a 'stepping stone' in global migration. Second-generation migrants, long-term residents, and those with advanced degrees show a higher intention and likelihood of onward migration to Western countries.<sup>19</sup> This is a strategic response to their temporary migration status, as the lack of clear, accessible long-term residency or citizenship options compels them to seek opportunities elsewhere, representing a significant brain drain and undermining Saudi Arabia's knowledge economy goals.

Finally, systemic issues influence outward mobility. While Saudisation policies prioritise increasing employment among Saudis, and current migrant quotas and fees for residence permits contribute to decreasing the share of younger non-Saudi workers, there remains a strong perception among migrants about hierarchies in occupation and career progression.<sup>20</sup> Limited long-term residency options, coupled with needs related to quality of life,<sup>21</sup> including access to high-quality higher education, erode incentives for permanent stay. This inadvertently undermines Vision 2030's talent retention objectives, especially given that growth in non-oil sectors and foreign investment will require experts that the current Saudi working population may not be able to provide, thus necessitating continued reliance on migrants to enable Saudi Arabia to stay in the global race for talent.

## Policy Implications and Recommendations

### Establish Clear and Diversified Residency Pathways

Current discretionary naturalisation and high-cost premium residency schemes, despite recent expansions, remain largely inaccessible for most skilled migrants. This creates uncertainty, leading to onward migration and brain drain. Saudi Arabia could consider:

- **Developing a tiered, points-based system for long-term/permanent residency.** This system must evaluate applicants on factors critical to the knowledge economy: specialised skills, education, duration of residence, and significant economic/social contributions.
- **Diversifying and expanding accessible premium residency options.** Beyond the current high-net-worth individual schemes, introduce more affordable, skill-specific, and investment-linked premium visas that address key sector skill gaps. This encourages reinvestment and economic contribution (perhaps similar to the UAE's sector-specific visas).
- **Prioritising family reunification and stability.** Support family migration with more secure, long-term visa options for dependents. Dependent fees should be revised based on sector or income levels to encourage longer stays and children's education in the Kingdom, as family presence is a key driver for migrants' desire to stay.

### Invest in Human Capital Retention and Development for Long-Term Stayers

Recognising the unique value of individuals familiar with the local social fabric, particularly second-generation migrants, is crucial for fostering deeply embedded human capital.

- **Create dedicated pathways for multi-generational and second-generation residents.** Establish clear post-education integration programmes allowing those who grew up in Saudi Arabia to easily transition into the local workforce, leveraging their unique blend of global skills and local understanding. Given their local knowledge, retention will be easier.
- **Substantially invest in high-standard higher education and research infrastructure.** Overhaul the higher education system to elevate the quality and accessibility of affordable public and private universities to international standards. This investment would benefit both Saudis and migrants, reducing the brain drain of second-generation migrants seeking quality education abroad. Tie-ups with international institutions will also foster a robust research and innovation ecosystem.
- **Develop specialised talent development programmes.** Implement initiatives focused on upskilling and reskilling the existing migrant workforce in alignment with Vision 2030's demand for future skills in sectors like renewable energy, healthcare, and ICT.

### Foster Merit-Based Workplace Opportunities

While Saudisation remains a priority, the growth of non-oil sectors and foreign investment creates new industries requiring expertise beyond the capacity of the current Saudi working population, necessitating continued reliance on migrants.

- **Leverage diversity for mutual benefit.** A diverse environment benefits both locals and migrants through knowledge and cultural exchange, thereby strengthening existing human capital.
- **Implement systems for merit-based career growth.** Given that many occupations are filled by migrants across all skill levels, a system ensuring transparent progression and addressing nationality-based wage differentials<sup>22</sup> will foster a positive contribution and willingness to stay.

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### Facilitate Long-Term Investment Opportunities

Encouraging migrants to invest and retain wealth within the Kingdom can deepen their ties and commitment:

- **Expand accessible property ownership rights.** Introduce more straightforward policies for long-term residents and skilled migrants to own residential and commercial property, offering a tangible stake in the country's future.
- **Incentivise investment of remittances.** Create investment structures and residency options for migrant groups based on different income levels. This could encourage savings to be reinvested into the Saudi economy instead of remitted overseas, turning a missed opportunity into a benefit.
- **Enhance financial services and stability.** Improve banking and financial services tailored for migrants, making it easier to save, invest, and manage assets within the Kingdom.

### Strategise Onward Mobility as a Circular Engagement

Recognising Saudi Arabia's role as a transitional hub offers an opportunity to transform temporary stays into enduring partnerships:

- **Develop an 'Alumni' network.** Create platforms to maintain ties with highly skilled migrants who have moved on. This diaspora network can serve as a valuable resource for future collaborations, knowledge exchange, and potential return migration.
- **Explore circular migration frameworks.** Implement policies that facilitate and encourage former residents to return for specific projects, short-term contracts, or as consultants, leveraging their acquired global experience.
- **Position Saudi Arabia as a global talent incubator.** Market the Kingdom as a launchpad where professionals can gain invaluable experience before moving to other global hubs, fostering a positive perception that encourages future talent flows and collaborations.

### Conclusion

Saudi Arabia's Vision 2030 relies on the country's capacity to attract, utilise, and retain highly skilled human capital. The current reliance on temporary frameworks and the lack of clear long-term pathways represents a significant missed opportunity to retain valuable talent, especially among skilled migrants with deep local ties. Their strong, unmet desire for stability pushes them towards onward migration, thereby diverting valuable human capital needed for economic diversification.

To transform its approach, Saudi Arabia must proactively implement the recommended policy reforms: establishing clear and diversified residency pathways, investing significantly in human capital development (in higher education and research), fostering merit-based opportunities, facilitating long-term investment, and strategically engaging with onward mobility. This strategic shift will enhance global competitiveness and cultivate a more inclusive, dynamic, and productive workforce. Ultimately, these measures are essential for maximising the benefits of its diverse human capital base and realising Vision 2030.

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## Imprint

Published by Konrad-Adenauer-Stiftung and the Gulf Research Center, 2026,  
Berlin, Federal Republic of Germany

This publication was published with financial support of  
the Federal Republic of Germany.

This policy report was written in the framework of a joint project with the Gulf Labour Markets, Migration and Population (GLMM) Programme of the Gulf Research Center (GRC) entitled "Stepwise and Return Migration between the Gulf, Europe and North America – How do GCC Countries Fare in the Global Competition for Talent?". It forms part of a broader publication series that examines the drivers, governance, and impacts of migration and talent mobility across the Gulf and key global destinations. All publications can be accessed on the Konrad-Adenauer-Stiftung (KAS) website [here](#) and through the GLMM website [here](#).

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