



SAUDI BRITISH
JOINT BUSINESS COUNCIL



Doing Business in Saudi Arabia

Towers and Hamlin
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Human Capability, Capacity Building, and Navigating the Regulatory Environment

Post-Event Report from SBJBC

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This report was collated and produced based on the records taken by SBJBC from the workshop by SBJBC Research Officer Robert McNamara. The views, discussions, or points reflected in this article may not represent the opinions and work of AEI Saudi, Towers and Hamlin, or the assembled attendees, and may not fully reflect the discussion of the roundtable that took place.



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Executive Summary

The Saudi British Joint Business Council (SBJBC), in partnership with AEI Saudi and hosted by Trowers & Hamlins, carried out the next in our “Doing Business in Saudi Arabia” workshop series on 17th July 2025. This roundtable event in Birmingham brought together representatives from education institutions, technology firms, healthcare companies, construction businesses, and financial services firms, reflecting the diverse interests in Saudi Arabia's expanding market opportunities.

The workshop provided practical insights into Saudi Arabia's business environment, focusing on two critical areas: navigating the regulatory landscape and building human capital. Through expert-led discussions and a detailed market overview, participants gained actionable intelligence on market entry strategies, compliance requirements, and talent management in the Kingdom.

Key themes emerged around the importance of a physical presence in Saudi Arabia, the need for careful financial planning to accommodate payment customs, and the growing opportunities in sectors aligned with Vision 2030. The event highlighted that whilst challenges exist, particularly around payment delays and talent retention, the scale of opportunity with Saudi Arabia's £1 trillion economy and ambitious transformation agenda, presents compelling prospects for prepared UK businesses.



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Introduction

As Saudi Arabia pursues its Vision 2030 transformation agenda, UK businesses are increasingly exploring opportunities in the Kingdom's diversifying economy. The roundtable, conducted under Chatham House rules to encourage frank discussion, brought together experienced practitioners and newcomers to share insights on successful market entry and operations.

The event format combined a data-rich presentation on market opportunities with a discussion in a roundtable format, addressing practical operational considerations. Approximately 60% of attendees were exploring Saudi Arabia for the first time, whilst the remainder had existing operations, creating a valuable mix of perspectives and experiences. This report fuses the key insights shared, providing insights for UK businesses considering or expanding their Saudi Arabian presence.

Market Overview: Saudi Arabia's Economic Transformation

The workshop opened with a presentation by Robert McNamara, Research Officer at SBJBC UK, outlining Saudi Arabia's economic trajectory and opportunities for UK businesses. The Kingdom's economy, now valued at £1.24 trillion, represents the largest market in the MENA region, with 93% of Vision 2030 initiatives reportedly on track.

The transformation from oil dependency to economic diversification has accelerated markedly. Non-oil GDP now exceeds 50% of total economic output, compared to 30% in 2016. Private sector contribution to GDP is targeted to reach 65% by 2030 from the current 45%.

The UK-Saudi relationship has deepened beyond traditional trade. Bilateral trade reached £16.1 billion in 2024, marking a 70% increase since the pandemic. Investment flows are equally impressive as Saudi entities have deployed £30 billion in the UK, whilst UK investment in Saudi Arabia stands at £14 billion. London's financial markets have facilitated £56 billion in capital raising for Saudi entities since 2022, with half directed towards sustainable finance.

The business environment has undergone substantial reform. Business licensing timeframes have contracted from nine months to at times days, with 100% foreign ownership now permitted across most sectors. Virtual offices are accepted for initial planning, removing the previous requirement for physical premises during establishment. These reforms have attracted 1,350 British companies to operate in the Kingdom, with 65 selecting Riyadh as their regional headquarters.

Sector opportunities align closely with national transformation priorities. Infrastructure leads with a £1.8 trillion project pipeline, of which 35.5% remains in design phase. The technology sector benefits from a £14.9 billion AI budget and plans for £100 billion investment through 2030. Education presents particular promise, with private school penetration at just 15% compared to 73% in the UAE, suggesting substantial growth potential as the market expands from £4 billion to a projected £15 billion by 2030.



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Roundtable Discussion 1: Navigating the Regulatory Environment

In the first focused discussion of the roundtable, being led by Cordelia Begbie, Executive Director of SBJBC UK, brought together Adam Hosier, Founder Director of AEI Saudi; Nasreen Alissa, a legal expert working in partnership with Trowers & Hamlin; Emma Johnson, International Engagement Manager at the Department for Business and Trade; and Mark Lyman from UK Export Finance also added insights to payment support for UK businesses. Their collective expertise provided comprehensive insights into the practical realities of establishing and operating in Saudi Arabia.

A central theme was the importance of commitment, encapsulated in the phrase "commit, don't commute." Those in the discussion emphasised that successful market entry requires substantial presence, recommending a minimum of four trips annually, each lasting approximately one week, representing at least one month of in-country time plus another month of related work.

The licensing landscape has evolved considerably. The Ministry of Investment (MISA) offers various licence types, with the service licence proving most popular due to its lack of minimum capital requirements and absence of Saudi shareholder requirements. The process typically involves matching business activities to ISIC codes, which determines document requirements and applicable regulations. Companies must be operating entities with at least one year of profitable trading history; holding companies cannot obtain licences.

Recent regulatory innovations include the entrepreneurship licence, designed for startups and technology companies. This pathway exempts applicants from financial requirements and commercial registration fees but requires endorsement from a Saudi-based incubator or venture capital firm willing to invest. The timeline from application to full establishment averages 92 days for prepared companies according to the speakers, though document preparation on the UK side often causes delays. Better preparation of documents and knowing the correct ISIC codes can help prevent the delays that are often complained about when expanding to the Kingdom.

Payment culture emerged as another consideration. Late payments are seemingly common, with delays of six months beyond agreed terms considered normal. This cultural reality requires careful financial planning, with panellists recommending that initial mobilisation payments cover at least six months of operations. Some businesses operate on pro forma terms to mitigate risk, though this may limit opportunities but securing 15-30% advance payments was suggested as a middle ground.

The sophistication of Saudi buyers presents both opportunity and challenge. As experienced purchasers in global markets, some clients may seek scope expansion whilst extending payment schedules. UK businesses must balance relationship building with commercial prudence, being prepared to decline unreasonable requests despite the cultural preference for agreement.

Saudisation requirements vary by sector and company size. All businesses must employ at least one Saudi national from establishment. As companies grow beyond five employees, percentage requirements apply, typically ranging from 20-40% depending on selected business activities. The ISIC code selection proves crucial, as changing codes later to reduce Saudisation percentages is viewed unfavourably by authorities, and they understand the reasoning why a company may look to change codes.



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Roundtable Discussion 2: Human Capital & Capacity Building

The second focused discussion, also led by Cordelia Begbie, featured Ibrahim El Mayet, VP Client Solutions MENA at Ken Blanchard, and William Phimester, Strategic Account Director at Pearson. This session explored Saudi Arabia's evolving talent landscape, revealing both challenges and unexpected advantages for UK businesses.

The demographic with 60% of the population under 35, creates a large talent pool, though skills gaps persist in key sectors. One participant described receiving 10,000 applications for 100 positions, illustrating the high volume but also highlighting the need for robust assessment processes. Whilst technical skills may require development, particularly in emerging sectors like tourism, digital technology, and advanced manufacturing, the willingness to learn and develop appears strong.

Female workforce participation has transformed dramatically, rising from 17% in 2017 to 36.2% currently. Several contributors noted that Saudi women are emerging as preferred candidates, bringing high education levels, strong work ethic, and loyalty to organisations that provide development opportunities. One technology company reported that 70% of recent hires were female, achieving zero attrition over four years by offering flexibility around family commitments, a key differentiator in attracting experienced women returning to work.

The expectations of Saudi employees, particularly younger professionals, centre on continuous development. Companies must provide clear progression pathways and invest in training. The government supports this through initiatives like the Human Resource Development Fund (HRDF), which provides funding for training programmes. Companies with over 50 employees must report on training provision, making development a compliance issue as well as a retention strategy.

Retention challenges are acute in a market where talented Saudis face multiple opportunities. Salary inflation is substantial, with fresh graduates seeing 30% increases within a year and some professionals offering 60% raises to change employers. However, the discussion stressed that whilst competitive compensation is necessary, it alone won't ensure retention. Creating positive workplace cultures, offering meaningful work, and building organisational reputation prove equally important.

Several innovative approaches to talent development emerged. One company partnered with universities to fund students' final year in exchange for five-year employment commitments. Another established an internal academy, recognising that investing in talent development, even with the risk of departure, builds reputation and attracts quality candidates. The concept of contributing to the national transformation agenda resonated strongly, with companies that position themselves as developers of Saudi talent benefiting from positive reputation even when employees move on.

The discussion touched on education sector opportunities, with international schools navigating evolving regulations around co-education and teacher requirements. Whilst traditionally segregated, international schools have more flexibility, though regulations continue to evolve. The recent opening of seven UK schools since 2021 indicates government support for international education providers.



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Key Insights and Practical Considerations

Several critical success factors emerged consistently throughout the workshop. First, physical presence in the Kingdom proves essential, with the expatriate community in Riyadh described as village-like in its interconnectedness, creating unique networking advantages with senior executives more accessible than in larger markets.

Second, the importance of aligning explicitly with Vision 2030 cannot be overstated. Businesses must articulate how their offerings address specific Saudi challenges rather than simply seeking market access. The days of viewing Saudi Arabia as a "blank cheque" have passed; value proposition clarity is essential.

Third, partnership strategies require careful consideration. Whilst historically common, joint ventures are declining in popularity as 100% foreign ownership becomes feasible across more sectors. However, partnerships remain valuable for market knowledge and trust building, particularly in professional services where local participation may be mandated.

Fourth, financial planning must accommodate payment realities. Beyond the well-documented delays, businesses should understand that payment challenges often intertwine with scope creep. Strong contract management and willingness to enforce terms, despite cultural preferences for accommodation, prove essential.

Fifth, the regulatory environment, whilst improving, remains dynamic. Recent reforms have sometimes created unintended complexities, described as "two steps forward, one step back." However, the scale of opportunity, with major projects and transformation initiatives, compensates for bureaucratic challenges.

Lastly, geographic strategy warrants consideration, as whilst Riyadh dominates as the business centre, secondary cities offer distinct advantages. Lower competition, government incentives, and direct access to pilgrimage markets (exceeding seven million annual visitors) make cities like Jeddah, Tabuk, and AlUla attractive for specific sectors.

Support Ecosystem and Resources

The workshop highlighted extensive support available to UK businesses. The Department for Business and Trade maintains multiple offices across Saudi Arabia, staffed by former private-sector professionals who provide market intelligence, regulatory guidance, and connection facilitation. Their services range from basic market information to sophisticated introductions and advocacy.

SBJBC offers ongoing support through regular events, market intelligence, and facilitation services. Recent successes include arranging over 80 fintech introductions and providing weekly market updates to members. The council's Saudi network, including board members at chairperson and CEO level across sectors, provides valuable access for UK companies.

Various sector-specific initiatives provide targeted support. The education sector benefits from organised trade missions, with 11 institutions participating in recent delegations resulting in five successful partnerships. The technology sector can access Saudi incubators and accelerators, whilst infrastructure companies can engage with mega-project procurement teams.



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Conclusion

The roundtable reinforced Saudi Arabia's position as a high potential but complex market requiring careful preparation and sustained commitment. The transformation underway creates unprecedented opportunities for UK businesses willing to invest time and resources in understanding and adapting to local requirements.

Success requires balancing optimism about long-term potential with realism about near-term challenges. Payment delays, talent competition, and regulatory evolution demand robust planning and patience. However, the scale of opportunity rewards those who persevere.

The networking lunch that concluded the event provided a valuable opportunity for participants to connect directly with speakers and fellow attendees. The informal discussions allowed for deeper exploration of specific sector opportunities and encouraged connections that will support future collaboration. Several participants noted the particular value of connecting with others at similar stages of their Saudi journey, enabling peer learning and potential partnership discussions.

For businesses considering Saudi market entry, the immediate next steps include engaging with support organisations, attending major Saudi events like LEAP or the Future Investment Initiative, and conducting initial market visits. Established players should consider geographic expansion beyond Riyadh, deeper sector engagement, and leadership roles in shaping emerging regulations.

The message from experienced practitioners was clear: companies that entered the UAE market a decade ago wish they had arrived earlier. Saudi Arabia today presents a similar inflection point, challenging certainly, but offering transformational opportunities for those ready to commit.

SBJBC extends its sincere gratitude to all speakers who generously shared their time and expertise: Adam Hosier, Nasreen Alissa, Emma Johnson, and Mark Lyman for their invaluable insights on regulatory navigation; and Ibrahim El Mayet and William Phimester for their perspectives on talent development. Special thanks also to Trowers & Hamlin for hosting the event at their Birmingham offices and to AEI Saudi for their partnership.