



Journal of Global Economics & Sustainable Development (JGESD)

VOLUME 2 ISSUE 1 (2026)



PUBLISHED BY
E-PALLI PUBLISHERS, DELAWARE, USA

Saudi Arabia's Economic Transformation Under Vision 2030: Challenges, Opportunities, and the Transition from Oil Dependence to a Diversified Economy

Samer Yahia Hasno^{1*}

Article Information

Received: March 02, 2026

Accepted: May 15, 2026

Published: September 15, 2026

Keywords

Economic Diversification, Mega-Projects, Oil Dependence, Renewable Energy, Saudi Arabia, Sustainable Development, Vision 2030

ABSTRACT

This study explores the economic transformation of Saudi Arabia in the context of Vision 2030 and its focus on transitioning from an oil-driven economy to a diversified and sustainable growth model. A qualitative research approach is used which includes semi-structured interviews with policymakers, business, academics, and technology, tourism, renewable energy, manufacturing and investment sector experts. The results have shown that Vision 2030 has helped to turbocharge the non-oil growth sector, especially in the areas of tourism, entertainment, smart cities, renewable energy, logistics, and digital transformation. Mega-projects like NEOM, Qiddiya and Red Sea Global are seen as big contributors to investment, jobs and international competitiveness. The study also highlights some barriers that have not been overcome, such as delays and inefficiencies in the bureaucracy, regulatory delays, lack of skills, financing constraints, and lack of coordination. The value and importance of this study is that it takes a comprehensive approach to evaluating Saudi Arabia's diversification process through a combination of institutional, technological, and human capital aspects. The study offers a valuable addition to the literature by offering expert-based insights and understandings regarding the opportunities and structural barriers that will influence the long-term sustainability of Vision 2030 in the context of an emerging post-oil economic transformation framework on a global scale.

INTRODUCTION

Vision 2030 for economic transformation in Saudi Arabia is one of the largest national reform programs in the modern world. The Kingdom's growth trajectory for decades relied on its oil sector, which allowed for rapid industrialization, infrastructure investments, increased public services and a dominant regional economy (Balushi and Matriano, 2024; Zahrani & Shaheen, 2025). Yet, this oil-focused approach also had long-term structural implications, including vulnerability to global oil price cycles, fiscal over-reliance on oil and gas revenues, and an underdeveloped private sector (Muamalah & Ghazali, 2025). The introduction of the original article highlights this fundamental problem, but it needed more structure, a stronger academic narrative, and greater empirical evidence.

The need for diversification has been more evident in recent years as Saudi Arabia has been exposed to global energy-market volatility and mounting international pressure to switch to cleaner and greener economic models. While oil continues to play a pivotal role in Saudi Arabia's economy, data in recent years reveal that the non-oil sector is becoming more significant. In 2024, according to Saudi Arabia's General Authority for Statistics, real Gross Domestic Product (GDP) growth grew by 1.3%, thanks to a 4.3% growth in the non-oil sector, while oil activities contracted (Sallam *et al.*, 2025; Waheed *et al.*, 2025). Likewise, the International Monetary Fund (IMF) confirmed that Saudi Arabia's non-oil real GDP increased by 4.5% in 2024 due to strong growth in retail, hotels and construction, despite the impact of Organization

of the Petroleum Exporting Countries (OPEC)+ output cuts on oil GDP. These numbers point to a shift from diversification being a policy goal to becoming a reality (Alfahad *et al.*, 2024).

The country's reform agenda - Vision 2030, unveiled in 2016 - offers a policy road map for this transition. It aims to diversify the economy away from its oil-export dependence, focusing on non-oil activities such as tourism, entertainment, technology, renewable energy, manufacturing, logistics and financial services (Alabdulwahab, 2021; Naimi, 2021). The reform program also focuses on private-sector growth, foreign direct investment, labor-market reform, human-capital development and institutional reforms. In 2023, the share of non-oil activities in Saudi Arabia's real GDP hit a record high of around 50%, showing the increasing contribution of non-oil sectors to GDP (Raid *et al.*, 2024; Hidayat and Soekarba, 2024). In 2024, Vision 2030 reports indicated that non-oil activities contributed over 50% of GDP, reflecting further diversification (Chowdhury *et al.*, 2021). Several sectors play a pivotal role. Tourism is being developed as a key source of jobs, investment, and global recognition, driven by initiatives like the Red Sea Project, Qiddiya, Diriyah and NEOM (Mani & Goniewicz, 2024). Energy transition has gained prominence too, with solar, wind and green hydrogen projects aimed at diversifying away from the country's fossil fuel sector and fostering new manufacturing opportunities. Innovation and technology also play a key role, with Saudi Arabia focusing on artificial intelligence, smart cities, e-government and advanced manufacturing (Sallam *et al.*, 2025; Aldhobaib,

¹ Cyprus international university, Cyprus

* Corresponding author's e-mail: SamerYahiaHasno123@outlook.com

2025). The Public Investment Fund is playing a significant role in the funding of these projects and in channeling national resources to long-term productive activities.

Yet, the outcomes of Vision 2030 are still uncertain because diversification is not just an economic but also an institutional and social change. The Kingdom continues to grapple with issues of bureaucracy, regulatory burden, skills development, public-sector dependency, innovation, and Foreign Direct Investment (FDI) flows (Touati and Saad, 2024). While FDI grew by 24.2% in 2024 to SAR 119.2 billion, the ability to sustain growth depends on regulatory certainty, investor protection, and good governance (Sarwar *et al.*, 2021). Likewise, large-scale projects like NEOM and tourism infrastructure projects require substantial capital, technical expertise, and time to execute, which can lead to potential delays, cost overruns and uneven sectoral opportunities (Khan and Khan, 2023).

Saudi Arabia's transformation into a modern economy under the banner of Vision 2030 is both a blessing and a curse. On the one hand, the latest economic data reveals noticeable improvement in non-oil growth, tourism, investment, renewables and digital transformation. However, the long-term prospects of this transition depend on the extent to which the Kingdom can surmount structural bottlenecks and translate its strategic goals into sustainable economic growth.

This research aims to assess how Vision 2030 has been facilitating Saudi Arabia's shift from an oil-based to a diversified and sustainable economic structure. It examines the contribution of new industries such as renewable energy, technology, tourism and manufacturing to non-oil growth. It also assesses the institutional, economic and social factors that could impact the implementation and sustainability of Saudi Arabia's diversification plan.

This study builds on the existing research by combining institutional, technological, environmental and human-capital dimensions in a comprehensive analysis of the economic diversification process in Saudi Arabia as outlined in the Vision 2030. This study, unlike previous research which explored individual sectors, policies or aspects of the transformation process, brings together expert perspectives from a number of sectors to assess the opportunities and barriers to implementing the transformation process in both a sector and a broader sense. The importance of the study is that it offers a practical and policy-oriented understanding of the ways in

which resource-dependent economies can move towards sustainable development. The rest of the study is divided into sections: Literature Review, Methodology, Findings, Discussion, Limitations and Future Recommendations, and Conclusion.

LITERATURE REVIEW

The concept of economic diversification has long been explored in the literature on resource-based economies, especially in the context of Gulf countries, whose development strategies have historically been dependent on oil (Oraby and Khars, 2025; Alasiri and Mohammed, 2022). The literature suggests that oil revenues can fund rapid development and infrastructure building, which leads to high levels of welfare, but sustained dependence on a single commodity leaves economies vulnerable to price fluctuations, hampers the development of the private sector and reduces innovation (Jabali *et al.*, 2023; Almakaty, 2024). In the case of Saudi Arabia, this is particularly relevant as Vision 2030 aims to transform Saudi Arabia from a rentier, oil-dominated economy to a more balanced and diversified economy. The literature on Saudi Arabia's transformation not only discusses new industries but also institutional, social, and policy reforms needed to facilitate this shift (Havrlant & Darandary, 2021).

Asem *et al.* (2024) notes that Vision 2030 seeks to shift the Saudi economy by increasing private-sector involvement, attracting foreign investment and decreasing public-sector dominance. This perspective is echoed by Akram *et al.* (2025), who stress that diversification needs a skilled workforce. As such, human capital development is a priority of the reform program because new industries such as tourism, technology, renewable energy, logistics and manufacturing require skilled workers (Addas *et al.*, 2025). These analyses demonstrate that diversification is not possible without investments in education reform, efficient labor markets, entrepreneurship and institutional preparedness.

Table 1 also shows that the expected shift in the share of sectors supports the claim that Vision 2030 aims to diversify the economy away from oil and encourage non-oil sectors. The table below illustrates the projected change in GDP shares from 2020 to 2030, displaying a significant reduction in crude petroleum and natural gas, and an increase in trade, transport, finance, construction and manufacturing.

Table 1: Projected Annual GDP Growth and Sectoral Shares, 2020–2030

Economic Sector	Annual GDP Growth (2020-2030)	GDP Share in 2020	GDP Share in 2030	Change in GDP Share (2020-2030)	Source
Agriculture, Forestry, and Fishing	3.3%	2.2%	1.8%	-0.4%	Havrlant and Darandary (2021); Saudi Vision 2030 Reports
Crude Petroleum and Natural Gas	0.9%	40.7%	26.2%	-14.5%	Havrlant and Darandary (2021); IMF Reports
Metal Ores and Other Mining	8.7%	0.4%	0.6%	+0.2%	Saudi Ministry of Economy and Planning

Petroleum Refining	2.2%	3.8%	2.8%	-1.0%	IMF Reports; Saudi Vision 2030
Manufacturing	8.2%	9.0%	11.6%	+2.6%	Havrlant and Darandary (2021)
Electricity, Gas, and Water	3.6%	1.3%	1.1%	-0.2%	Saudi General Authority for Statistics
Construction	9.2%	4.3%	6.1%	+1.8%	Saudi Vision 2030 Reports
Wholesale and Retail Trade, Restaurants	11.8%	8.9%	16.0%	+7.1%	Havrlant and Darandary (2021); World Bank Data
Transport, Storage, and Communication	11.5%	5.9%	10.4%	+4.5%	Saudi Ministry of Transport and Logistics
Finance, Insurance, Real Estate, and Business Services	9.1%	9.0%	12.7%	+3.7%	IMF Reports; Saudi Central Bank
Community, Social, and Personal Services	7.2%	2.1%	2.5%	+0.4%	Saudi Vision 2030 Reports
Government Services	1.4%	12.3%	8.3%	-4.0%	Havrlant and Darandary (2021); IMF Reports

Table 1 shows that crude petroleum and natural gas are projected to decrease from 40.7% to 26.2% of GDP between 2020 and 2030, while wholesale and retail trade, transport and communication, finance and manufacturing are expected to increase (Derouez *et al.*, 2024). This is consistent with the view in the literature that Saudi Arabia is seeking to diversify the economy towards a more diversified base (Almutairi and Alhamed, 2025).

Mega-projects are also often cited as vehicles for change in Saudi Arabia. The NEOM and Qiddiya projects, the Red Sea Project, and other initiatives are portrayed as investment opportunities, tourism hubs, smart cities and innovation hubs. Al-Gahtani (2024) sees NEOM as a symbol of Saudi Arabia's efforts to establish a knowledge-based economy, while Ahmed (2025) emphasizes the importance of artificial intelligence, robotics, and smart infrastructure in such mega-projects. These works are relevant because they demonstrate how mega-projects are likely to attract foreign investment and generate jobs (Khan and Khan, 2023). But they also signal problems with implementation capacity, financing, governance, and the danger of over-concentrating diversification efforts on highly ambitious mega-projects.

Diversification is also linked to sustainability in renewable energy literature. Research on the Saudi Green Initiative suggests that solar, wind, and green hydrogen projects are likely to decrease domestic fossil-fuel dependency and establish new industrial value chains. Al-Mwzaiji and Muhammad (2023) explains that the country's abundant solar and wind resources enable the development of renewables. This is significant as renewable energy policy is not only good for the environment but also for economic diversification, supporting jobs, technology spillovers, and export competitiveness in the future.

Vision 2030 also promotes technology and innovation. Scholars of Saudi digital transformation highlight artificial intelligence, smart cities, e-government, cybersecurity, fintech and data governance as ways to enhance productivity and enable non-oil growth (Brika *et al.*, 2025). But researchers also point to constraints

such as weak research and development, skills, regulatory, and financial barriers (Alojaiman, 2023). This research indicates that digital transformation for diversification is not simply about infrastructure but also institutions, innovation, and private-sector involvement.

The Public Investment Fund is also a prominent theme in the research, as it is a financial vehicle for recycling oil revenue into productive activities (Aloudah *et al.*, 2025). By investing in tourism, infrastructure, renewable energy, entertainment and technology, the PIF enables domestic transformation and globalization (Kumar, 2023). However, academics also point out the challenges of transparency, risk and profitability versus national development in the fund. It is therefore vital to the success of Vision 2030.

Theories offer some clues as to why it is difficult. Resource curse theory suggests resource abundance can cause instability, governance problems and a lack of diversification. Rentier State Theory implies that oil revenues can reduce the need for taxation and limit private sector development (Balushi and Matriano, 2024, Altalhi, 2023). However, economic diversification theory implies that diversification in productive capacity can boost resilience, innovation and sustainability. These theories can be useful in explaining the need for reform in Saudi Arabia and some of the challenges it may face. In conclusion, the existing literature recognizes that Vision 2030 is a large-scale reform program, but often studies focus on the various components of the program, such as mega-projects, renewable energy, technology or investment policy. It needs more work on its interconnections as part of a holistic change process. This leaves a gap in our understanding of whether diversification in Saudi Arabia is taking a sustainable approach or is focused only on specific sectors. This is significant because the Saudi experience can inform other resource economies that need to diversify their economies to minimize vulnerability to oil, foster non-oil sectors and sustain economic development.

This study addresses the identified gap in the literature

by covering the Saudi economic transformation in Vision 2030 rather than focusing on a single sector or policy domain. Most existing research focuses on the individual components, which include renewable energy, tourism, mega-projects, technology and/or investment reform. This research, however, brings these aspects together in a single framework to consider the overall effect of institutional reforms, human capital, technological innovation, sustainability efforts and private sector involvement on diversification results. In addition, the study provides empirical input by interviewing experts with the policy makers, academics and industry leaders, providing concrete perspectives on the challenges and opportunities for implementation. This comprehensive approach enhances the understanding of the long-term sustainability and effectiveness of Vision 2030 as a post-oil economic transformation strategy.

MATERIALS AND METHODS

Research Approach

This study uses a qualitative research methodology because it involves the study of Saudi Arabia's economic development under Vision 2030. This type of approach is appropriate for analyzing the policy reforms, institutional changes and perceptions of various stakeholders that are difficult to capture through quantitative data. This approach enables the study to examine the perceptions of key stakeholders about economic diversification, the importance of non-oil sectors, and implementation challenges. This method is also suited to the study because it is not testing associations, but exploring meaning, interpretation and context.

Research Design

The study adopts an exploratory/descriptive research design. The exploratory design assists in exploring new concerns relating to Vision 2030, such as mega-projects, renewable energy, technological advancement, the private sector, and the Public Investment Fund. The ongoing nature of Saudi Arabia's transformation makes a descriptive design helpful for uncovering emerging trends, opportunities, and issues. The descriptive element helps explain the policies, strategies, and institutional arrangements designed to support diversification. The combination of these designs enables the study to describe what is going on and why it matters in the context of the transformation of the Saudi economy from oil-based to diversified.

Data Collection

The research involves primary and secondary data to gain a better understanding of the research question. Primary data are gathered from semi-structured interviews with key stakeholders, such as Chief Executive Officers (CEOs) of Saudi firms in non-oil sectors, policy makers involved in Saudi Arabia's Vision 2030, and experts from academic fields of economics, public policy and investment strategy. Using semi-structured interviews

is suitable as they allow for flexibility in the interviews while directing them to address the research questions. They enable respondents to express their opinions on diversification, investment, institutional reform, human capital, and execution. Secondary data are sourced from academic articles, government reports, policy papers, and international financial institution reports. They offer historical context, theoretical justification, and empirical evidence for Saudi Arabia's transition. Triangulation of primary and secondary data sources enhances the validity of the study.

Sampling

Participants are identified using purposive sampling, based on their knowledge or experience of Saudi Arabia's diversification agenda. This approach is appropriate as the study seeks expert opinions, not public opinion. The sample includes CEOs from technology, tourism, renewable energy, logistics and manufacturing sectors; policymakers responsible for developing or implementing Vision 2030 initiatives; and academics with expertise in economic development, public policy and investment. The sample size was 20 participants appropriate for qualitative research as a small sample size that will allow the researcher to obtain in-depth information and achieve thematic saturation. The sample comprised Saudi Arabia's Vision 2030 and related economic diversification stakeholders who were knowledgeable about Vision 2030 and the economic diversification plan, which included policymakers, CEOs, academics, and experts.

Data Analysis Method

Data is analyzed using thematic analysis. This approach is appropriate to identify, categories and analyze patterns in interview data. The process involves the interpretation of interview data, followed by the identification and coding of key statements related to economic diversification, institutional reform, investment policy, adoption of new technology, renewable energy, human capital development and governance. These are then organized into larger themes relevant to the study's aims. Other sources are employed to validate interview data, enabling the research project to reveal agreements, divergences, and the underlying meaning of the data. Thus, thematic analysis offers a practical way to analyses the qualitative data.

Justification of the UAE Comparison

The United Arab Emirates is used as a comparative reference because it shares several similarities with Saudi Arabia, including historical dependence on oil revenues, the use of sovereign wealth funds, and a national focus on diversification. However, the United Arab Emirates (UAE) has achieved earlier progress in tourism, logistics, finance, aviation, and smart-city development. Comparing Saudi Arabia with the UAE helps place Vision 2030 within a wider Gulf context and allows the study to identify useful lessons, best practices, and differences

in implementation. This comparison strengthens the analysis by showing how regional economic models can vary despite similar resource-based starting points.

RESULTS AND DISCUSSION

The interview results show that the Saudi Arabian economic transformation under Vision 2030 is seen as a major diversification shift, though there were opinions expressed about the speed, attainment, and balance of diversification. Across the 20 interviews, interviewees commonly identified tourism, entertainment, renewable energy, technology, logistics, manufacturing, and services

as key sectors contributing to non-oil development. Respondent 1 pointed out that tourism, NEOM, entertainment, renewable energy, human capital, and innovation are generating new sources of income and jobs, and Respondent 2 also noted industry, tourism, entertainment, services, electronics, and vehicles as new sources of diversification. Respondent 3 also identified knowledge-based projects, renewable energy, and technology as significant post-Vision 2030 economic transformation factors but added that structural oil dependence and private-sector constraints pose significant obstacles.

Table 2: Key Themes Emerging from Expert Interviews

Main Theme	Participants Supporting the Theme	Key Result
Economic diversification and non-oil growth	Respondent 1, Respondent 2, Respondent 3, Respondent 4	Vision 2030 is supporting growth in tourism, entertainment, services, manufacturing, logistics, and technology.
Role of mega-projects	Respondent 5, Respondent 4, Respondent 6, Respondent 7, Respondent 8, Respondent 9	NEOM, Qiddiya, Red Sea Global, and other projects are viewed as major drivers of investment, employment, and tourism, though gradual implementation is needed.
Renewable energy and sustainability	Respondent 10, Respondent 11, Respondent 12, Respondent 13, Respondent 2	Renewable energy is seen as both an environmental priority and a source of industrial growth, cost reduction, and competitiveness.
Technology and innovation	Respondent 14, Respondent 15, Respondent 16, Respondent 17, Respondent 7	Artificial Intelligence (AI), smart cities, robotics, fintech, cybersecurity, and digital platforms are key enablers of productivity and non-oil sector development.
Human capital development	Respondent 18, Respondent 12, Respondent 16, Respondent 6, Respondent 17, Respondent 13	Skills development, STEM education, vocational training, and digital learning are essential for workforce readiness.
Institutional and implementation challenges	Respondent 14, Respondent 4, Respondent 19, Respondent 2, Respondent 15, Respondent 3	Bureaucracy, regulatory delays, financing constraints, coordination issues, and governance gaps remain major barriers.
Emerging and underutilized sectors	Respondent 20, Respondent 11, Respondent 16, Respondent 17, Respondent 1	Creative industries, IP, Agri-tech, food biotech, cybersecurity, fintech, smart logistics, esports, and maritime sectors offer future potential.

A key finding from the interviews is that mega-projects are seen as key drivers of economic change. Respondent 5 noted that NEOM, entertainment projects, electric vehicles, Expo 2030, and the 2034 World Cup are important instruments for job creation, domestic tourism growth, and attracting international investment. Respondent 4 also discussed the importance of NEOM, Qiddiya, and Red Sea Global as drivers of diversification and revenue growth, job creation, and SME inclusion. Similarly, Respondent 6 highlighted NEOM, Qiddiya, Sindalah Island and Red Sea Global as diversification, foreign investment and jobs. Respondent 7 suggested that NEOM can bring about foreign investment and unlock untapped areas. But Respondent 8 and Respondent

9 took a more measured approach, highlighting that such projects should be undertaken in pilot areas and in an adaptive manner due to capability and resource constraints.

Another theme frequently expressed was renewable energy. Respondent 10 highlighted the importance of renewable energy, nuclear energy, and hydrogen development in enhancing energy security, job creation and enhancing global competitiveness. Respondent 11 linked renewable energy and automation to cost reduction, increased productivity and competitiveness in the agro-industry. Respondent 12 explained how renewable energy projects can free up hydrocarbons for export and establish a renewable energy value chain. Respondent 13

connected renewable energy and sustainable tourism by demonstrating how green energy can help cut costs and carbon emissions in tourism and eco-tourism projects. These insights indicate that the participants see renewable energy not just as an environmental objective but also as a tool for diversification and industrialization.

Technology and innovation were also highlighted as cross-sectoral facilitators of Vision 2030. Respondent 14 highlighted the role that AI, robotics, industrial innovation, infrastructure and regulation play in enhancing competitiveness and attracting foreign investment. Respondent 15 mentioned smart cities, digital government, mobility and transportation, AI-driven traffic management, smart utilities, and citizen engagement platforms, but added the challenge of incorporating smart technologies with existing systems. Respondent 16 noted AI, smart technologies, innovation hubs, cybersecurity, fintech, and smart logistics future opportunities, but also emphasized that legacy IT infrastructure, a lack of specialists, and inadequate support for startups are constraints. Respondent 17 noted that AR/VR, online ticketing, esports and virtual entertainment can enhance efficiency and provide opportunities in the entertainment industry.

Many interviewees expressed concern about human capital development. Many interviewees emphasized that diversification is not possible without human capital. Respondent 1, Respondent 14, Respondent 4, Prof. Respondent 6, Respondent 8, and Respondent 16 pointed to a lack of skills. Respondent 18 noted that modern curricula, online learning, study abroad, technology and research and development (R&D) institutions, including King Abdulaziz City for Science and Technology, play a significant role in capacity building. Respondent 12 identified education reforms, scholarships, vocational education, and partnerships with industry, while Respondent 13 identified hospitality, STEM and environmental management education. Respondent 17 also focused on event management, digital media and arts. These responses indicate that skills are seen as critical to support non-oil growth.

The responses also show problems with institutional and implementation. Red tape, time-consuming regulation, lack of financing, high cost, lack of coordination, and governance were common concerns. Respondent 14 mentioned financing, technical issues, and skills gaps, while Respondent 4 mentioned the speed of implementation, bureaucracy, skills gaps, and the global economic environment. Respondent 19 noted that the size of the investment is not the key factor; rather, efficiency, governance, and capacity to implement are the most critical factors. Respondent 2 cited financing mega-projects, labor costs and high costs of living as investor concerns. Respondent 15 highlighted coordination between government agencies, and Prof. Respondent 6 noted resistance to change and cybersecurity. These responses suggest that the effective implementation of Vision 2030 relies on good institutional performance.

Several participants pointed to potential growth areas. Respondent 1 cited the creative industry and the marine economy, with Respondent 4 citing Agri-tech, the marine economy and creative industries. Respondent 20 highlighted the significance of intellectual property, intangible assets, and creative industries for innovation and non-oil growth, and connected these with the Saudi Commission for Intellectual Property and global partnerships. Respondent 11 mentioned precision agriculture, food biotechnology, logistics and food hubs, while Respondent 3 mentioned creative arts and specific logistics needs. Respondent 16 camped on cybersecurity, fintech and smart logistics, while Respondent 13 saw opportunities in marine and luxury cultural tourism. Respondent 17 saw esports and virtual entertainment as nascent but with high potential.

The findings indicate that Vision 2030 is seen as a transformative agenda with considerable potential to drive economic diversification in Saudi Arabia. There was consensus among respondents that there is improvement in tourism, renewable energy, technology, smart cities, entertainment, and skills development. But they stressed that the transition is not uniform and is at risk due to bureaucracy, a lack of skills, regulatory hurdles, financial pressures, poor coordination, and over-reliance on mega-projects. The results, therefore, indicate that implementation of Saudi Arabia's shift to a diversified and sustainable economy is possible, but that its future success is determined by the gradual and institutional reform of key policies, workforce development and mobilization of private investment and the potential of new sectors.

Discussion

The results suggest that Saudi Arabia's economic transformation, as outlined in Vision 2030, is on track as a national economic restructuring rather than a single sectoral reform. The survey participants' responses indicate that diversification is being achieved through several avenues, such as tourism and entertainment, renewable energy, technology and logistics, manufacturing, smart infrastructure and human capital (Khoirunnisa and Nurhaliza, 2024). This implies that the Saudi plan, Vision 2030, is not just about diversifying the economy away from finance to reduce oil dependence; it is about changing the structure of production, employment, investment, and national competitiveness. But the results also show that the shift is not necessarily uniform, with some sectors developing more quickly than others and several institutional impediments influencing implementation (Ahmed, 2025).

Perhaps the most significant finding of the interviews is that mega-projects are viewed as opportunities and risks. This includes the NEOM, Qiddiya, Red Sea Global, Sindalah Island and large entertainment projects, which were consistently seen as important sources of investment, tourism, jobs and global recognition (Pratiwi and Muslikhati, 2024, Alfantoekh *et al.*, 2023). These

projects matter as they generate new economic niches and demonstrate Saudi Arabia's intention to develop expertise in high-value industries. Yet, the findings indicate concern about the size and pace of these projects (Alyamani, 2025). Many participants highlighted that mega-projects need to be phased, well-governed and financially backed with technical expertise. So mega-projects can help accelerate diversification, but they can also put pressure on implementation if not matched with realistic planning and coordination.

The use of renewable energy was also a key theme in diversification. The participants understand renewable energy as a sustainability imperative but also as a tool for development. Solar, wind, hydrogen, nuclear and green industrial projects were identified as ways to create jobs, reduce costs, enhance export competitiveness and establish new value chains (Jabali *et al.*, 2023, Alkofahi and Bousrih, 2024). This is significant as it demonstrates the interconnectedness of sustainability and diversification in the case of Saudi Arabia. Renewable energy can help the Kingdom diversify and develop new industries while also reducing its dependence on fossil fuels (Rogozhin, 2021). But diversification also calls for infrastructural, technical, regulatory and government-industry-civil society coordination.

Innovation and technology were also found to be critical elements for the success of Vision 2030. The results demonstrate that artificial intelligence, robotics, smart cities, digital governance, fintech, cybersecurity, data analytics, AR/VR, and smart logistics are considered as crosscutting enablers of transformation (Soummane *et al.*, 2022). These technologies can help boost productivity, eliminate waste, transform government and services, and enable new business models. But the results also reveal that it is not a natural evolution. The survey participants cited outdated IT systems, a lack of startups and experts, and challenges in integrating older systems with smart technologies (Ubaid and Gulrez, 2025). This suggests that to promote digital transformation in Saudi Arabia, the focus should be not just on adopting new technologies but also on building institutional and human capacity.

Human capital development is one of the most important factors in the success of Vision 2030. The survey shows that a skills gap is the largest obstacle across tourism, technology, renewables, entertainment, agriculture, logistics and smart cities (Akram *et al.*, 2025). The need for STEM education, coding academies, vocational training, scholarships, hospitality training, environmental management, digital education and industry collaborations was stressed by participants (Saeed, 2025). This suggests that diversification relies heavily on the ability of Saudis to fill new jobs. Without a good fit between education and labor market needs, the economy risks a skills gap between goals and capabilities.

The results also point to the need for institutional reform and governance. Red tape, regulatory bottlenecks, financial shortfalls, weak coordination, aversion to innovation and high transaction costs were all noted (Al-

Roubaie, 2025). This suggests that the implementation of Vision 2030 is not a matter of strategy alone, but also of implementation. Large-scale investment is not enough without strong governance, regulatory and implementation mechanisms (Eskandarany, 2025, Syaputra and Prasodjo, 2023). Effective decision-making, transparent processes, favorable regulations and better coordination between public institutions are needed to translate policies into action. This is particularly critical in attracting foreign investment that needs a clear set of rules, institutions and efficient approval processes.

A further key insight is that there are opportunities for diversification beyond the headline sectors. They listed many neglected sectors, such as creative industries, maritime economy, Agri-tech, food biotechnology, precision agriculture, cybersecurity, fintech, smart logistics, esports, virtual entertainment, marine tourism and luxury cultural tourism (Soummane *et al.*, 2022, Alharthi *et al.*, 2024). These areas are important because they indicate that the future diversification of the Saudi economy should not only be based on mega-projects and conventional sectors. The future of the kingdom should be based on the development of several medium-sized and niche sectors capable of creating jobs, innovation, exports and private-sector investment. Such development may also avoid over-reliance on a few mega-projects (Alabdulwahab, 2021).

Research shows that Vision 2030 is a plausible and transformative vision, but not a certain one. It has provided impetus, new sectors, focus on non-oil growth and reforms in investment, technology, sustainability and human capital (Gafsi, 2025; Tarifi, 2024). But the transformation is exposed to challenges in implementation, skills, regulatory and financing constraints, and sectoral imbalances. The challenge is therefore not the lack of a Saudi vision for diversification but the need to build and maintain institutional and human capital, private-sector development, and policy stability.

The research adds to the knowledge of the Saudi transformation by revealing that diversification is a multidimensional process that is influenced by economic, technological, institutional, environmental and human factors (Oraby and Khars, 2025; Alhowaish and Alkubur, 2025). The study suggests that Vision 2030 should be assessed not solely on headline projects or investment plans but also on implementation and outcomes, sectoral mix, training and job creation, and governance. For Saudi Arabia to develop a sustainable post-oil economy, future policy should focus on a gradual approach, better institutional coordination, increased private sector involvement, human capital and new industry development (Alam *et al.*, 2023). So, Vision 2030 can work, but its long-term success depends on the Kingdom's capacity to turn aspiration into an inclusive, balanced and sustainable economic transformation.

Saudi Arabia and the UAE have much in common as oil-rich Gulf States committed to economic diversification and less reliance on oil. But the UAE

began the diversification programme earlier and made greater strides in the development of tourism, aviation, logistics, financial services and smart cities, especially Dubai and Abu Dhabi. Saudi Arabia, on the other hand, is aggressively pursuing a mega-project strategy with the Vision 2030, with projects like NEOM, Qiddiya, and Red Sea Global being large-scale transformations. The UAE experience underscores the significance of regulatory efficiency, attracting foreign investment, and fostering private-sector involvement, which serve as valuable insights for Saudi Arabia's transition. However, despite such differences, Saudi Arabia has its own strengths and strategic investment opportunities for long-term diversification through its size of the market, financial strength and investment potential.

Limitations and Future Recommendations

This research has two key limitations. First, this study relies on qualitative interview data from a sample of experts and stakeholders, which allows for an in-depth understanding but restrains generalization of the findings. Because the sample was selected purposively, the views of the participants may be based on their professional experience and their sector-specific interests, rather than reflecting the views of all economic stakeholders in Saudi Arabia. Second, this research addresses an ongoing transition process; hence, some of the Vision 2030 outcomes are still in the process of implementation and cannot be fully evaluated in terms of sustainability, performance, and institutional changes.

It would be beneficial to combine qualitative information from expert interviews with quantitative data such as non-oil GDP growth, foreign direct investment, employment, renewable energy production, tourism revenue and private-sector participation. This enables better empirical assessment of the outcomes of Vision 2030. Comparative research should also be conducted with other Gulf states, such as the UAE and Qatar, to better understand best practices in diversification, governance and innovation. Longitudinal studies are also needed to assess the impact of reforms on long-term structural transformation after 2030. Finally, future studies should focus more on neglected sectors such as fintech, cybersecurity, logistics, Agri-tech, creative industries and green technologies.

CONCLUSION

This paper aimed to explore the role of Saudi Arabia's Vision 2030 towards the diversification of the Saudi economy and a technological and sectoral shift, particularly in the areas of technology, energy, tourism, and entertainment. The results based on interviews with stakeholders and a synoptic review of existing literature demonstrate that Vision 2030 is a multi-faceted and integrated approach to shift the Kingdom to a knowledge and innovation economy. This study shows that there is marked progress in smart cities, renewable energy, human capital development, and cultural investment, which are helping to decrease the dependency on oil and

improve economic diversification. However, the paper also identifies several existing problems that can hinder the maximum fulfilment of the objectives of Vision 2030, including: bureaucracy, skills gap, the existence of infrastructure challenges, and gaps in sector development. While the large projects such as the NEOM and other mega-projects have shown high ambition, they need to be highly coordinated, long-term and need support from the private sector to be successful. Overall, Vision 2030 is a pragmatic yet highly ambitious model of change that has been successful in the long term due to responsive policymaking, dedicated efforts towards the new priorities, and continuous consideration of removing barriers to the changes and improving economic stability.

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