

Beyond the Firm: A Cross-Border Saudization Index (CBSI) for Measuring Localization Impact in Saudi Arabia's Digital Economy

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Abstract

Saudi Arabia's Saudization policy has delivered measurable labor market gains under Vision 2030, reducing unemployment and expanding private-sector participation. However, the rapid growth of the digital economy — now estimated at approximately 15.6 percent of GDP — and the emergence of cross-border platforms as major intermediaries in retail, logistics, and services have exposed a structural gap in existing localization instruments. Current frameworks, centered on the Nitaqat system, measure the share of Saudi nationals within resident firms but do not systematically capture the localization footprint of cross-border and digitally intensive firms that capture significant Saudi demand without a commensurate domestic operational presence.

This paper proposes the Cross-Border Saudization Index (CBSI), a conceptual composite index designed to measure the contribution of cross-border firms to the Saudi economy relative to their market capture. CBSI is structured around five theoretically grounded dimensions: Saudi Job Intensity (30%), Local Operations Depth (20%), Local Value Retention (20%), SME Linkages (15%), and Knowledge Transfer and Senior Jobs (15%). Drawing on global value chain theory, local content policy literature, and regulatory arbitrage scholarship, the paper develops the framework, justifies its structure, and proposes a Delphi-based validation study as the next empirical step. The findings suggest that CBSI can complement existing Saudization instruments by extending localization scrutiny to cross-border actors, supporting a more competitive-neutral regulatory environment, and reinforcing Saudi Arabia's capacity to capture higher-value activities from the growing digital economy.

Keywords: Saudization, Localization Policy, Cross-Border Digital Economy, Global Value Chains, Local Content, Composite Index, Vision 2030.

Introduction

Saudi Arabia's labour market numbers have shifted dramatically since Vision 2030 launched. National unemployment dropped to 6.3 percent in Q1 2025—well below the 7 percent target that was not supposed to be reached until later. Female employment hit record levels. These are real gains, and they came from a co-ordinated push: quota-based Saudization, sector-level policies, women's participation drives, and the expansion of remote and self-employment options. The transformation was not accidental. Saudization became a development strategy, not just a labour protection tool.

While this was happening, the economy was quietly changing shape. By 2023, the digital economy accounted for around 15.6 percent of GDP—a share growing faster than at any point since

2010. Electronic payments now cover roughly 85 percent of retail consumer transactions. Saudi e-commerce users are expected to reach tens of millions by 2025. Digital is no longer a sector; it is the medium through which much of the economy now operates.

This is where a problem begins to show. The old instruments for measuring localization—most notably Nitaqat—were built around a simple assumption: the firms that matter are the ones with offices, employees, and legal registrations inside the Kingdom. That assumption was reasonable once. It is less reasonable now. What happens when a company captures tens of millions of dollars from Saudi consumers but has no warehouse, no data center, and no payroll in Saudi Arabia? The gap this creates is structural, not accidental. Resident firms face Saudization quo-

tas, training obligations, wage floors, and compliance costs. Their cross-border competitors—operating through apps, platforms, and logistics networks—often face none of these. This is not merely a tax or competition issue; it is a labour and localization issue. And it is largely unmeasured.

The Cross-Border Saudization Index (CBSI) is a response to that gap. Rather than asking whether a firm has a physical presence in Saudi Arabia, CBSI asks a different question: given how much value a firm extracts from the Saudi market, how much of it flows back into Saudi jobs, Saudi suppliers, and Saudi capabilities? The index is designed to complement Nitaqat—not to replace it—by extending the localization lens to firms that resident-firm frameworks currently cannot see.

The paper makes three contributions. First, it synthesizes three strands of literature—workforce nationalization, global value chains, and regulatory arbitrage in the digital economy—that have rarely been brought together in the Gulf context. Second, it develops the CBSI framework itself: five dimensions, an initial weighting scheme, and a scoring structure tied to policy incentives. Third, it traces how the index could be integrated into Saudi Arabia's existing investment and incentive architecture without restricting market access or deterring foreign investment.

Literature Review

Workforce Nationalization and Saudization

Policies requiring private-sector employers to hire a minimum share of national workers have a long history in the Gulf Cooperation Council (GCC) states, but the design and implementation of these policies have evolved substantially over the past two decades. Early quota-based approaches—often referred to generically as 'nationalization' policies—were criticized for generating superficial compliance: firms would hire nationals to meet the legal threshold while concentrating them in low-productivity roles, resulting in what researchers termed 'ghost employees' or 'window-dressing'. Saudization provided an early systematic critique of this phenomenon, arguing that quota-based policies without complementary labor market reforms would produce employment in name rather than in substance[1].

The 2011 Nitaqat reform aimed to counter these deficiencies by shifting from uniform quotas to a segmented firm-size-differentiated 'banding' system that classified firms into color-coded performance tiers, providing reputational and operational pressure to make progress. Subsequent research examined whether Nitaqat produced genuine employment gains or merely accelerated formal compliance strategies provided an overview of the existing research and highlighted the mixed evidence, stating that although the overall Saudization rates improved, issues of productivity and wage compression remained. The recently developed logarithmic form of Nitaqat that makes a continuous mathematical relationship between firm size and minimum localization rates indicates yet another step in its development to eliminate the discontinuities observed at firm-size thresholds that have created distorted hiring incentives with earlier versions [2].

A recurring theme in this literature is the risk of treating localization as a numerical target divorced from economic productivity. Argued that GCC nationalization policies often function as a form of rent distribution rather than genuine human capital development, a critique that has spurred interest in policies that reward the quality as well as the quantity of national employment. Vision 2030 explicitly addresses this by linking employment targets to educational reform, vocational training, and sectoral productivity Programs. CBSI builds on this quality-sensitive tradition by including a dedicated dimension for knowledge transfer and senior jobs (KTS), explicitly counter-weighting the tendency to concentrate localization in low-skill roles[3].

Global Value Chains and Local Content Policy

The Global Value Chain (GVC) literature, developed by and further expanded on by others, provides a strong vantage point for understanding how value is created, captured, and distributed across geographically dispersed production networks. One of the key points of GVC analysis is that value along a chain is not so much a matter of location of commodities or services consumption, but how governance, standards, knowledge, and proprietary assets are concentrated. This is directly relevant to the cross-border localization issue: a platform or digital firm, for example, can cater to Saudi consumers, and concentrate its highest-value functions — pricing algorithms, risk models, product strategy, data analytics — in its home jurisdiction, retaining in Saudi Arabia only the thinnest operational layer necessary for last-mile delivery or customer-facing compliance [4].

Local content policy (LCP) has long been the instrument of choice for resource-rich economies seeking to ensure that domestic extraction and production generate broader economic benefits. The classic formulation, applied in the oil and gas sectors of countries including Saudi Arabia, Norway, and Brazil, requires foreign contractors to source a specified share of goods, services, labor, or technology from domestic providers. and the have both provided frameworks for evaluating LCP effectiveness, noting that well-designed policies can build industrial capability while poorly designed ones can reduce efficiency and deter investment. In the Saudi context, the National Industrial Development and Logistics Program (NIDLP) and the Local Content and Government Procurement Authority (LCGPA) have extended local content logic beyond hydrocarbons to manufacturing, logistics, and increasingly digital infrastructure sectors [5,6].

What is largely absent from both the GVC and LCP literatures is a systematic treatment of how local content logic can be applied to dematerialized, cross-border digital services. Physical supply chains lend themselves to contract-based local content requirements because the points at which goods change hands are observable and auditable. Digital platforms, by contrast, can serve entire national markets through invisible data flows, with value creation dispersed across engineering teams, data centers, and financial entities in multiple jurisdictions. CBSI addresses this gap by translating local content logic into a set of observables or approximal dimensions applicable to cross-border digital actors.

Regulatory Arbitrage and the Digital Platform Economy

A third literature stream relevant to CBSI is the growing body of work on regulatory arbitrage by digital platforms used the concept of 'regulatory entrepreneurship' to describe how some technology firms deliberately build business models that exploit gaps between existing regulatory frameworks and the new forms of economic activity they enable, seeking to change the regulatory environment in their favor before it can adapt. In the employment context, the reclassification of workers as independent contractors by platform firms is perhaps the most widely discussed example, but jurisdictional arbitrage - operating at scale in a market while avoiding the obligations that resident firms in that market face—is an equally important dimension[7].

In the digital trade context, and others have noted that cross-border data flows and remotely delivered services create persistent challenges for tax, competition, and labor regulation, because the standard instruments of economic governance were developed for an era of physical presence. Efforts to address the tax dimension- including the OECD's Pillar One and Pillar Two frameworks, and unilateral digital services taxes-have progressed more rapidly than corresponding efforts in the labor and localization domain [8].

CBSI proposes a complementary instrument for the localization dimension: a structured, transparent way to assess whether a cross-border firm's contribution to the domestic economy is commensurate with its domestic market capture, without resorting to market access restrictions that would conflict with Saudi Arabia's investment promotion objectives.

Taken together, these three literature streams establish the theoretical foundation for CBSI. The Saudization literature motivates the policy problem and provides design lessons from two decades of nationalization experience. The GVC and local content literature provides the conceptual vocabulary for thinking about how value flows through cross-border economic relationships and how policy can influence their domestic capture. The regulatory arbitrage literature contextualizes the problem within the broader challenge of governing digital platforms in an open economy. No prior study has integrated these three streams into a composite index for cross-border localization — a gap that this paper addresses.

Research Design and Methodology

Overall Design Logic

CBSI is new. There is no prior dataset that records how cross-border digital platforms contribute to Saudi employment, supplier ecosystems, or knowledge transfer. Given that, a conventional quantitative research design is not available—there is simply nothing to run regressions on yet. The approach taken here is therefore conceptual: building the framework from theory and policy logic rather than from historical data model of conceptual framework development guides this process, with CBSI emerging from an iterative synthesis of academic literature, Saudi policy documents, and practitioner-level knowledge of how digital firms actually operate [9].

The methodology has two phases. This paper covers the first: constructing the framework through a structured review of relevant literature. The second phase—a Delphi validation study followed by empirical piloting—is outlined as a future research agenda. It is not executed here, because the conceptual groundwork needs to be laid before expert panels or firm-level data collection can proceed meaningfully.

CBSI as a Conceptual Framework

Defines a conceptual framework as an interconnected set of concepts that, taken together, explain a phenomenon comprehensively. For CBSI, the phenomenon is this: how much does a cross-border firm's presence in Saudi Arabia—measured not by registration but by economic contribution—actually add to the Kingdom's capabilities? Each of the five dimensions (SJI, LOD, LVR, SME, KTS) captures a distinct slice of that question.

Two consequences follow from this framing. CBSI is not yet a validated measurement tool; it is a structured proposal that tells researchers and policymakers where to look and what to count. And the framework draws on multiple sources—academic literature, Saudi policy design, and Program experience like NIDL and the LCGPA—rather than relying on a single statistical model. That flexibility is intentional at this stage[10].

Rationale for a Composite Index

A composite index was chosen over a single indicator for both analytical and policy reasons. Analytically, localization is not one thing. It includes employment, yes—but also whether a firm's operational functions are run locally, whether spending flows through Saudi suppliers, how integrated local SMEs are into the value chain, and whether the firm is building Saudi talent in high-skill roles. No single number captures all of this. A composite index does.

From a policy standpoint, composite indices have a proven track record of turning complex, multi-dimensional phenomena into actionable signals. The Human Development Index is the obvious example. OECD guidance on composite index design emphasizes that such instruments need a clear conceptual basis, transparent weights, and honest acknowledgment of limitations. CBSI follows that template. The goal is a tool that regulators can actually use to classify firms, calibrate incentives, and track progress over time[11].

Dimension Selection and Theoretical Justification

Each of CBSI's five dimensions was chosen because it maps to something specific in the literature. The Saudization literature establishes employment as the central policy objective—but warns that headcount alone is a poor proxy for quality employment. That tension produces SJI: a dimension focused on Saudi job density relative to market capture, with an explicit quality adjustment for skill level. The literature on global value chains explains why employment is not the whole story: value can be created in Saudi Arabia, or it can be extracted and recombined somewhere else. LOD and LVR address this.

Saudi policy priorities add two more dimensions. The NIDL

and LCGPA frameworks both treat SME integration as a distinct policy objective, not just a byproduct of employment growth. That motivates SME Linkages as a separate dimension. And the persistent critique of nationalization policies—that they concentrate Saudis in low-productivity roles—motivates KTS, which specifically tracks whether higher-value analytical and managerial functions are being localized. Together, the five dimensions cover the full range of ways a firm can contribute to, or extract from, the Saudi economy.

Initial Weighting Scheme

CBSI assigns explicit weights to each of its five dimensions: Saudi Job Intensity (SJI) receives 30%, Local Operations Depth (LOD) and Local Value Retention (LVR) each receive 20%, while SME Linkages (SME) and Knowledge Transfer and Senior Jobs (KTS) each receive 15%. The higher weight on SJI reflects the fact that employment generation remains the primary policy objective of Saudization and a central pillar of Vision 2030. LOD and LVR signal that operational and financial anchoring of activity in the Kingdom is almost as important as job numbers. SME and KTS dimensions, while critical, are weighted at 15% each to reflect their role as long-term productivity rather than immediate headline gains [12].

These weights are not intended to be definitive. They encode a normative judgement that in the current stage of Saudi Arabia's labor market transformation, direct employment should still carry slightly greater influence, while ensuring that firms cannot achieve a high CBSI score through low-quality jobs alone. The OECD handbook stresses that such value judgements are unavoidable in composite index design and should be made explicit and subjected to sensitivity analysis.

Planned Delphi Validation (Phase II)

In order to move CBSI from a conceptual plane to a policy-ready measure, an expert elicitation process is necessary. Thus, the second stage of the study is conceived to be a Delphi-based validation of CBSI dimensions and weights. The Delphi method is a structured communication process used mainly to find consensus among experts when information on a given subject is insufficient or scattered. In the context of the CBSI, the panel would be composed of senior representatives from relevant Saudi entities, practitioners from cross-border and local digital companies, and subject-matter experts from academia and policy think tanks. Panel members would be asked to evaluate the relevance and clarity of each CBSI dimension, comment on the proposed weighting scheme, and suggest further indicators or refinements. At the conclusion of this Delphi phase, a revised evidence-based set of dimensions and weights would be produced, together with documented points of consensus and disagreement [13].

Limitations of the Design

The chosen research design has several limitations. First, being a conceptual and expert-driven framework, CBSI is susceptible to criticisms of subjectivity in the selection and weighting of dimensions. Second, until empirical data are gathered and applied, the index cannot be used to make precise quantitative claims

about firm performance; its main utility is to structure dialogue and inform data collection. Third, due to data availability and confidentiality constraints, the granularity with which CBSI can be operationalized in practice may be restricted. It is important to recognize these limitations: the framework is intended to evolve iteratively as better data become available and empirical applications demonstrate which dimensions are most discriminating.

CBSI Framework Specification and Policy Application Index Structure and Formula

Formally, the Cross-Border Saudization Index (CBSI) is specified as a weighted linear composite of five-dimension scores, each normalized on a 0–100 scale prior to aggregation. Let SJI, LOD, LVR, SME, and KTS denote the normalized scores for each dimension respectively. The CBSI score for firm i is: $CBSI_i = 0.30 \cdot SJI_i + 0.20 \cdot LOD_i + 0.20 \cdot LVR_i + 0.15 \cdot SME_i + 0.15 \cdot KTS_i$.

This additive structure is intentionally simple and transparent. It avoids more complex non-linear transformations that would be difficult for policy-makers and firms to interpret, while maintaining enough flexibility to reflect the distinct contributions of each dimension. Following OECD guidance, all dimension scores are first normalized to a common 0–100 scale using min–max or distance-to-target transformations to ensure comparability.

Operationalization of Dimensions

Saudi Job Intensity (SJI) can be proxied by

1. the ratio of Saudi full-time equivalent jobs linked to the firm's Saudi operations to its estimated Saudi gross revenue;
2. the share of Saudi nationals in total headcount within Saudi-located entities and contractors; and
3. an adjustment factor for job quality, such as the proportion of Saudi employees in mid- and high-skill occupational categories.

Local Operations Depth (LOD) focuses on the breadth of functional activities carried out in Saudi Arabia: number and scale of local facilities, share of key operational functions handled by teams in the Kingdom, and the presence of dedicated Saudi-based units for customer experience and regulatory liaison.

Local Value Retention (LVR) captures how much of the economic value generated by Saudi demand is recycled through the domestic economy: proportion of Saudi-related operating expenditure paid to Saudi-registered suppliers, share of Saudi revenue booked through local legal entities, and extent of tax and fee payments accruing to Saudi authorities [14].

SME Linkages (SME) operationalizes integration of Saudi SMEs: number of active Saudi SMEs engaged as vendors or service providers, share of Saudi-market procurement awarded to SMEs, and existence of structured Programs that support SME onboarding and performance upgrading.

Knowledge Transfer and Senior Jobs (KTS) focuses on higher-value functions: number and share of senior managerial, tech-

nical, and analytical roles based in the Kingdom; presence of local centers of excellence for data analytics or AI linked to the Saudi user base; and documented investments in training and upskilling Saudi employees for these roles.

Scoring, Tiers, and Thresholds

The continuous 0–100 score can be mapped into discrete tiers: CBSI A (80–100), CBSI B (60–79), CBSI C (40–59), and CBSI D (0–39). These bands are intended as signaling devices rather than punitive classifications. Firms in the A tier are recognized as leaders and would be eligible for fast-track regulatory treatment and priority access to government partnerships. Firms in the B tier are broadly aligned but encouraged to address specific gaps. Firms in the C and D tiers with substantial Saudi demand capture would be expected to submit localization plans as a condition for accessing advanced incentive packages. Applicability thresholds for CBSI are designed to ensure that administrative obligations fall only on firms whose scale justifies closer scrutiny—for example, exceeding a specified level of annual revenue from Saudi customers, surpassing a threshold number of active Saudi users, or crossing a defined volume of shipments into the Kingdom.

Integration with Saudi Investment Incentives

CBSI is intended to supplement Saudi Arabia's existing portfolio of investment incentives, including regional headquarters Programs, special economic zones, tax holidays, and sector-specific facilitation measures. High CBSI scores could be recognized as evidence of a strong local contribution: they may be useful to justify long license durations, logistics zones land allotments, or investment promotion support tailored to local conditions. In contrast, firms with low CBSI scores but strong Saudi market capture may continue to qualify for basic market access but they will also meet expectations around roadmaps to localize before premium incentives are available for them. A fundamental design principle is gradualism: CBSI should initially be introduced as an informative and incentive-linked metric, rather than an obligatory regulatory requirement. This gives cross-border firms time to understand the framework, compare themselves to peers, and customize localization strategies when necessary. As data quality improves and the index is refined, regulators could integrate CBSI tiers progressively into formal decision rules over time.

Illustrative Application Scenario

Consider a hypothetical cross-border e-commerce platform with no onshore legal entity in Saudi Arabia that serves several million Saudi users through direct cross-border shipments and third-party logistics providers. Its SJI score would likely be low due to minimal Saudi employment, partially offset by indirect jobs in partner logistics firms. Its LOD score would depend on whether the platform has established local fulfilment centers or customer service hubs. LVR would assess the share of Saudi-related expenditure paid to Saudi-registered entities, while SME would examine how many Saudi SMEs are onboarded as sellers or service providers. KTS would evaluate whether any higher-value analytical or managerial roles related to the Saudi

market are located in the Kingdom. The resulting CBSI score would then inform a structured dialogue about realistic, time-bound steps to deepen the firm's local footprint.

Discussion and Implications

Theoretical Contributions

Three theoretical contributions come out of this paper. The first is a shift in the unit of analysis. Existing Saudization research is built around the resident firm—a legal entity, registered in the Kingdom, employing Saudi nationals. CBSI disturbs that assumption. Cross-border platforms can command millions of Saudi customers and generate billions in Saudi market revenue without appearing in any Saudization dataset. The argument here is that they should be part of the localization conversation—not because they are evading the law, but because the law was not written with them in mind.

The second contribution is conceptual: adapting local content logic to dematerialized, platform-mediated services. Local content policy was developed for oil fields, construction projects, and manufacturing plants. CBSI shows that the same core logic—what share of the value generated here stays here?—can be translated into a set of measurable dimensions applicable to cross-border digital actors. The third contribution bridges two bodies of scholarship that rarely speak to each other: regulatory arbitrage research and Gulf labour policy design. Most platform regulation literature focuses on tax and competition law. CBSI adds a labour-and-localization dimension that the field has mostly left unaddressed.

Implications for Saudi Policy

Saudi policymakers face a practical challenge that CBSI is designed to address. Cross-border platforms are already shaping Saudi employment markets, supplier networks, and consumer habits—but they show up nowhere in the Nitaqat data. CBSI gives regulators a vocabulary and a measurement tool for bringing these actors into the policy conversation. That matters especially now, as Vision 2030 tries to pursue two goals simultaneously: maximize high-quality foreign investment and maximize the domestic value that investment generates. Those goals are not always in tension, but managing the balance requires better data than currently exists.

CBSI's implementation would also, almost inevitably, require inter-agency collaboration. The index draws on data from multiple domains: labour statistics, procurement records, tax filings, SME registries, investment promotion databases. Getting these inputs would require HRDF, MISA, LCGPA, and the Ministry of Commerce to work together in ways they currently do not. That coordination cost is real—but so is the coordination benefit. A framework that connects employment policy, investment promotion, SME strategy, and digital economy governance could produce more coherent policy than five ministries pursuing five separate objectives.

Implications for Firms and Platforms

For cross-border companies, CBSI represents a change in the

way host economies view their presence. Instead of facing binary questions about whether they maintain a local entity, companies can anticipate increasingly detailed scrutiny of how their operational models create jobs, supplier relationships, and knowledge transfer. For companies that prioritize extensive localization, CBSI provides an opportunity to put a spotlight on these efforts and to distinguish themselves from competitors who have been leaning toward lighter localization.

Limitations and Future Research

CBSI, at this point, is conceptual. Its most important limitation is straightforward: the proposed dimensions and weights have not been tested against real data, real firms, or real expert opinion. Future research needs to run the Delphi study—engaging Saudi officials, cross-border platform practitioners, and independent researchers. A second line of work would pilot the index with a small set of firms, testing whether the data required is actually collectable and whether scores behave sensibly under different normalization choices. Comparative work could then test whether the framework travels—whether it makes sense in other emerging economies trying to balance openness against domestic value capture.

Overall Assessment

CBSI is not a finished product. It is a proposal—an invitation, really, for researchers, regulators, and firms to think differently about what localization means in a digitizing economy. The core intuition will likely survive whatever refinements the Delphi process and empirical testing introduce. Counting Saudi nationals on resident-firm payrolls is no longer a sufficient measure of how much an economy's growth is benefiting its citizens. Market capture and domestic contribution need to be tracked together.

Conclusion

The central question of this paper is not whether Saudi Arabia should pursue localization. That is settled. Vision 2030 is built around it, Nitaqat operationalizes it, and successive waves of sectoral Saudization targets extend it into new industries. The question is narrower: does the existing localization toolkit fit an economy that is increasingly digital, increasingly cross-border, and increasingly dependent on platform intermediaries that live outside the perimeter of traditional firm-based measurement?

Nitaqat does what it was designed to do. It measures and incentivizes Saudi employment within the firms that are registered and operating in the Kingdom. That scope was appropriate in 2011. Since then, cross-border e-commerce has exploded, platform logistics have reshaped supply chains, and digitally delivered services have become a significant share of Saudi consumer spending. A firm can now build a large Saudi business—serving millions of Saudi users, capturing significant Saudi revenue—without a single Saudi employee or a single registered legal entity in the Kingdom. This is the gap that CBSI is designed to address.

The Cross-Border Saudization Index does not try to restrict market access or impose residency requirements. It asks a different

kind of question: for every riyal a cross-border firm takes out of the Saudi economy, how much comes back—in jobs, in supplier contracts, in taxes, in trained Saudi professionals? Measuring that relationship, across five structured dimensions, provides a basis for graduated regulatory treatment and targeted incentives. Firms that contribute more can access more. The mechanism is transparent and the logic is straightforward.

Three design features matter most for CBSI's practical viability. First, it is graduated: scores reflect the depth of localization across multiple dimensions rather than reducing the question to a binary pass/fail. Second, it is additive to Nitaqat, not a replacement—together they cover both resident and cross-border firms in a single coherent framework. Third, it is designed to evolve: expert validation, empirical piloting, and iterative refinement are built into the roadmap from the start.

The timing is relevant. Saudi Arabia's digital economy is growing quickly. Electronic payments dominate retail. Cross-border e-commerce is a meaningful and growing share of digitally traded goods. At the same time, the Kingdom is building logistics infrastructure, cultivating national champions, and developing its SME base at scale. This combination—a large, fast-growing digital market and an active state with the capacity to implement complex regulatory instruments—is precisely the context in which a framework like CBSI becomes feasible. Waiting for platforms to consolidate their Saudi market positions further before acting on the measurement gap would make course correction harder, not easier.

Researchers working on workforce nationalization, digital trade governance, or local content in emerging economies will find in CBSI both a substantive argument and a methodological template. The index demonstrates that local content thinking—long applied to oil fields and manufacturing plants—can be adapted to platform economies with appropriate modifications. Future work should test the framework empirically, benchmark it against analogous initiatives in other jurisdictions, and explore whether regional coordination on cross-border localization standards could reduce the collective action problem that individual-country approaches inevitably face.

In the end, CBSI is an argument about what localization is for. It is not about protecting incumbents. It is not about restricting trade. It is about ensuring that a large, sophisticated national market—built by Saudi consumers, enabled by Saudi investment in infrastructure and regulation—generates returns for the society that created it. Saudi Arabia has the ambition, the institutions, and the market scale to lead on this question. The challenge now is to ensure that its localization toolkit keeps pace with the economy it is meant to serve.

CBSI is an argument about what localization is for. It is not an instrument for protecting inefficient incumbents or restricting the flow of goods, services, and ideas across borders. It is an instrument for ensuring that the benefits of a large, growing, and digitally sophisticated national market are shared fairly between

those who serve it and the society that constitutes it. Saudi Arabia has built the policy ambition, the institutional infrastructure, and the market scale to lead on this question. The challenge now is to ensure that its localization toolkit evolves at the same pace as the economy it is meant to serve.

AI Use Disclosure

The author used AI-assisted writing tools to support editing of this manuscript. Specifically, AI tools were used to assist with language refinement, structural suggestions, and literature synthesis. All research ideas, analytical frameworks, arguments, and conclusions presented in this paper are the author's own. The author takes full responsibility for the accuracy, integrity, and originality of the content.

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