



Is Your Institution Structurally Ready for Localisation?

A cross-sector perspective on structural capability absorption in the Kingdom



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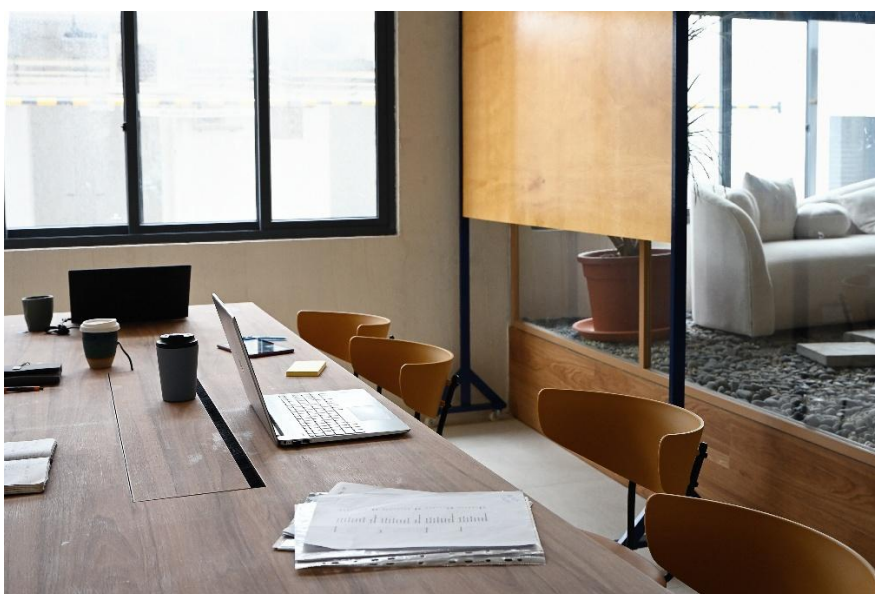
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The Misconception

Ask most senior leaders in the Kingdom whether their organisation is ready for localisation, and the answer will almost always be yes. The strategy exists. The targets are documented. The partnerships are in place. In sector after sector, from energy and healthcare to tourism, public services, and defence, the direction is clear and the intent is genuine.

That confidence is not unfounded. There has been measurable progress across the board. What it can quietly obscure, however, is a more consequential question, not whether the institution has the will to localise, but whether it has the structural capacity to absorb what localisation actually demands of it.

Intent and structural readiness are not the same thing. Across multiple sectors and multiple programmes, the gap between the two is where progress slows, timelines extend, and results fall short of what was planned.



Sustained localisation requires more than agreement at the table — it requires the structural conditions to follow through.

The Reality

The early phases of a localisation programme tend to run well, regardless of sector. Headcount grows. Recruitment pipelines are active. Nationals move into roles. Reporting looks encouraging. There is a genuine sense of forward movement, and for a period, that movement is real.

What changes is not the commitment. What changes is the nature of what the institution is being asked to do next. In the early phases, localisation is largely a placement exercise. The structural demands of this are manageable. Whether the institution sits in the energy sector, the healthcare system, a government ministry, or a hospitality group, it is reasonably well equipped to recruit and place.

The problem emerges when the programme moves beyond placement into the harder work of capability development. It is no longer about finding people and putting them in posts. It is about building the conditions under which those people can genuinely develop, consistently, at scale, and in parallel with the operational demands the institution is already carrying.

In many cases, this shift arrives before the institution is ready for it. The infrastructure that supported the first phase was not designed with the second phase in mind. And by the time the gap becomes visible, the programme has already built expectations and timelines that are difficult to revise.

The challenge is not that institutions fail to recruit. The challenge is that most are not yet structurally built to absorb what comes after recruitment.

Where It Becomes Difficult

Capability absorption is a specific and demanding organisational function. It is the capacity of an institution to take a person placed in a role and create the conditions for that person to develop genuine, transferable competence over time. It requires structured experience, progressive responsibility, quality oversight, and deliberate knowledge transfer embedded in day-to-day work, not delegated to a training function and periodically reviewed.

This is where the pattern repeats across sectors. A government entity building national capacity in specialist public administration roles faces the same structural challenge as a hospital system developing Saudi clinical and operational leadership, or an energy company embedding nationals into technically complex functions that have long been expatriate-led. The sector changes. The underlying problem does not.

What often becomes apparent, once programmes reach this stage, is that the absorption infrastructure does not exist in the form required. Development is happening, but

inconsistently. Career pathways have been designed at a conceptual level but have not been translated into the practical sequencing of experience that would make them real for individuals moving through them.

A recurring challenge is the distinction between growth and depth. An institution can expand the number of nationals in post year on year and still be losing ground on genuine capability, because the pace of placement has outrun the pace at which the organisation can meaningfully develop each individual. Numbers improve. Depth does not follow automatically.

This failure is rarely visible in real time. What it produces instead is a programme that looks healthy on paper and feels increasingly fragile in practice, where senior leaders begin to notice that certain functions remain dependent on expatriate support long after they should not.

Numbers improve. Depth does not follow automatically. And the gap between the two is rarely visible until it has already become consequential.

Decision-Making Under Scale

As localisation programmes grow, the decisions required to manage them multiply in both volume and complexity. Individual development needs diversify. Successive cohorts at different stages of readiness require different approaches. Supervisory structures built for an earlier, simpler phase begin to strain under the weight of a programme that has outgrown them.

The information needed to make sound decisions about progression, placement, performance, and development, becomes harder to gather, harder to interpret, and harder to act on quickly. What often becomes apparent over time is that decision-making slows, not because of any lack of willingness, but because accountability is spread across multiple functions, none of which holds a complete picture.

This plays out in similar ways whether the institution is a sovereign wealth vehicle, a national healthcare provider, or a tourism enterprise developing the management layers that will define its guest experience for decades. The sector context varies. The structural friction does not.



Governance that works under pressure requires more than frameworks — it requires the discipline to ask the right questions.

Governance in Practice

Governance frameworks for localisation exist in most institutions. Committees meet. Progress is reported. Targets are tracked against milestones. In design, the structures are often sound.

The difficulty arises when those structures are placed under sustained operational pressure. When programmes are moving quickly and targets are visible to senior leadership and external stakeholders, governance conversations tend to focus on activity rather than on the quality of what that activity is producing.

What tends to emerge over time is a gap between what governance is designed to surface and what it actually does. Reporting reflects momentum. The harder questions, whether development is genuinely occurring at the required depth, whether the absorption infrastructure is fit for purpose, are asked with less frequency and answered with less precision than the programme requires.

This is not a governance design problem. It is a governance under pressure problem. And it recurs, with notable consistency, across sectors and institution types throughout the Kingdom.

The Core Insight

Capability cannot be delivered. It can only be absorbed. This distinction is more than semantic, it is the organising principle that separates institutions executing localisation from those being genuinely transformed by it.

Delivery implies a transaction. A training programme is delivered. A certification is awarded. A role is filled. These things can be measured, reported, and signed off. They create the visible markers of progress that institutions are evaluated against, and they matter. But they are not, in themselves, capability.

Absorption is different in kind. It is the process by which an individual, placed in the right environment with the right oversight and the right sequence of experience, internalises capability that becomes genuinely their own, that persists, deepens, and makes the institution structurally more capable as a result. It cannot be contracted out, accelerated beyond what the individual and organisation can sustain, or manufactured by reporting frameworks however well designed.

This applies with equal force whether the institution is a government ministry, a hospital system, an energy operator, or a hospitality group. The sectors are different. The absorptive challenge is the same.

What this means in practice is that the primary constraint on most localisation programmes is not funding, not ambition, and not the quality of the individuals being developed. It is the absorptive capacity of the institution itself, its ability to create and maintain the conditions under which real capability development can occur, at the pace and scale the programme demands.

Institutions that recognise this shift their attention accordingly. They invest not only in recruitment and training, but in the supervisory infrastructure, the development architecture, and the governance precision required to make absorption possible. And they are honest, with themselves and their stakeholders, about where that infrastructure does not yet exist.

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Closing Reflection

The scale of localisation ambition across Saudi Arabia is without precedent. Across defence, energy, healthcare, public services, and tourism, institutions are being asked to fundamentally reshape their workforces, at pace, under scrutiny, and in parallel with the operational demands of running complex organisations. The ambition is right. The investment is real. The intent at leadership level is not in question.

What is worth examining, across every sector, and without defensiveness, is whether institutions have built the internal conditions required to make localisation work at the level of depth they are pursuing. Whether the infrastructure for absorption has been designed with the same rigour as the infrastructure for recruitment. Whether governance is genuinely surfacing what the programme needs to know.

These are not comfortable questions. They rarely produce easy answers. But they are the questions that distinguish institutions that are moving through localisation from those that are being genuinely transformed by it. And at this stage of the Kingdom's development, that distinction matters more than ever.

The strategy is in place. The investment is committed. The question worth asking now is whether your institution is structurally built to absorb what you are asking it to deliver.



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