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English-Language Capability and Economic Diversification in Saudi Arabia: A Strategic Human-Capital Alignment Framework

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Abstract: *Saudi Arabia's transition toward a diversified, knowledge-intensive, and internationally connected economy has increased the strategic importance of human-capital development. This paper develops a conceptual framework for explaining the conditions under which English-language capability can contribute to economic development and diversification. Drawing on Human Capital Theory and Endogenous Growth Theory, the paper introduces strategic language-human-capital alignment as a central construct, defined as the extent to which English-language capability is aligned with sector-specific labor-market demand and integrated with complementary technical, digital, and professional competencies relevant to sectors targeted by Saudi Arabia's economic diversification agenda. The framework challenges the assumption that investment in English automatically generates economic returns, proposing instead that its economic value is contingent on productive opportunities, institutional support, and complementarities with other forms of human capital. The paper develops six theoretical propositions concerning the relationships among language capability, complementary competencies, knowledge transfer, and economic outcomes, and identifies boundary conditions, including weak labour demand, unequal access to language development, credential inflation, and opportunity costs, which may constrain returns to language investment. By positioning English as a complementary and conditional rather than automatically productive form of human capital, the framework offers Saudi policymakers a more precise basis for evaluating language-in-education investment against sectoral labour-market needs. The paper concludes with policy implications and an agenda for Saudi-specific empirical research.*

Keywords: English-language capability, strategic human capital, strategic language-human-capital alignment, language economics, economic diversification, knowledge transfer employability, Saudi Arabia

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INTRODUCTION

Economic competitiveness increasingly depends on the knowledge, skills, and adaptability of a country's workforce rather than on physical or financial capital alone. For Saudi Arabia, this shift has particular significance. Vision 2030 identifies economic diversification, private-sector growth, employment, and human-capability development as central priorities, all of which require a workforce capable of participating effectively in emerging and internationally connected sectors such as tourism, logistics, fintech, and advanced manufacturing.

Language capability constitutes one component of this broader human-capital system. A distinction is central to the argument developed in this paper: English can be understood either as an educational subject that is taught, assessed, and certified, or as a strategic human-capital resource whose economic value depends on its translation into productive activity. Research on English-language policy and higher-education internationalisation in Saudi Arabia illustrates the complexity of this relationship. For example, Barnawi and Alzahrani (2024) argue that Englishization policy can function as a form of "policy distraction," whereby English-medium instruction may be presented as internationalisation while obscuring deeper educational reforms.

At the same time, Afzal (2026) identifies positive associations between English proficiency and economic outcomes across multiple domains, indicating that language capability may have economic value and may be relevant to the broader objectives of Saudi Arabia's Vision 2030 agenda. Taken together, these perspectives suggest that the economic significance of English cannot be inferred simply from its expansion within education or from observed associations with economic outcomes. Rather, the conditions through which language capability is converted into productive economic value require closer theoretical specification.

Despite these contributions, research on English in Saudi Arabia has predominantly examined language education, proficiency, pedagogy, and related employability concerns, while research on economic diversification has generally conceptualised human capital at a broader level without examining language capability as a distinct and potentially complementary input. What remains insufficiently specified theoretically is the mechanism through which English-language capability becomes economically productive and the conditions under which investment in such capability generates meaningful returns. This gap is particularly important in the context of economic diversification, where the value of language capability may depend not only on proficiency itself but also on the extent to which it is aligned with sector-specific labour-market demand and complemented by other forms of human capital.

This paper addresses this gap by integrating insights from Human Capital Theory and Endogenous Growth Theory and introducing strategic language–human-capital alignment as a central construct. The construct refers to the extent to which English-language capability is aligned with sector-specific labour-market demand and integrated with complementary technical, digital, and

professional competencies relevant to sectors targeted by Saudi Arabia's economic-diversification agenda. The framework links language capability to potential economic mechanisms, including employability, knowledge transfer, innovation, and internationalisation, while specifying the conditions under which these mechanisms may generate economic value. In doing so, the framework shifts attention from English proficiency as an outcome in itself toward the productive conditions that determine whether language capability can function as economically valuable human capital.

The paper is conceptual and does not claim to establish causal relationships between English proficiency and economic growth. Instead, it develops theoretically derived and empirically testable propositions concerning the conditions under which English-language capability may contribute to economic outcomes. By specifying strategic alignment, complementary capabilities, and boundary conditions, the framework seeks to advance scholarship on English in Saudi Arabia beyond proficiency-based measures toward a more differentiated account of when and how language capability functions as productive human capital. The paper concludes by outlining policy and institutional implications and a programme of Saudi-specific empirical investigation.

Theoretical Foundations

The framework draws on two complementary theoretical perspectives. Human Capital Theory explains why English-language capability can constitute a potentially productive form of human capital and why its economic returns may depend on complementarity with other skills. Endogenous Growth Theory provides a basis for understanding how language capability may facilitate access to external knowledge, learning, and innovation. Taken together, these perspectives suggest that the economic value of English-language capability depends not simply on proficiency, but on the conditions under which that capability can be productively deployed. The two perspectives are integrated through the concept of *strategic language-human-capital alignment*, which specifies the conditions under which language capability may be converted into productive economic value.

Human Capital Theory: English as Complementary Human Capital

Human Capital Theory conceptualizes education, knowledge, and skills as forms of capital because investments in them can enhance productivity and generate economic returns (Schultz, 1961; Becker, 1964/1993). Language capability can be understood within this framework because its acquisition requires investments of time, financial resources, and educational effort, while its use can expand an individual's capacity to communicate, access information, perform occupational tasks, and participate in professional networks. From this perspective, English-language capability represents a potentially productive form of human capital.

The economic returns to language capability, however, are unlikely to be uniform or independent of other forms of human capital. Research in the economics of language has demonstrated that proficiency in a destination language can be associated with higher earnings, while also showing that language returns interact with education, occupational characteristics, and other human-capital

attributes (Chiswick & Miller, 1995, 2003). Although much of this literature examines language proficiency among immigrant populations, its broader theoretical implication is relevant to the present framework: language capability is more likely to generate economic value when it complements knowledge and skills that can be deployed productively in the labor market. English does not substitute for engineering, medical, financial, technological, or other professional expertise; rather, it may extend the contexts in which such expertise can be accessed, communicated, and applied. Research on English as a corporate lingua franca similarly suggests that its organizational value can arise from facilitating coordination and communication among already-skilled employees operating across linguistic and national boundaries (Neeley, 2012).

This complementarity is particularly relevant to Saudi Arabia's human-capital development agenda. Investment in English-language capability may generate limited economic returns when it is disconnected from occupational requirements or broader skill development. Its potential value is greater when language development is integrated with specialized professional, technical, and digital competencies and directed toward sectors in which English-mediated communication and knowledge access are economically relevant. Human Capital Theory therefore provides the first foundation for the framework: English-language capability can constitute productive human capital, but its returns are conditional on complementarity with other capabilities and on opportunities for productive use.

Endogenous Growth Theory: English as a Facilitator of Knowledge Access and Transfer

Endogenous Growth Theory places knowledge accumulation, human-capital development, and technological change at the center of long-run economic growth, emphasizing mechanisms through which knowledge and skills contribute to sustained productivity and innovation (Romer, 1990; Lucas, 1988). Within this perspective, the relevance of English-language capability is indirect. English does not itself generate technological innovation or economic growth; rather, it may facilitate access to knowledge produced across national and institutional boundaries through scientific publications, technical documentation, professional training, higher education, and cross-border collaboration.

The mechanism proposed in this paper is therefore not a direct relationship between English proficiency and economic growth. Rather, English-language capability may facilitate access to external knowledge, which can support knowledge absorption, organizational learning, and innovation, ultimately contributing to productivity and economic diversification. Each stage of this process, however, depends on complementary capabilities and institutional conditions.

Cohen and Levinthal's (1990) concept of absorptive capacity is particularly relevant to this argument. Absorptive capacity refers to an organization's ability to recognize the value of external knowledge, assimilate it, and apply it to productive purposes. This capacity depends partly on existing knowledge and related capabilities. English-language proficiency may therefore reduce linguistic barriers to accessing external knowledge, but access alone does not ensure that such knowledge will be understood, absorbed, transferred, or applied effectively. Universities, firms,

and public institutions require appropriate technical expertise, organizational capabilities, and institutional mechanisms to convert accessible information into usable knowledge.

Growth Theory therefore provides the second foundation for the framework: English-language capability may facilitate the circulation and absorption of knowledge, but its potential contribution to innovation and productivity depends on complementary human capital and institutional capacity. Language capability should accordingly be understood not as an independent driver of economic development, but as an enabling component within a broader knowledge and skills system.

Strategic Language-Human-Capital Alignment

Human Capital Theory and Endogenous Growth Theory address complementary aspects of the relationship between language capability and economic value. Human Capital Theory establishes that the returns to a skill may depend on its complementarity with other skills and on opportunities for productive application. Endogenous Growth Theory, together with the concept of absorptive capacity, highlights the importance of capabilities and organizational conditions in converting access to knowledge into learning, innovation, and productivity. Taken together, these perspectives suggest that the economic value of English-language capability is conditional on its fit with the skills, occupations, institutions, and opportunities through which it can be productively deployed.

This paper conceptualizes this condition as strategic language-human-capital alignment. Strategic language-human-capital alignment refers to the extent to which English-language capability is aligned with occupational and sectoral language requirements, integrated with complementary technical, digital, and professional competencies, and supported by institutional conditions and opportunities for productive use. The construct therefore shifts attention from the possession of English proficiency itself to the conditions under which proficiency can be converted into economically productive capability.

The term strategic signals that alignment is not assumed to occur automatically as a result of language acquisition. Rather, it reflects the extent to which language development is aligned with the occupational, organisational, and economic contexts in which the resulting capability is expected to be applied. At the individual level, alignment concerns whether English-language capability complements occupation-specific knowledge and corresponds to actual workplace requirements.

At organizational level, it concerns whether firms and institutions provide opportunities to use English for communication, knowledge acquisition, professional collaboration, and international operations. At the system level, alignment concerns whether language development is connected to sectors, occupations, and national priorities associated with economic diversification and knowledge-intensive activity.

The framework's central claim follows from this synthesis: the economic value of English-language capability is expected to be greater when three conditions converge: (1) demand exists for English-mediated capabilities within relevant occupations and sectors; (2) English is combined with complementary technical, professional, and digital skills; and (3) organizations and institutions provide opportunities to use language capability for knowledge access, communication, learning, and productive activity. Where these conditions are weak, investment in English may yield limited economic returns or generate opportunity costs relative to alternative forms of human-capital development.

This alignment perspective also explains why similar levels of English-language investment may produce different economic outcomes. Language training closely connected to occupational tasks and complementary competencies is expected to generate greater productive value than generic instruction disconnected from labor-market demand or opportunities for use. Alignment is therefore not static: changes in sectoral labor demand, technological requirements, institutional capacity, or opportunities for international engagement may alter the economic value of particular language capabilities over time.

Strategic language-human-capital alignment thus provides the central theoretical mechanism linking English-language capability to the broader human-capital and knowledge systems through which economic value may be realized. This integrated perspective provides the theoretical foundation for the propositions developed in Section 6.

Saudi Arabia's Economic Transformation and Workforce Requirements

Saudi Arabia's economic diversification strategy is expanding activity in tourism, logistics, technology, entertainment, manufacturing, financial services, and renewable energy alongside a still-central energy sector. This transformation requires workforce capabilities that extend beyond those historically associated with the Saudi economy. Vision 2030 and the Human Capability Development Program, launched in 2021 to strengthen human-capability development from early childhood through lifelong learning and enhance global workforce competitiveness, frame this challenge explicitly as a human-capital priority rather than solely an industrial-policy objective (Kingdom of Saudi Arabia, 2016; Human Capability Development Program, n.d.).

The relevance of English-language capability to this transformation is likely to vary substantially across occupations and sectors, and is itself changing over time. Al-Seghayer (2023) documents the expanding institutional role of English in contemporary Saudi Arabia, including its growing presence in education and professional domains, underlining the need for approaches that recognize variation in the contexts in which English is required. A tourism professional interacting directly with international visitors, for instance, is likely to face different language demands from a technical professional working primarily within domestic teams. Although such examples are illustrative rather than empirically established here, they reflect the sectoral and occupational variation anticipated by the framework. Consequently, a single national proficiency target may be

less effective than sector- and occupation-specific approaches that identify where English capability is required, at what level, and in combination with which complementary skills.

Saudi labor-market evidence provides a relevant illustration of the potential consequences of weak alignment between language qualifications and employment requirements. A 2026 study combining national labor-observatory data with surveys of graduates and employers found that, among Saudi literature and linguistics graduates, employers rated aspects of graduate preparedness, including applied bilingual proficiency, significantly lower than graduates' self-assessments; only 37% of the sampled graduates were employed at the time of data collection (Alkahtani et al., 2026). Although findings from this specific graduate population cannot be generalized to the Saudi labor market as a whole, they illustrate an important alignment problem: language qualifications do not necessarily translate into employment outcomes when graduates' capabilities and employers' expectations diverge.

Related qualitative research provides further support for viewing English as part of a broader employability system rather than as a sufficient condition on its own. Alzuoud and Gaudel (2020) found that English-language teaching staff in Saudi universities associated employability gains with English instruction particularly when communication and problem-solving skills were deliberately integrated into language teaching rather than when language instruction was treated as sufficient in itself. Such findings reinforce the distinction between language proficiency as an educational outcome and language capability as a productive form of human capital.

For Saudi Arabia, the policy implication is therefore not simply whether English should be promoted, but where, for whom, at what level, and in combination with which complementary capabilities English-language investment is most likely to generate productive value. Sectoral and occupational differentiation provides a practical basis for applying the strategic language-human-capital alignment framework: language development can be connected to the workforce requirements of emerging sectors while avoiding the assumption that greater English proficiency automatically produces better economic outcomes.

Mechanisms Linking English-Language Capability to Economic Outcomes

English-language capability may contribute to economic outcomes through four related but analytically distinct mechanisms: workforce capability and employability, knowledge access and transfer, innovation and productivity, and internationalization, investment, and tourism. Across these mechanisms, English is treated as an enabling and complementary condition rather than a sufficient cause. Its economic value depends on the extent to which language capability is aligned with occupational and sectoral demand and combined with complementary technical, digital, organizational, and institutional capacity. The mechanisms therefore describe different pathways through which English may contribute to economic value while retaining the central assumption that its effects are conditional on the context in which it is deployed.

Workforce Capability and Employability

In sectors characterized by substantial international interaction, English-language capability may expand the range of occupations and professional environments in which workers can participate. It may also improve access to technical documentation, training materials, professional qualifications, and other resources that are predominantly available in English. However, language proficiency is not a substitute for occupational expertise. Its value is better understood as extending the reach and usability of expertise that workers already possess rather than functioning, in most occupations, as a stand-alone employment credential.

This distinction is particularly important in the Saudi context. The evidence reviewed in Section 3 illustrates the potential consequences of weak alignment between language qualifications and workplace requirements: employer assessments of graduate preparedness may diverge from graduates' own perceptions of their capabilities (Alkahtani et al., 2026). From the perspective of strategic language-human-capital alignment, employability gains are therefore expected to be stronger when English-language capability is integrated with occupation-specific knowledge and skills and corresponds to actual workplace requirements. The relevant question is consequently not simply whether workers possess English proficiency, but whether the level and type of proficiency correspond to the communicative demands of the occupations in which they seek to participate.

Knowledge Access and Transfer

A substantial share of international scientific, technical, and professional communication takes place in English. English-language capability may consequently reduce linguistic barriers to accessing research literature, technical training, professional networks, and external sources of expertise. Such access may be particularly relevant to universities seeking international research collaboration, firms seeking external technological knowledge, and workers engaged in continuing professional development.

Access, however, is not equivalent to knowledge transfer. Information becomes economically productive only when individuals and organizations possess the absorptive capacity, technical expertise, research infrastructure, and organizational support required to interpret, assimilate, adapt, and apply it. Cohen and Levinthal (1990) conceptualize absorptive capacity as the ability to recognize the value of external knowledge, assimilate it, and apply it to productive purposes. English-language capability may therefore facilitate initial access to external knowledge while its economic value depends on the complementary capabilities through which that knowledge is absorbed and deployed. This mechanism directly reflects the absorptive-capacity argument developed in Section 2.2.

Innovation and Productivity: English-language capability may also facilitate innovation by enabling researchers, professionals, and firms to participate in international knowledge networks and communicate with external partners. International collaboration can expose organizations to alternative technologies, research findings, production methods, and organizational practices,

creating opportunities for knowledge combination and organizational learning. English can facilitate the communication required for such collaboration, particularly in internationally connected sectors.

Nevertheless, innovation depends fundamentally on research capacity, investment, infrastructure, organizational capabilities, and institutional incentives. The broader innovation-systems literature emphasizes the importance of interactions among firms, universities, institutions, and other knowledge-producing actors in generating and applying innovation (Lundvall, 1992; Freeman, 1995). English-language capability should therefore be understood as a facilitating input into innovation systems rather than as a direct driver of innovation or productivity. Its contribution is expected to be greater where organizations already possess the complementary capabilities required to convert externally accessible knowledge into new products, processes, or organizational practices. Conversely, high levels of English proficiency may generate limited innovation gains where research infrastructure, investment, or organizational capacity is insufficient.

Internationalization, Investment, and Tourism: English-language capability may also facilitate internationalization by reducing certain communication barriers between local employees and international partners, investors, firms, and visitors. The economics-of-language literature suggests that shared language can reduce communication and transaction costs associated with cross-border exchange and can influence trade and other international economic outcomes (Ginsburgh & Weber, 2011). In tourism, however, communication requirements vary substantially across occupations. A hotel manager, tour guide, receptionist, and specialist tourism professional may require different forms and levels of English capability, reinforcing the case for occupation-specific rather than generic language development.

English may similarly form part of the human-capital infrastructure supporting interactions between domestic and foreign organizations. However, it should not be treated as a sufficient or primary determinant of foreign direct investment (FDI). Dunning's eclectic (OLI) paradigm identifies ownership, location, and internalization advantages as interacting determinants of international investment decisions, with location advantages including institutional quality, market characteristics, infrastructure, and human capital (Dunning, 2001). Within this broader framework, English-language capability is better understood as one potentially complementary workforce and location attribute rather than an independent explanation for investment attraction. Its contribution is therefore likely to depend on the wider institutional, infrastructural, and human-capital conditions within which international firms make investment decisions.

Across tourism and international investment, the same alignment principle applies: the economic relevance of English depends on the specific communication requirements of the activity and on the complementary conditions that enable language capability to generate value. English proficiency may reduce communication barriers, but the magnitude of any resulting economic

benefit depends on the nature of the occupation, the organization, and the wider institutional environment.

Synthesis: From Mechanisms to Strategic Alignment: Taken together, the four mechanisms demonstrate that English-language capability can contribute to economic outcomes through multiple pathways, but none operates independently of complementary capabilities and enabling conditions. Workforce and employability effects depend on the fit between language capability and occupational requirements; knowledge-transfer effects depend on absorptive capacity and related technical capabilities; innovation effects depend on research, organizational, and institutional capacity; and internationalization effects depend on the specific requirements of cross-border activities and the wider conditions governing international engagement. These mechanisms therefore reinforce the central proposition of the framework: the economic value of English-language capability depends on strategic alignment, defined by the fit between language capability, occupational and sectoral demand, complementary human capital, and opportunities for productive use. The same level of English proficiency may consequently generate different outcomes across individuals, organizations, occupations, and sectors. Strategic alignment provides the conceptual link through which the mechanisms identified in this section can be translated into the theoretically derived propositions developed in Section 6.

A Framework for Strategic Investment in English-Language Capability: Bringing the mechanisms developed in the preceding sections together, this paper conceptualizes English-language investment as operating through a sequence of conditional relationships rather than through a single direct pathway to economic development. Investment in English-language development may build language capability; when that capability is aligned with occupational requirements and opportunities for productive use, it may contribute to workforce capability, knowledge access and transfer, internationalization, and innovation and productivity. These intermediate outcomes may, in turn, support broader processes of economic diversification and development. The framework therefore does not claim that English investment automatically produces economic growth. Rather, it specifies the conditions and mechanisms through which language capability may generate economic value.

Conditions Governing the Framework: The framework identifies four conditions that shape the extent to which English-language capability can be converted into economic value: occupational and sectoral demand, complementary technical and digital skills, institutional capacity, and opportunities for productive use. These conditions may influence different stages of the proposed process.

First, the relationship between investment and language capability depends substantially on the quality, accessibility, and relevance of language provision. Teacher preparation, curriculum design, assessment systems, and access to appropriate learning opportunities can influence whether investment produces meaningful language capability rather than formal exposure or certification

alone.

Second, the relationship between language capability and productive use depends on occupational and sectoral demand. Individuals may possess substantial English proficiency without obtaining corresponding economic benefits when their occupations do not require English or when suitable opportunities to use the capability are limited. Alignment therefore requires correspondence between the capabilities developed through language investment and the communication requirements of actual or emerging occupations.

Third, the relationship between productive language use and intermediate economic outcomes depends on complementary technical, professional, digital, and organizational capabilities. As discussed in Section 4, English may facilitate access to knowledge, professional communication, and international networks, but the resulting information or interaction can generate economic value only when individuals and organizations possess the capabilities necessary to interpret, absorb, and apply what English makes accessible.

Finally, the relationship between intermediate outcomes and broader economic diversification depends on wider institutional and economic conditions. Innovation, international investment, tourism development, and productivity are influenced by infrastructure, finance, regulatory quality, organizational capacity, market conditions, and other factors beyond language capability. Consequently, weak diversification outcomes cannot necessarily be interpreted as evidence of inadequate English-language investment or poor language alignment.

This staged perspective gives the framework diagnostic value. A failure to observe economic benefits from English investment may arise because language capability was not effectively developed, because it was poorly matched to occupational demand, because complementary skills were insufficient, or because wider institutional and economic constraints prevented productive outcomes from being realized.

The Feedback Relationship: The framework also allows for a potential feedback relationship between economic transformation and language investment. As economic diversification expands internationally connected sectors, demand for English-language capability may increase among employers and workers. Rising demand may subsequently encourage individuals, firms, universities, and policymakers to invest further in language development. In this sense, economic transformation and language investment may become mutually reinforcing when the complementary conditions identified above are present. However, this feedback relationship should not be assumed to be automatic or unlimited. As particular sectors approach the level of English capability required for their occupational tasks, additional investment may generate diminishing economic returns. Similarly, language investment that is poorly connected to occupational demand or complementary skill development may produce limited benefits even where overall English proficiency increases. The feedback mechanism is therefore expected to

operate most effectively when additional language investment remains connected to identifiable economic and occupational requirements.

The framework consequently rejects both a linear model, in which more English necessarily produces more development, and a purely circular model, in which economic growth automatically generates beneficial language investment. Instead, it proposes a conditional relationship in which language capability and economic transformation can reinforce one another when alignment and complementary conditions are maintained.

Policy Implications

The framework has several implications for the design of language and human-capital investment in Saudi Arabia. First, employer-informed language development can provide a basis for identifying the communication tasks that matter within particular occupations. These may include professional meetings, technical reporting, negotiation, customer interaction, workplace documentation, and cross-border collaboration. Employer participation can therefore help connect language provision to actual labor-market requirements.

Second, English for Specific Purposes (ESP) can be developed more systematically around sectoral and occupational needs. Rather than relying exclusively on general English instruction, provision can be adapted to fields such as engineering, healthcare, tourism, finance, aviation, logistics, technology, and research. The objective is not simply higher proficiency but more relevant and transferable capability.

Third, digital language provision can be evaluated according to learning and utilization outcomes rather than adoption alone. Digital platforms and language technologies may expand access to English development, but their economic relevance depends on whether they improve meaningful capability and increase opportunities for productive use.

Fourth, teacher preparation and assessment can place greater emphasis on functional communicative competence and workplace-relevant performance. Assessment systems that measure only general proficiency or test performance may provide limited information about whether learners can use English effectively in the occupational contexts relevant to economic transformation.

These measures should not be understood as substitutes for broader human-capital investment. Rather, they represent ways of connecting language development more closely to the technical, professional, and institutional capabilities through which economic value can be realized.

Evaluating the Framework

Because the framework proposes a multi-stage conditional process rather than a simple relationship between English proficiency and economic growth, its empirical evaluation should examine the different stages of the proposed pathway separately. Aggregate correlations between

English proficiency and economic outcomes may obscure the mechanisms through which effects arise or fail to arise.

Future Saudi-specific research could therefore examine whether language provision produces the capabilities intended; whether those capabilities correspond to occupational and sectoral requirements; whether English-language capability is combined with relevant technical, professional, and digital skills; and whether workers and organizations have opportunities to use those capabilities productively. Sector-level indicators of complementary capacity, including research activity, technical skill formation, organizational capability, and relevant infrastructure, could also help determine whether weak outcomes originate from language-related factors or from constraints elsewhere in the economic system. Such an approach would allow the proposed concept of strategic language-human-capital alignment to be evaluated as an empirically testable construct rather than used simply as a post hoc explanation for different economic outcomes.

English within a Multilingual Human-Capital Strategy: The framework does not imply that English should displace Arabic or that economic development requires linguistic convergence toward English. English is conceptualized as one component of a broader multilingual human-capital strategy in which Arabic linguistic and cultural capabilities remain important, while English provides additional capacity for international communication, knowledge access, and participation in globally connected economic activity. This distinction is important because strategic alignment concerns appropriate complementarity rather than linguistic substitution. The objective is therefore not to maximize English proficiency independently of other forms of human-capital development, but to determine where English-language capability provides meaningful economic value and how it can be integrated with the technical, professional, digital, and linguistic capabilities required by different sectors.

Summary of the Framework

The framework can therefore be represented as a conditional sequence in which investment in English-language education contributes to language capability, which in turn supports strategic alignment and productive use, leading to workforce, knowledge, innovation, and internationalisation outcomes and, potentially, to economic diversification. Throughout this process, occupational demand, complementary capabilities, institutional capacity, and opportunities for productive use operate as conditioning factors. The framework's central proposition is consequently not that English-language capability independently causes economic development. Rather, English has greater potential economic value when it is strategically aligned with labor-market demand, combined with complementary human capital, and supported by institutions and opportunities that enable productive use. Where these conditions are absent, additional investment in English may generate limited returns relative to alternative forms of human-capital development. This framework provides the conceptual basis for the theoretical propositions developed in Section 6.

Theoretical Propositions

The framework generates six core propositions, with Proposition 6 further decomposed into three analytically distinct sub-propositions addressing strategic alignment, structural demand, and potential reciprocity. The propositions are consolidated to minimise conceptual overlap and are presented as falsifiable theoretical relationships for future empirical testing rather than as established empirical findings.

Proposition 1 — Investment to Proficiency

Investment in English-language education and training is positively associated with English proficiency when it is aligned with learner needs (correspondence between curriculum content and documented language-needs analysis), occupational requirements (the proportion of instructional content mapped to sector-specific language demands), and instructional quality (teacher qualifications, class size, contact hours, and pedagogical validity).

Proposition 2 — Proficiency to Employability

English proficiency is positively associated with employability and professional mobility when it corresponds to documented occupational language requirements and complements existing technical or professional expertise. The association is expected to be stronger in occupations with explicit English-language requirements than in those without, holding technical expertise constant.

Proposition 3 — Proficiency to Knowledge Access and Transfer

English proficiency facilitates access to international knowledge and professional networks. The extent to which this access translates into effective knowledge *transfer* is expected to depend on complementary technical, digital, and absorptive capacity (e.g., R&D intensity, prior related knowledge stock, and digital infrastructure). Proficiency is expected to predict access relatively independently of such capacity, whereas its association with knowledge transfer is expected to strengthen as absorptive capacity increases.

Proposition 4 — Proficiency to Innovation

English-language capability is positively associated with innovation-related activity when it facilitates international collaboration, knowledge exchange, or technology adoption and when complementary innovation capabilities (e.g., R&D expenditure and patent activity), research capacity, funding, and institutional incentives are present. In the absence of such complementary conditions, the association is expected to be weak or null.

Proposition 5 — Proficiency to International Economic Participation
English proficiency is positively associated with participation in trade, tourism, multinational operations, and global supply chains when supported by favourable institutional and economic conditions (e.g., trade openness, ease of doing business, and infrastructure quality) but is not by itself sufficient to generate these outcomes. The association is expected to be weaker in contexts characterised by weak institutional and economic conditions and stronger where such conditions are favourable.

Proposition 6 — Alignment and Reciprocity
6a. The economic returns to English-language investment, including wage premiums, productivity gains, and professional advancement, are expected to increase with the degree of strategic alignment between that investment and occupational or sectoral language demand. Poorly aligned investment is therefore expected to yield minimal or no measurable economic returns.
6b. Economic diversification, including growth in export-oriented, tourism-related, or knowledge-intensive sectors, is positively associated with aggregate labour-market demand for English-language capability, observable through employer language requirements, sector-level wage premiums, and enrolment patterns in English-medium training.
6c. Where 6a and 6b jointly hold, well-aligned English-language investment may contribute to workforce capacity that supports further economic diversification, suggesting a reciprocal and potentially self-reinforcing relationship between language investment and structural economic change. Establishing this feedback loop empirically requires longitudinal or panel data capable of identifying lagged and bidirectional relationships; cross-sectional data can test 6a and 6b independently but cannot establish the reciprocal loop itself.

Boundary Conditions

The framework's benefits are conditional rather than universal. Several boundary conditions may limit the economic returns to English-language investment:

- Weak demand: Where occupations involve limited international communication or English-mediated activity, additional proficiency is unlikely to generate substantial direct economic returns; the association between proficiency and economic outcomes is expected to attenuate as occupational English intensity declines.
- Insufficient complementary capabilities: English proficiency without relevant technical or professional expertise is unlikely to produce the same returns as English combined with complementary skills. Language investment should therefore complement, rather than displace, other forms of human-capital development.

- Unequal access: Where high-quality English instruction is concentrated among particular socioeconomic or geographic groups, language investment may reproduce rather than reduce existing inequalities. This effect may be compounded where the same groups also have greater access to complementary technical, digital, or professional capabilities.
- Opportunity cost: Resources devoted to English-language education cannot simultaneously be devoted to other forms of human-capital development. The relevant policy question is therefore where language investment generates the greatest relative return, rather than whether English provision should simply be maximised.
- Credential inflation: Expanding English-language certification without corresponding improvements in functional competence risks weakening the relationship between formal qualifications and actual communicative ability.
- Identification and reverse causality: This condition is methodologically distinct from the substantive boundary conditions above because it concerns the identification of causal relationships across the framework as a whole. Sectors that are already internationalising may generate demand for English rather than the reverse: tourism growth or multinational presence, for example, may increase demand for English-language capability as plausibly as language capability contributes to internationalisation. Future empirical research must therefore distinguish these directions of causality and account for possible lagged and bidirectional effects over time rather than assume that English-language investment necessarily precedes economic change.

Policy and Institutional Implications

The framework has implications for how English-language development is designed, delivered, and evaluated within Saudi Arabia's broader human-capital and economic-diversification strategy. Its central policy implication is not simply to increase English provision, but to improve the alignment between language investment, labor-market demand, complementary skills, and opportunities for productive use, while accounting for equity and opportunity-cost considerations.

For Policymakers

Language policy should be integrated into labour-market and sectoral planning rather than treated as a purely educational matter. Policymakers should therefore consider differentiated language priorities by sector and occupation rather than relying exclusively on a single national proficiency benchmark. Workforce planning can identify where English-mediated communication is economically important and determine the levels and forms of language capability required in specific occupations. This approach would allow language investment to be directed toward areas where productive demand is strongest.

Such differentiation should, however, be accompanied by safeguards against concentrating resources disproportionately in already-advantaged sectors, institutions, or regions. Under-resourced sectors and regions should retain access to quality language provision where English capability is relevant to their development potential. Policy decisions should also be assessed

against competing human-capital priorities, since resources directed toward English-language development cannot simultaneously support other forms of workforce development. The relevant policy objective is therefore to maximise the relative value and strategic alignment of language investment rather than the volume of English provision alone.

For Higher Education and Vocational Training

English for Specific Purposes (ESP) and English for Academic Purposes (EAP), embedded within disciplinary and technical programmes, are likely to generate stronger alignment than stand-alone language requirements. Engineering, healthcare, business, tourism, aviation, logistics, and research, for example, involve distinct communication tasks that can be incorporated directly into language and professional training.

Institutions should therefore integrate language development with technical and professional competencies rather than treating English as a separate educational objective. Where feasible, such programmes should also be designed and evaluated to ensure equitable access across socioeconomic and geographic groups and to prevent high-value English-language training from becoming concentrated only in already-advantaged institutions or student populations.

For Employers

Employers are well positioned to identify actual workplace communication requirements through job analysis and can design language development around tasks such as technical reporting, professional meetings, negotiation, customer interaction, and cross-border collaboration. Greater employer involvement can strengthen the alignment between training provision and labour-market demand and help identify the forms of English capability that have practical economic value within particular occupations.

Employer engagement is also particularly relevant in research, technical, and R&D functions, where English-language capability may facilitate access to and application of externally sourced knowledge. Employers can therefore provide a practical evaluation point by assessing whether language investment produces measurable improvements in workplace performance, productivity, mobility, or knowledge use rather than relying solely on formal language certification.

On Evaluation and Accountability

Language-development programmes should be evaluated using outcomes that reflect the framework's proposed mechanisms, including proficiency gains, employment and mobility outcomes, workplace performance, knowledge-use opportunities, and other relevant sector-specific indicators. Evaluation should therefore extend beyond participation rates, expenditure, or certification numbers.

Formal qualifications should be considered alongside demonstrated functional competence and productive use, particularly where the objective is to generate economic rather than purely educational returns. Evaluation should also account for the possibility that observed demand for English reflects pre-existing sectoral internationalisation rather than the effects of language

investment itself. Where feasible, longitudinal, panel, or staggered-implementation designs should therefore be used to distinguish language-driven effects from sector-driven demand and to identify potential lagged or reciprocal relationships over time.

Overall, the framework suggests that accountability should focus not simply on how much English-language provision is delivered, but on where it is directed, how well it is aligned with productive demand, what complementary capabilities accompany it, who has access to it, and what measurable outcomes it generates.

Research Agenda and Limitations

This is a conceptual paper: its propositions are theoretically derived and have not been tested against Saudi-specific data. Several limitations follow from this scope. Some of the theoretical grounding draws on evidence from other non-English-speaking labour markets, including economies whose institutional and demographic structures differ from Saudi Arabia's in relevant ways, such as reliance on expatriate labour, Saudization policies, and state-supported economic diversification. Such evidence provides useful theoretical foundations but cannot be assumed to generalise directly to Saudi Arabia's institutional, educational, and labour-market conditions. English proficiency is also multidimensional: reading, writing, speaking, and domain-specific communication may generate different economic returns. Similarly, the framework's other core constructs, including knowledge transfer, innovation, internationalisation, and employability, are multidimensional and will require careful operationalisation in future empirical research.

The framework therefore motivates several lines of Saudi-specific investigation. First, labour-market studies could estimate the returns associated with different dimensions and levels of English proficiency while controlling for education, work experience, occupation, and complementary technical skills. Such studies could also examine whether these returns vary systematically across socioeconomic background, gender, region, or educational pathway, thereby testing whether differences in access to English-language development narrow or reproduce existing inequalities. Second, firm-level research could examine whether employees' English-language capability is associated with outcomes such as international sales, cross-border partnerships, knowledge acquisition, technology adoption, or other measures of international and organisational performance. Third, comparative sectoral studies across tourism, technology, healthcare, finance, logistics, and other internationally connected activities could identify where language returns are strongest and how these returns vary with occupational requirements and opportunities for productive use. Fourth, longitudinal and quasi-experimental designs could examine whether language investment precedes subsequent changes in employment, earnings, professional mobility, knowledge use, or organisational performance while addressing selection effects and potential reverse causality. Where appropriate sources of policy or programme variation exist, such designs could exploit differences in implementation timing or exposure to identify changes attributable to language investment rather than to pre-existing differences between participants and non-participants.

A related empirical priority is to distinguish formal certification from functional competence. Future research should compare credential-based measures of English proficiency with independent assessments of actual communicative performance, particularly in occupation-specific contexts. This would allow researchers to determine whether growth in English-language certification corresponds to meaningful improvements in functional capability or whether certification is expanding faster than demonstrated communicative competence.

Finally, future research should explicitly examine the direction of causality and the role of strategic alignment. Individuals who invest in English may differ systematically from those who do not, while sectors that are already internationalising may generate demand for English rather than simply responding to greater language capability. Longitudinal and quasi-experimental designs are therefore particularly important for distinguishing these directions of influence; moderation or interaction tests alone cannot establish temporal ordering or causality. Empirical research should also test whether the returns to English vary according to occupational demand, complementary human capital, institutional support, access to high-quality instruction, and opportunities for productive use. Such research would provide a direct empirical test of the paper's central proposition that the economic value of English-language capability depends less on proficiency alone than on its strategic alignment with the skills, institutional conditions, and economic contexts in which it is deployed.

CONCLUSION

This paper has developed a conditional account of the potential economic role of English-language capability in Saudi Arabia. Investment in English-language education and training may improve proficiency, but proficiency becomes economically meaningful only when it can be converted into productive use. This conversion depends on the degree of alignment with occupational and sectoral requirements, the availability of complementary technical, digital, and professional skills, institutional support, and opportunities for productive use. The concept of strategic language–human-capital alignment provides an analytical framework for identifying the conditions under which this conversion is more likely to occur.

For a transforming economy such as Saudi Arabia, this framework reframes the policy question. The objective should not be to maximize English proficiency across the population, but to direct language investment toward contexts in which it is most likely to generate productive value. English-language development should therefore be integrated with, rather than substituted for, technical and professional education and broader human-capital development. The six propositions and boundary conditions developed in this paper provide a basis for Saudi-specific empirical research examining where, for whom, and under what conditions English-language capability enhances employability, supports knowledge transfer and innovation, facilitates international participation, and ultimately contributes to economic diversification.

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