An analysis of recruitment in domestic and multinational enterprises in the country of Saudi Arabia

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Abstract

This paper studies the behavioral differences in the recruitment of domestic enterprises (DEs) versus multinational enterprises (MNEs) in the country of Saudi Arabia. This research examines the differences between domestic firms (DEs) and multinational enterprises (MNEs), and the ways in which they have operated in Saudi Arabia, including the linkage between Human Resources Management Recruitment (HRMR) and traits of firms. HRMR is a key factor recognized as playing important roles in the successes of organizations. The firms enter globalization and need to remain in the market as they are required to utilize Human Resources within the market. Essentially, the way in which the firms’ aims are implemented within the firm depends on HRMR (Price, 2004), with Rotich (2015) stating that firms are required to carry out various activities amongst employees, such as recruitment.

The developments in the field of Human Resources first began during the industrial revolution (1750–1850). The revolution first began in Europe and the United States before moving to Australia and the Pacific Asia (Rotich, 2015). In 1970, HR was recognized as a part of management in the USA. Subsequently, in 1980, HR was demonstrating a change and linkage between people. In 1984, Harvard University formed the HRM model whilst Michigan University designed other HRM models. The term used at the time was ‘personnel management’. The transition from an agricultural-based economy to a more industrial economy gave rise to the opportunity for many people to be employed in factories, which was becoming a popular business during the time. The paper, which is one of few of its kind conducted in eastern environment, and the only one in the HRM contest in Saudi Arabia, as well as to our understanding of HRMR in two different kinds of organizations and has been suggested for future study.

Keywords: Recruitment; Selecting; Factor Analysis; Independent T-Test; F-Test.

1. Introduction

The explicit aim of the research has been stated as the comparison of HRM recruitment in Saudi Arabia between multinational enterprises (MNEs) and domestic enterprises (DEs). The implicit aim of the research is to fill a knowledge gap that continues to exist in the study of HRM recruitment. Much of the research conducted in this field has occurred within a western context with a low proportion of the total published for contexts that lie outside that geographical and ideological realm. Indeed, in relation to the abundance of research and information pertaining to the field in the Western countries, there seems to be a paucity of secondary data and information concerning HRM practices in the Middle East, and more specifically in Saudi Arabia. Thus, it is also a broad objective of this research paper to try and minimize this knowledge gap.
2. Literature review

The literature review has classified recruitment and selection as different elements. Recruitment is the first process used in hiring employees, followed by selection. Recruitment is centered on filling the vacant positions with the most qualified applicants, whilst selection is the process of evaluating applicants through the use of interviews or employment tests (Cowling, 1990; Lewis, 1992; DeCenzo & Robbins, 2005). Sing et al. (2012) echo that HR practices are the important factors contributing to an organization’s success. Additionally, they have added that recruitment and selection have been positively related to employees’ productivity.

Dowling & Schuler (1990) and Hendry (1992) recognize recruitment and selection as strategic international HRM practices that have supported MNEs in controlling and coordinating its operations. Sparrow et al. (1994) added recruitment and selection as having supported MNEs in locating the right people in the right positions. The connection of people at the right positions will lead to MNE growth (Shen & Edwards, 2004).

There are differences in the recruitment and selection processes between host country nationals, home country nationals and third-country nationals. Some firms are inclined to adopt external recruitment approaches, whereas other firms are more inclined towards internal recruitments or a combination of internal and external. Researchers of HRM have classified four approaches to the recruitment and selection or international staffing. Dowling et al. (1999) have identified four senior approaches of MNEs, all of which operate outside the home country:

1. Ethnocentric approach: key position is held by home-country nationals; both headquarter and home countries have run by home-country nationals.
2. Polycentric approach: headquarters are held by home-country nationals and subsidiaries are run by host country nationals.
3. Geocentric approach: key positions are held by best manpower.
4. Regiocentric approach: MNEs consider the geographic location and divide staff between these locations.

On the other hand, other scholars have highlighted one issue inherent in recruitment and selection, which is long-term employment. Zhu et al. (2000) echo that training will be useless to employees who will be dismissive of the organization. The solution to minimize this issue involves making an agreement between the employee and organization, where the employee promises to continue in the firm even if the economy of the organization declines. Chen (2005) and Guest (1997) add that the commitment of employees to firms will result in increased quality and productivity.

Hsu & Leat (2000) reported recruitment and selection could be extended to cross-industry (e.g., public vs. private sectors or manufacturing vs. service sectors) and cross-national (e.g., Taiwan and USA or Taiwan and UK in comparisons). For instance, previous studies agreed that the cross-national comparison between the USA, Germany, Japan and Taiwan, with the US and Germany more likely to recruit internally than externally. Another study by Lawler et al. (1995) in a cross-national comparison between India and Thailand found that positions within Indian firms were filled by candidates with a sound educational background. Some enterprises like to hire candidates from their home country. For example, Japan and Swiss organizations tend to hire candidates from their home country (Wong & Brinbaum-Moore, 1994).

There are many factors affecting the selection and recruiting processes. Zheng & Morrison (2009) agree that firm age, firm size, and ownership are all influential in selecting and recruiting practices. Additionally, Al-Jabari (2012) added that a larger firm is more likely to formalize HR practices than a smaller firm. The characteristics of HR employees, such as their experience, education and the countries in which they have worked before, have an impact on selecting and recruiting practices (Islam et al., 2010; Furnham, 2008). Tessema et al. (2006) found a positive relationship between employees’ traits, such as employees’ competences and recruitment practice. Furthermore, Kong & Thomson (2009) have added that employees’ skills and experience have a positive effect on recruitment, resulting in a positive output in HRM performance. Employee selection impacted on financial
performance due to its association with employee productivity and low turnover (Huselid, 1995). Guest (1997) commented that selective employees and team working were high due to low employee turnover.

The current researcher hypothesizes the following hypotheses, according to the literature:

H1: Important differences of recruitment and selection will be observed between DEs and MNEs.
   H1a: Characteristics of the firm impact on the qualifications of candidate applicants in both MNEs and DEs.
   H1b: Firms’ traits impact the selection of interviewees in terms of their personal characteristics across both MNEs and DEs.
   H1c: Internal and external recruitment are affected by the characteristics of firms.

3. Research Aims and Objectives

The most important part of this research is resolving the problem at hand. The data collection and empirical analysis of this data will be supported so as to resolve the research problem or narrow the problem. The nature of knowledge, justification, rationalism and empiricism were part of epistemology (Hjorland, 2005). The current research used rationalism and empiricism. In terms of rationalism, the hypotheses were hypothesized from the theory in the literature. In terms of empiricism, the data and surveys of the HR directors seek to collect data as part of the empirical aspect.

There are three approaches of methodology with the capacity to resolve the research problem, namely qualitative, quantitative and triangulated (Bryman & Bell, 2007). The quantitative research seeks to analyses non-numerical data. However, numerical values can be analyzed through quantitative research approaches. Triangulated research combines both methods in research. This research applies a quantitative approach in order to answer the survey questions and provide answers and conclusions to the hypotheses.

3.1. Justification for the Survey Approach

There are qualitative, quantitative and mixed researches, as highlighted in the previous subsection, as noted by many researchers, such as Creswell (1994), Sekaran (2003), Trochim (2005) and Bryman & Bell, (2007). The qualitative approach is suitable for text analysis, and has worked with small data, whilst also having ability for descriptive data. Data collection, when applying a qualitative approach, is derived from interviews or from focus groups. Zikmund et al. (2010) summaries the differences between quantitative and qualitative approaches in Table 3.1 detailed below.

Table 3.1: Difference between quantitative and qualitative approaches

<table>
<thead>
<tr>
<th>Research Aspect</th>
<th>Quantitative</th>
<th>Qualitative</th>
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<tbody>
<tr>
<td>Common Purpose</td>
<td>Test Hypotheses or Specific Research Questions</td>
<td>Discover Ideas, used in Exploratory Research with General Research Objects</td>
</tr>
<tr>
<td>Approach</td>
<td>Measure and Test</td>
<td>Observe and Interpret</td>
</tr>
<tr>
<td>Data Collection Approach</td>
<td>Structured Response Categories Provided</td>
<td>Unstructure, Free-Form</td>
</tr>
<tr>
<td>Research Independence</td>
<td>Researcher Uninvolved Observer: Results Are Objective.</td>
<td>Researcher Is Intimately Involved. Results Are Subjective.</td>
</tr>
<tr>
<td>Samples</td>
<td>Large Samples to Produce Generalizable Results</td>
<td>Small Samples – Often in Natural Settings</td>
</tr>
<tr>
<td>Most Often Used</td>
<td>Descriptive and Causal Research Designs</td>
<td>Exploratory Research Designs</td>
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</tbody>
</table>
Source: Zikmund et al. (2010).

The quantitative approach supports the explanation of the correlation between independent and dependent variables.

This research is a new empirical study developed in a non-Western region in the country of Saudi Arabia. Mustapha (2009) noted the private sector of DEs and MEs in many parts of non-Western regions as having a shortage of interest in some HR practices, with Singh, Mohamed & Darwish (2013) adding that HRM practices are focused in Western cultures and not apparent in other parts of Asian countries. The data were extracted from MNEs and DEs located in Saudi Arabia. Saudi Arabia has large enterprises (single stakeholders and more than one stakeholder), which are formed into 24 types. However, this research has focused on Joint Stocks companies that are available in the Saudi stock market, as well as those firms classified as Joint Stocks companies. In addition, multinational subsidiaries operate in Saudi Arabia; they are available in the global stocks market. The current researcher has focused on Joint Stocks companies for three reasons: (1) access to such firms, with information available on the website of the Ministry of Commerce and Industry (MCI, 2015), whilst other types of firm do not have details listed on the MCI; (2) Government regulations on Joint Stock companies are not limited to citizens of the KSA but rather allow for multiple investors both foreign and local; and (3) the majority of foreign investors use Joint Stock companies as government regulations in this regard are not limited to citizens of the KSA but rather allow for multiple investors both foreign and local. Therefore, Joint Stock companies can be considered the best type of business to support this research as a population of research.

3.2. Survey

The method of survey of this research was dependent on data collection. Neuman (2011) commented that the survey method supports a larger number of participants in uniform and standard information, with Saunders et al. (2007) further adding that the survey method can be considered useful in regards data collection as a result of its ability to collect data for a large number of participants at one time. Additionally, they agreed that the survey method is well positioned when it comes to completing a comparison in the study. However, the primary disadvantage of the survey method relates to a lack of response from participants (Dixon & Tucker, 2010). Another disadvantage of the survey method may be that feedback from participants is not accurate. For example, Phillips & Clancy (1972) mention that participants might give feedback in regards other unrelated topics. Additionally, Robson (2011) agreed that participants might not give an accurate portrayal of their attitudes when completing the survey. Saunders et al. (2012) argued, however, that, even though there are disadvantages with any data collection method, the survey method remains capable of exploring relationships and examining research hypotheses.

3.3. Questionnaire Design

A good design needs to consider the phrasing, length and clarity of the questions (Bickman & Rog, 1998). Additionally, the research design has been chosen in mind of resolving the problem (McDaniel & Gates, 2012). Questionnaire complexity was avoided in mind of not confusing participants with complicated questions. The phrasing and wording of the questionnaire were adapted to Saudi culture. Furthermore, the repeating of questions was avoided in mind of ensuring the sample was not pressured into answering. The questionnaire was designed as a funnel approach, as proposed by Festinger & Katz (1966), with the general questions asked earlier, then the more specific questions asked later (Festinger & Katz, 1966). The questionnaire appealed to the on HR directors by asking those easier questions at the beginning before moving on to the core questions. The first page was attached to the questionnaire so as to provide important information, such as that regarding autonomy, confidentially and the purpose underpinning the academic use. The questionnaire comprised three sections, as generated from previous studies with slight modifications. McDaniel & Gates (2012) commented that hypotheses are derived from each research question. The questionnaire was designed from previously existing questionnaires of prior research, adopting a simple approach, utilizing
multiple choice as well as questions that were quick to answer. In addition, it was designed using the English Language in both hard copy and electronic. The electronic questionnaire was made available through a professional website (Survey Monkey), with a link to the questionnaire sent online. Howell et al. (1990) agreed that questions that are quick to complete motivate respondents to complete the questionnaire, whilst also providing researchers with time savings when compared with interviews. Furthermore, questionnaires allow participants to take plenty of time to answer questions (De Vaus, 2014). Furthermore, Sarantakos (2004) agreed that the candidates’ respondents would be better focused when it comes to writing answers than providing answers during a verbal interview.

De Vaus (2014) agreed that an important point requiring consideration is unclear questions resulting in unreasonable answers. Hence, the pilot study and reliability were applied to the questionnaire due to minimizing the chances of there being ambiguous, unreliable and unreasonable questions.

There are some important elements warranting attention in the questionnaire in order to increase the response rate, attract respondents to complete the questionnaire, and to ensure the best language for respondents is chosen. The primary element warranting attention in the questionnaire is the length of the questionnaire, as highlighted by Sahlqvist et al. (2011), who state that short questionnaires will produce unreasonable results due to too few questions not being sufficient when it comes to clarifying attitudes and opinions. On the other hand, De Vaus (2014) added that a long questionnaire will drive participants to become bored and cause them to answer too quickly, which will also induce inaccuracy in the results. In this research, the questionnaire was fair not too long and not too short with a completion time of 10–15 minutes. The timing factor is one of the other components needing to be tested during the pilot study.

The second element of concern in a questionnaire is the sequence of questions. Oldendick (2008) and Billiet et al. (1992) explain that similar questions will drive participants to lose concentration, with Bickart (1992) noting that initial questions will help to ensure understanding when it comes to answering sub-questions.

The third element needing to be highlighted in the questionnaire is the language of the questionnaire. The candidate sample of the current study involved professional employees (HR directors) working in enterprises located in Saudi Arabia, as well as senior employees, all of whom have the ability to read and write in English. The majority of the HR directors and senior managers in companies located in Saudi Arabia have at least an average understanding of the English languages; therefore, English was used in the questionnaire with the perception that this would not result in any problem. In contrast, employees of public sectors could have inadequate skills in this regard. The research outline was drafting as shown in Figure 3.2 (De Vaus, 2014).

Figure 3.2: Research design
3.3.1. The Measuring Scale of the Questionnaire

There are many different scales with the capacity to measure the feedback and opinions of respondents, as developed from a variety of theories (Saunders et al., 2012). When selecting scales, the decision depends on the type of research approach (Shafae, 2001). Bryman & Cramer (2011) and Jamieson (2004) echoed that the theme scale used in quantitative research measures the opinions of respondents, much like a Likert scale. There is much debate in regards what is the optimal number of choices for a Likert scale (Pearse, 2011). Some researchers comment that four to five categories are sufficient, as in the cases of Dillman et al. (2014) and Jenkings & Taber (1977). On the other hand, some researchers state that five to seven points should be used, as echoed by Fink (1995) and Dawes (2008). Additionally, other researchers, such as Lee & Soutar (2010), prefer nine points, whilst, infrequently, some researchers prefer 15 points (Chaiken & Eagly, 1983). Hence, five- or seven-point designs are recognized as able to generate the same results (Dawes, 2008). The differences between a five-point format and seven-point format are significant, with the latter providing seven options ranging ‘1 = Very Strongly Disagree’, ‘2 = Strongly Disagree’, ‘3 = Disagree’, ‘4 = Neutral’, ‘5 = Agree’, ‘6 = Strongly Agree’ and ‘7 = Very Strongly Agree’; notably, ‘Very Strongly Disagree’, and ‘Very Strongly Agree’ do not appear in five-points formats. Dillman et al. (2014) and Jenkings & Taber (1977) strongly agreed with the use of a five-point format due to five points increasing the response rate. Accordingly, this research has used a five-point format Likert scale in sections A, B and C. The primary reason for choosing this format is owing to its suitability in terms of reliability and ease of answering. For example, Section ‘A’ was concerned with basic information about employees and the company, whilst Section ‘B’ highlighted two HRM practices (recruitment and training), whereas Section ‘C’ considered two HRM practices (appraisal and incentives).

3.3.2. Questionnaire Completion

The target of the execution of the questionnaire was to address the research hypotheses as significant or insignificant to the research. The most important target of this current research is to determine the differences of HRM practices on multinational enterprises vs. domestic enterprises in the country of Saudi Arabia, as well as to identify the relationship between enterprises and HRM practices. Saunders, Lewis & Thornhill (2007) suggested that the survey method is categorized into three elements: explanatory, descriptive and exploratory. The exploratory research is useful in case there are few theories to guide the prediction. Additionally, it concerns to understand the problem (Hair et al., 2003) and to find out what is happening (Saunders, Lewis and Thornhill, 2007). Saunders, Lewis & Thornhill (2003) commented that the there are three methods to conduct exploratory research: Referring back to the literature and reviewing the information, leading interviews with the group to ask them about specific topics and communication with the experts in the specific topic to obtain the information. Descriptive research was used with clarity of the problem and the researcher was unaware about it (Saunders et al., 2003) and it is looking for cause and effect of the problem (Yin, 1994). However, it does not able to clarify the cause of finding (Zikmund, 2003). Explanatory research targets to predict the research problem in order to clarify the relationship between variables (Saunders et al., 2007). The current questionnaire met the explanatory as the questionnaire was drafted from defining the hypotheses and literature review. Additionally, the research met the factual as the research aim to obtain data related to respondents (Zikmund, 2003).

3.3.3. Sample Size

Selecting the sample size depends on the objectives and research questions, with the sample size inversely
proportional to the error. Saunders et al. (2012) commented that increasing the sample size will result in lower errors. Long & Freese (2006) have established that the minimum number of participants required in order to get a reliable result is 100 participants. The total number of enterprises in the private sectors was around 60,000 MNEs and DEs; these enterprises were distributed around the country of Saudi Arabia (Saudi Arabian Monetary Agency, 2013). It would be very difficult to select all of the population as a sample size; hence, the sample size was selected in line with the activity of the enterprises, i.e. MNEs and DEs classified as Joint Stocks firms in Saudi Arabia. As has been mentioned, the primary reason for selecting Joint Stocks firms. Joint Stocks companies are available on the website of MIC and Saudi Stock Exchange (Tadawul). Furthermore, the researcher of the current study has had experience equal to more than 17 years in multinational and domestics Joint Stocks companies, such as Lucent, Nokia, Scemince, Alkatel, Ericsson, Saudi Telecom, Mobily and Zain.

The initial entry of the data began at the pilot testing stage. The categories devised at this early stage informed the research questions; this assisted with the preliminary evaluation of data, as well as providing the researcher with practical information entry into categories. Showail et al. (2013) advised interweaving data collection and analysis from the start of the research process as a means of making the process lively and on-going; it also reduces the possibility of data overload. Once the questionnaire was completed, the researcher began content analysis. Because all the participants were asked the same set of questions, the responses were imported into a computer programme before then being formatted for auto-coding wherever possible.

4. Factor Analysis of Recruitment and Selection

Table 4.1 indicates the recruitment and selection practice had high KMO and significant Bartlett’s Test of Sphericity (KMO = 0.81, p<0.05). Fifteen items were loaded across four factors. Two items were removed: REC5 and REC13 were rotated on Factor 4 due to the REC5 being required to rotate on the ‘qualifications’ factor whilst the REC13 was required to rotate on the ‘Internal/external recruitment’ factor. Thirteen items were retained with a loading value of greater than 0.3; they were included in the data analysis. The first four items correlated significantly to the factor with factor loadings ranging from 0.705 to 0.959.

Factor 2 correlated significantly to with factor loadings from 0.547 to 0.807. two items rotated in with factor loadings from 0.824 to 0.907. concluded that 13 were retained and methods omitted analysis to recruitment and practices.
4.1. Hypotheses Testing

The Recruitment and Selection in the questionnaire were divided into three parts: qualification, personal characteristics of new employees and importance of internal and external recruitment to various posts. The Likert scale of 1–5 points was used. The current researcher used an independent T-Test, as Fajriyah (2015) recommended, testing for two normality distribution groups. In this case, the data collected from two independent groups were DEs and MNEs.

Table 4.2 demonstrates the differences in the mean of the independent t-test to DEs vs. MNEs. Figure 4.1 show that multinational subsidiaries direct more attention to professional qualifications and languages of employees. In regards personal characteristics, the six elements in Table 4.2 (REC7, REC8, REC9, REC10, REC11, REC12) were statistically significant in the differences between DEs and MNSs. The employees in multinational subsidiaries in Saudi Arabia are more likely to adhere to the six elements: willingness to travel (REC7), dedication to task (REC8), self-motivation (REC9), potential to grow with the job (REC10), independent judgment (REC11) and commitment to the company (REC12), more so than in DEs. Each element has a p-value of less than 0.01, which resulted across all six elements, and was statistically significant at 0.01 levels. The MNEs recruitment concerning external employees showed professional specialists more so than DEs’ external employees. Thus, the results show that H1 was significant and correct as the differences in recruitment were seen between DEs vs. MNEs in Saudi Arabia.

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<tr>
<th>Elements</th>
<th>OL</th>
<th>Mean</th>
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</thead>
<tbody>
<tr>
<td>REC1 School and university qualifications</td>
<td>DEs</td>
<td>3.99</td>
<td>−2.2*</td>
<td>−.331</td>
</tr>
<tr>
<td></td>
<td>MNEs</td>
<td>4.33</td>
<td></td>
<td></td>
</tr>
<tr>
<td>REC2 Professional qualifications</td>
<td>DEs</td>
<td>3.66</td>
<td>−4.2***</td>
<td>−.680</td>
</tr>
<tr>
<td></td>
<td>MNEs</td>
<td>4.34</td>
<td></td>
<td></td>
</tr>
<tr>
<td>REC3 Previous experience of a similar job</td>
<td>DEs</td>
<td>3.88</td>
<td>−3.2***</td>
<td>−.495</td>
</tr>
<tr>
<td></td>
<td>MNEs</td>
<td>4.38</td>
<td></td>
<td></td>
</tr>
<tr>
<td>REC4 A wide range of work experience</td>
<td>DEs</td>
<td>3.92</td>
<td>−2.0**</td>
<td>−.305</td>
</tr>
</tbody>
</table>
## Figures

### Figure 4.1: Mean comparison of recruitment and selection

<table>
<thead>
<tr>
<th>Source: Author’s analysis of data</th>
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<tbody>
<tr>
<td>*Significant at the 0.10 level. ** Significant at the 0.05 level. *** Significant at the 0.01 level.</td>
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</table>

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<thead>
<tr>
<th>Variable</th>
<th>MNEs</th>
<th>DEs</th>
<th>MNEs</th>
<th>DEs</th>
<th>MNEs</th>
<th>DEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>REC6 Command of languages</td>
<td>4.23</td>
<td>3.95</td>
<td>-4.6**</td>
<td>-6.26</td>
<td></td>
<td></td>
</tr>
<tr>
<td>REC7 Willingness to travel</td>
<td>4.58</td>
<td>2.32</td>
<td>-5.5**</td>
<td>-4.91</td>
<td></td>
<td></td>
</tr>
<tr>
<td>REC8 Period of Experience in other countries</td>
<td>3.95</td>
<td>2.32</td>
<td>-8.9***</td>
<td>-1.129</td>
<td></td>
<td></td>
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<tr>
<td>REC9 Self-motivation</td>
<td>3.95</td>
<td>2.32</td>
<td>-8.9***</td>
<td>-1.129</td>
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<td></td>
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<tr>
<td>REC10 Potential to grow with the job</td>
<td>3.95</td>
<td>2.32</td>
<td>-8.9***</td>
<td>-1.129</td>
<td></td>
<td></td>
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<tr>
<td>REC11 Independent judgment</td>
<td>3.95</td>
<td>2.32</td>
<td>-8.9***</td>
<td>-1.129</td>
<td></td>
<td></td>
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<tr>
<td>REC12 Junior manager supervising operatives</td>
<td>3.95</td>
<td>2.32</td>
<td>-8.9***</td>
<td>-1.129</td>
<td></td>
<td></td>
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<tr>
<td>REC13 Commitment to the company</td>
<td>3.95</td>
<td>2.32</td>
<td>-8.9***</td>
<td>-1.129</td>
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<td></td>
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<tr>
<td>REC14 Professional specialist</td>
<td>3.95</td>
<td>2.32</td>
<td>-8.9***</td>
<td>-1.129</td>
<td></td>
<td></td>
</tr>
<tr>
<td>REC15 Junior manager supervising operatives</td>
<td>3.95</td>
<td>2.32</td>
<td>-8.9***</td>
<td>-1.129</td>
<td></td>
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<tr>
<td>Source: Author’s analysis of data</td>
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<tr>
<td>*Significant at the 0.10 level. ** Significant at the 0.05 level. *** Significant at the 0.01 level.</td>
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In addition, the advanced test was used due to get more accurate result. This section is divided into three parts within 13 individual models; five models belong to qualifications; six models belong to personal characteristics and two models for the importance of outsourcing and insourcing recruitment. Additionally, twelve control variables will be presented as independent variables. Table 4.3 shows the multivariate analysis, which determines the influence these control variables on recruitment practice in MNEs and DEs.

Table 4.3 outlines the most important elements, namely the comparison between DEs and MNEs in recruiting and selecting criteria. The first five models belong to qualifications, such as school and university qualifications, professional qualifications, previous experience of a similar job, wide range of work experience, and command of languages. The result in row 7 operation level (OL) of Table 4.3 shows that the qualifications for employees are more interesting to MNEs than DEs. Table 4.3 confirms that recruitment criteria, such as school and university qualifications (β= 0.17, p< 0.1), professional qualifications (β= 0.427, p< 0.01), previous experience of a similar job (β= 0.3, p< 0.1), wide range of work experience (β= 0.231, p< 0.05) and command of languages (β= 0.231, p< 0.05) were statistically significant in MNEs, with MNEs more interesting than DEs in terms of recruitment qualifications criteria. Additionally, Models 6–9 and Model 11 were statistically significant: Model 6 (β= 0.42, p< 0.01); Model 7 (β= 0.32, p< 0.01); Model 8 (β= 0.394, p< 0.05); Model 9 (β= 0.95, p< 0.01); and Model 11 (β= 1.098, p< 0.01). This result strongly supports hypothesis one (H1) that the differences in recruitment were seen between DEs vs. MNEs in Saudi Arabia.

In row 2, the HR director’s experience has no statistical significance on the selecting applicant who has a willingness to travel (Model 7). Local labor force in row 6 has a manner on internal/external recruitment, with the big size of local labor firms emphasizing of external appointments in case looking for senior management posts. This behavior of large size local labor may be these firms considering paying low benefits to external senior manager. However, the firms could be faced difficulty to cut benefits of internal employees. Nonetheless, some results about the HR director’s age are statistically negative, such as in the case of Models 6–10. These results indicate that older HR director do not care about personal characteristics during the recruitment process.

Table 4.3: MANOVA results on the Recruitment and Selection Practice
Source: Author’s analysis of data

*** significant at 0.01 level; ** significant at 0.05 level; * significant at 0.10 level

Note: Models 1–11 are responses to the question number one ‘In appointing a candidate to a middle grade in general management, how do you rate the following? (Assume either an internal candidate or an external candidate depending on which is the most usual.) Please tick the appropriate number in the scale. (1 = not important, 5= Very important): qualifications (Models 1–5) and personal characteristics (Models 6–11)? Question number 2 is ‘Please indicate the relative importance of internal and external recruitment to various kinds of posts in your company.’ (Models 12 and 13). The 13 models for the equation are ordered as follows: 1. School and university qualifications; 2. Professional qualifications 3. Previous experience of a similar job; 4. Wide range of work experience; 5. Command of languages; 6. Willingness to travel; 7. Period of experience in other countries; 8. Self-motivation; 9. Potential to grow with the job; 10. Independent judgment 11. Commitment to the company; 12. Junior manager supervising operatives; 13. Professional specialist.

4.2. Multivariate Regression

Multivariate regression analysis was used in line with recruitment and selection practices due to the assumption requirement of linearity, homogeneity, absence of outliers and multicollinearity aligned with such practices. A series of multiple linear regression models were presented for the purpose of identifying the significant factors. In addition, the regression model was used to indicate the various associations of each model’s independent and dependent variables.
The regression models were used to investigate the relations of the hypotheses between the constructs in the proposed contingency model, as shown below. In this regression, the recruitment was divided into three components according to factor analysis (selection of quality, selection of personalities and sourcing recruitment. The mathematical representation of the hypothesized relationship between the dependent and independent variables in the following models:

Model 5: $Y_5 = a_1 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \beta_6 x_6 + \beta_7 x_7 + \beta_8 x_8 + \beta_9 x_9 + \beta_{10} x_{10} + \beta_{11} x_{11} + \beta_{12} x_{12}$
Model 6: $Y_6 = a_1 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \beta_6 x_6 + \beta_7 x_7 + \beta_8 x_8 + \beta_9 x_9 + \beta_{10} x_{10} + \beta_{11} x_{11} + \beta_{12} x_{12}$
Model 7: $Y_7 = a_1 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + \beta_4 x_4 + \beta_5 x_5 + \beta_6 x_6 + \beta_7 x_7 + \beta_8 x_8 + \beta_9 x_9 + \beta_{10} x_{10} + \beta_{11} x_{11} + \beta_{12} x_{12}$

$Y_5$–$Y_7$ (belong to Recruitment and selection), $Y_5$ = employee qualifications; $Y_6$ = personal characteristic; $Y_7$ = position recruitment

Model 5: This model tested the qualifications of appointment candidates to a middle grade in general management.
The multiple linear regressions were used to determine the significance of the predictors in applicant qualifications. The ANOVA test in Table 4.4 shows that the model was statistically significant in predicting qualifications in MNEs (F = 7.3, p<0.01), including the MNEs’ variation of the model (R2 = 65.7%), which was higher than the DEs (R2 = 6%). Three results stand out in Table 4.5, where the DEs professional director having high experience was found to be statistically significant (β = 0.78, p<0.01), which suggests that a HR director with high experience was more likely to select qualified candidates for management positions. However, older HR directors in DEs was found to be statistically significant (β = −0.1, p< 0.1), which informs that directors of an older age are not interested in the qualifications of employees throughout the selection process. Table 4.5 shows that JV DEs firms were more concerned with employee qualifications (β = 0.13, p< 0.1). Thus, the results indicated that some factors affected qualifications, which supported Hypothesis H1a, where the traits of employees and firms impact on the selection of interviewees’ qualifications in both MNEs and DEs.

Model 6: This model included personal characteristics (Y6), which that was a dependent variable, and firm features, which was an independent variable, in order to determine the linkage of predictors in personal characteristics during the selection of applicant candidates to work at the management level in DEs or MNEs. The ANOVA test of the Model 6 in Table 4.4 informed that the Model 6 was statistically significant in predicting the relationship between dependent and independent variables in DEs (F = 1.6, p<0.1) and MNEs (F = 1.8, p<0.1). The model was seen to show more progress after adding the control variables. Table 4.5 in Model 6 shows the ANOVA test in DEs (F = 7.2, p<0.01) and MNEs (F = 1.8, p<0.1). Additionally, the R square increased from 9% to 51% in DEs.

Some results were notable in Model 6 of Table 4.4. Firstly, the lower turnover was seen to be significant with a negative beta coefficient in DEs (β = −0.15, p< 0.1), which reports that turnover increased employee recruitment. MNEs’ lower turnover was statistically significant with a positive beta coefficient (β = 0.23, p< 0.1), which suggests that turnover decreased with the recruitment of high personal characteristics in MNEs. MNEs in the Oil and Petrochemical field were found to be significant, with a positive beta coefficient (β = 0.26, p< 0.05); thus, the results show that MNEs were more likely to recruit employees with a high personal characteristic. Additionally, DEs’ large firm size showed a significant negative beta coefficient (β = −0.14, p< 0.1), where DEs were found to disregard personal characteristics during the selection and recruitment processes. The DEs high sales revenue was significantly statistics (β = 0.26, p< 0.05). Moreover, the MNEs’ high local labor force was found to be statistically significant (β = 0.26, p< 0.05). However, with the addition of control variables, the DEs’ older firms showed statistical significance with negative (β = −0.15, p< 0.05), as shown in Table 4.5 in Model 6. Thus, the results fully support Hypothesis H1b, which shows that traits of firm’s impact on the selection of interviewees’ personal characteristics in both MNEs and DEs.

Model 7: The multi regression was used to find the relationship and overall effectiveness of predictors on external and internal recruitment (Y7). The question asked HR directors about the recruitment of various types of post in the organization and whether they would be internal or external. A Likert scale was adopted, ranging 1 (‘largely internally’) to 5 (‘largely externally’). In Table 4.4, the ANOVA test predicted this model as having the ability to predict the impacts of independent variables on dependent variables, with DEs found to be statistically significant (F = 1.9, p<0.05) whilst MNEs were statistically significant (F = 11, p<0.01). Additionally, Table 4.5 shows the control variables as positively affecting the model, with DEs statistically significant (F = 2.5, p<0.01), whilst MNEs were statistically significant (F = 10.1, p<0.01). Model 7 in Table 4.4 shows four significant results. Firstly, older DEs were statistically significant (F = 0.14, p<0.1) and MNEs were statistically significant (F = 0.13, p<0.1). Next, the same table demonstrates that MNEs’ high local labor force was statistically significant (β = 0.26, p< 0.05), which informed that firms with a large size of local manpower are more likely to hire outsourced employees. Further, MNEs operating in the Oil and Petrochemical field were found to have a significantly positive beta coefficient (β = 0.26, p< 0.05), meaning that such MNEs were more likely to recruit outsourced manpower employees. These results pointed out various evidences to support firm characteristics as being linked with HRMP recruitment, which supports H1b.

Model 8: This model included incentive salary (Y8) as a dependent variable and features of firm as an independent variable so as to determine the impact of predictors in employee salary in both DEs and MNEs. In Model 9 of Table 4.4, the model was statistically significant in terms of predicting employee salary in MNEs (F = 2.0, p<0.05).
However, the model was statistically non-significant in predicting employee salary in DEs (F = 1.1, p>0.1). The control variables were seen to improve the model, with the ANOVA test in Table 4.5 showing the F-statistic (0.34) as greater than significant level (0.01). Finding results directly stand out in Table 4.4: MNEs industry (β = 0.2, p< 0.1), MNEs organization ownership (β = 0.21, p< 0.1) Were statistically significant with the positive beta coefficient in MNEs’ and DEs’ turnover (β = 0.0177, p< 0.1), which were statistically significant with a negative beta coefficient. These statistical tests confirmed the acceptance of H1c as partially true.

Table 4.4: Regression result to Models without demographic variables

<table>
<thead>
<tr>
<th>Predictor</th>
<th>DEs</th>
<th>MNEs</th>
<th>Model 5</th>
<th>Model 6</th>
<th>Model 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm Age</td>
<td>-0.022</td>
<td>0.134652</td>
<td>-0.0106</td>
<td>0.13*</td>
<td></td>
</tr>
<tr>
<td>Firm Size</td>
<td>0.001</td>
<td>0.061993</td>
<td>0.166</td>
<td>0.1323</td>
<td>0.020</td>
</tr>
<tr>
<td>Sales Revenue</td>
<td>0.009</td>
<td>0.124794</td>
<td>0.26</td>
<td>-0.011</td>
<td></td>
</tr>
<tr>
<td>Local labour force</td>
<td>-0.00592</td>
<td>0.0092</td>
<td>0.021</td>
<td>0.040</td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td>-0.005</td>
<td>0.062388</td>
<td>0.26**</td>
<td>-0.107</td>
<td></td>
</tr>
<tr>
<td>Company structured</td>
<td>0.092</td>
<td>0.017595</td>
<td>-0.148</td>
<td>0.072</td>
<td></td>
</tr>
<tr>
<td>Organization</td>
<td>-0.04709</td>
<td>0.127</td>
<td>-0.012</td>
<td>0.089</td>
<td></td>
</tr>
<tr>
<td>Foreign ownership</td>
<td>-0.04206</td>
<td>0.036</td>
<td>-0.006</td>
<td>0.16**</td>
<td></td>
</tr>
<tr>
<td>Location</td>
<td>0.029417</td>
<td>0.029417</td>
<td>-0.174</td>
<td>0.144*</td>
<td></td>
</tr>
<tr>
<td>Turnover</td>
<td>-0.073</td>
<td>0.036</td>
<td>-0.15*</td>
<td>0.013</td>
<td></td>
</tr>
<tr>
<td>ANOVA</td>
<td>0.227*</td>
<td>0.227*</td>
<td>0.23*</td>
<td>0.020</td>
<td></td>
</tr>
<tr>
<td>R Square</td>
<td>3%</td>
<td>24.90%</td>
<td>63%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4.5: Regression result to Models demographic variables
5. Conclusions, Discussion and Avenues for Future Work

5.1. Main Findings

The hypotheses were devised in line with various theories, to be summarized below. Some of the hypotheses were found to be completely true, whereas others were only partially true and the remaining hypotheses completely rejected. The sixteen hypotheses are discussed below.

5.2. Hypothesis

Mohammed (2012) compared recruitment between MNEs and DES in Brunei Darussalam, and they confirmed MNEs functioned more actively in recruitment and benefits administration. However, DESs are more likely to emphasize development training and employee skills than MNEs (Huang, 2000). This result was similar to researcher prediction, as developed in Hypothesis H1; the difference in recruitment and selection was recognized between MNEs vs. DESs in Saudi Arabia.

Huang (2000) analyzed MNEs as being more likely to recruit internally than externally. The Model 7 in Table 4.4 was seen to disagree with the literature, in which MNEs of a large size of local manpower ($\beta = 0.78, p< 0.01$) and DESs of an older age ($\beta = 0.14, p< 0.01$) were found to be more likely to recruit externally than internally. This result was led to the validation of H1c.

Recruitment and Selection
1. The recruitment criteria are more important in MNEs than DESs.
2. MNEs were more concerning on school and university qualification during recruitment and selecting process.
3. The professional qualifications also one important criteria in MNEs during recruitment
4. MNEs consider the previous experience of a similar job during selecting process.
5. The wide range of work experience is one of the most important factors during the recruitment process.
6. MNEs are not worry about language of the languages in the recruitment process.
7. In recruitment and selecting process MNEs take care of willingness to travel of the employee.
8. Period of experience in other countries is one important criteria in the recruitment process
9. Older firm has not significant on qualifications, personal characteristic during appointing a candidate to a middle grad management.
10. Older firms are preferred on the importance of internal appointments for senior

5.3. Theoretical Contribution

HRM practices will be able to identify the shortages of local firms to enhance the performance of domestic organizations, which will be lead to improvements in Saudi economy and society. This research has provided data that can be shared in future research. Additionally, the framework of the current research is unique in the literature and therefore may be used in other works, albeit with modification. This research has provided the linkage between employees and HRM practices, including that between firms and HR practices. This linkage supports HR directors in the management of employees whilst enhancing the overall performance of the organization. Furthermore, this research has shown that Saudi power is eligible to perform significant tasks, with attention needing to be directed towards keeping firms sustained in the market. In terms of theories, the strategic theory agreed that the success of HR practices is reliant on the behavior of firms and environment. In contrast, normative theory confirmed that the best practices have the ability to generate good performance, regardless of the behavior of firms or the environment. The results agreed that HRM practices were linked with firm behaviors. In terms of recruitment and selection, some practices, such as recruitment and selection, were moderately significant in terms of the differences between two genres. For example, School and University qualifications, as well as a wide range of work experience, were fairly different between MNEs and DEs because MNEs have not used a hard method in the recruitment process as used in their original country. The utilization of strong recruitment practices will result in a positive output in terms of organizational effectiveness. In regards the industry level of firms, the results show that the training is almost the same between the MNEs and DEs. No difference in training indicates that DEs have development training system in DE firms working in the oil and petrochemicals industry. This research clarified some gaps in the literature, such as local manpower having less loyalty and investing less effort in firms. The results show that local employees play an important role in successful firms when it comes to continuing work in the Saudi market. There is a positive linkage between local employees and training practice, incentive practice and recruitment; however, the connection between local employees and appraisal seems to be non-existent due to there being differences between local employees and foreign employers in regards culture. These differences in culture impact on appraisal practice as culture impacts appraisal practice. The literature contributes in demonstrating that small-sized firms do not recognize a number of important strategic HRM practices. The results of this research confirm that the small size of DEs was found to be a factor in their failure to recognize training as advantageous due to the shortage of methods in regards formal training within DEs. This shortage of training was measured across MNEs; this was a forward step to improving the overall efficiency of DEs.

5.4. Implications

There are many suggestions to be made as a result of the findings, with a few to be mentioned here. This study examined four HR practices in DEs and MNEs in the KSA, including the activities of HR directors that could potentially impact firms. Failing to deal with or manage such will cause negative impacts to be felt by firm performance. For instance, turnover will be high if benefits and compensations are not given to staff (Arthur, 1994). The findings show that the turnover rate was lower in MNEs than DEs due to MNEs afforded much consideration to their practices. MNEs have provided clues in an effort to reduce turnover in their firms. For example, MNEs are seen to have focused on qualifications during the selection process. Batt (2002) argued that HR candidates with high general skills and formal education are commonly selected so that employees are capable of demonstrating ongoing learning. Moreover, during the selection process, employees are involved in psychometric testing, interviews and assessments (Boselie et al., 2005).

Gibb (1999) analyzed a small size firm as recognizing a number of important strategic HRM practices, such as training. The small size of DEs was found to be a factor in their failure to recognize training as advantageous due to the shortage of methods on formal training within DEs. This shortage of training was measured amongst MNEs; this was a forward step to improving the efficiency in DEs.
5.5. Limitations

The limitations in this research are related to the culture of Saudi Arabia. The researcher faced difficulties in getting feedback or responses from female managers due to the gender barriers between males and females, with females shamed if they are replying to male researchers. Furthermore, the researcher faced difficulties in gathering raw materials for the research. The researcher made contact and provided official letters from university to the Minister of Commerce and Industry and Minister of labor in an effort to gain access to the raw materials required in this work. Appendix 4 shows the letter of appreciation from Minister of Commerce and Industry and Minister of Saudi labor. Furthermore, data collection did not meet the necessity assumption of statistical analysis, such as in regards normality assumption, which drove the research to transfer the data from a numeric scale to an algorithm-based ten scales. This transformation could be challenging in achieving proper results that are free of error.

The religious culture is also important in this research, with the various impacts of religion culture recognized in HRM practices. However, some responses have maintained the religious culture as personality; for example, the researcher asked for responses in a pilot test in regards the Saudi government, which has forced firms to close during prayer time, as well as the separation of genders (male and female) during work. The current researcher omitted this question from the research due to the response rate of the question being very low.

On the other hand, the researcher was lucky as he had 17 years’ experience in private sectors. This experience created a strong relationship and networking between the researcher and MNEs’ managers and DEs’ managers in Saudi Arabia. For example, the researcher worked with seven international enterprises Lucent firm (USA), Huawei (China), Science (Germany), Alcatel (Franc), Nokia (Finland), Nera (Norway) and Harris (USA) to which he can get easy access to MNEs. Recently, the researcher has been working at the Ericsson Swedish Company. This relationship has supported the researcher in gaining smooth access to firms. The searchers with high experience can motivate participants to reveal data (Morse, 2000; Strauss & Corbin, 1998).

A number of limitations were identified in the methodology, such as some data not meeting the normality, and the linear regression and t-test were not used in this data for analysis. The alternative test used is that of the LOG test. Additionally, the t-test was not used in a comparison between the two types. The chi-square test was used to find proportion between the two binary outcomes in appraisal.

The literature review considered that the countries were growing integration in the world economy will may be resulted weaken in sociality. For example, Kuwait and Saudi Arabia are higher and GDP than New Zealand. But, New Zland ranked as among the best in globally of Social Progress Index (SPI) and Kwuite in 42nd in SPI follow by Saudi Arabia in 57th SPI (Porter and Stern, 2017). The Saudi context could be an indicator to help us by utilize these HR practices in the other countries having the same Saudi culture. However, there are some limitations could be against HR practices such as level of education, aspect cultural and regulation laws.

6. Conclusion

The results of this study confirmed that the behavior of firms has an effect on HRM practices (Flora, 2017). Some parts of HRM practice were found to be aligned with normative theories, which concern normative theory, with organizations with a set of best practices of HRM seen to achieve greater performance outcomes, regardless of external or internal factors. Ahlvik & Bjorkman (2015) and Thomas & Lazarova,(2013) considered convergence theory as behaviors with industrial works as potentially similar to those firms moving from another place. The divergence concept demonstrates that the nation will have an effect on MNSs in terms of regulations, the government, culture and beliefs (Hollingsworth & Streeck, 1994). Furthermore, a part of HRM practices was seen to be connected to divergence theory as a result of Saudi regulations having an impact on these practices.

There are important benefits to be gleaned from the differences between the firms of the original country and the firms of the host country. The aim of this research is centered on providing extensive data analysis on the comparison of the four types of HR recruitment practice, training, incentives and appraisals for both domestic and multinational firms based in the Kingdom of Saudi Arabia. Moreover, the differences identified in the practices were categorized into the differences in culture, government regulation and firms’ behaviors (firm size, firm age, industry). In addition, The Human Resource system in domestic firms required further improvement so as to be at the same level as multinational firms.

Human Resource systems that were less developed focused mainly on the administrative roles within the organization. The HR system in the highly developed systems focused mainly on the HR functions as opposed to the administrative roles. The gaps identified in HR systems for the DEs and the MNEs would only be reduced through the adoption of learning HR systems. The DEs can learn some of the practices used in MNEs. The differences identified played a crucial role in providing a clear picture that new firms ought to venture into the Saudi market or other similar markets. Additionally, the identified differences indicate
that the Saudi market provides a favorable environment to multinational firms. Utilization of the proper HR practices will ensure that firms retain their competitive advantage in an evolving business environment. For instance, if the HRM selected the best employee for a job position, the entity will then enjoy maximum benefits. Due to the strength in the recruitment, training, appraisal and incentive practices in MNEs, they enjoy fewer turnovers than DEs. A business that adopts strong HR practices will not have to deal with high turnover. The difference indicates that the HRM practice of MNEs in Saudi Arabia were utilized in duality with more closely aligned to strategic theory rather than normative theory.

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