An Empirical Study of Human Resources Management Practices in Domestic and Multinational Enterprises in the Kingdom of Saudi Arabia

A thesis submitted for the degree of Doctor of Philosophy (PhD)

By

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Abstract

This study was undertaken with the objective to understand Strategic Human Resource Management (SHRM) practices in domestic enterprises (DEs) vs multinational enterprises (MNEs) in the country context of the Kingdom of Saudi Arabia (KSA). The literature suggested that there would be a number of important differences in core HR practices, such as recruitment, retaining, retention and compensation when it comes to executing these within the domestic and multinational work environment of business enterprise. Sixteen (16) testable hypotheses were drafted after scanning the literature on the subject; these were then put to test with the help of primary data collected from 255 firms, two-thirds of which were DEs whilst the remaining one-third were MNEs. Data that were analysed with the help of parametric and non-parametric tests revealed several interesting facts. The study found that differences do exist in the recruitment, training and compensation practices between the two modes of enterprise. Results in particular showed that MNEs were much more stringent in their recruitment practices than DEs; DEs were found to be more concerned with the formal qualifications of candidates than MNEs. The turnover rates of employees in DEs hired on the basis of personal characteristics were greatest, whereas it was lower in the context of MNEs. Interestingly, larger sized DEs did not worry about the personal characteristics of candidates during the selection process. Firms in oil and petrochemical MNEs were more likely to recruit employees with higher personality. On the whole, the results confirm that MNEs in Saudi faced lower employee turnover rates than DEs operating in the same context. Additionally, the results confirmed that MNEs followed better HR practices than DEs, spanning recruitment and selection policies, better training systems, better performance appraisal systems, and more structured incentives and rewards system. This is one of a few studies conducted in the context of a non-Western environment and points out a number of policy implications and future avenues of research.

With respect to normative theory, the point is argued that those organisations with a set of best HRM practices would achieve greater performance outcomes, regardless of the organisational behaviour of the firms or the environment of the host country. However, the findings confirmed that part of the HRM practices were affected by the behaviour of firms during the process of the organisation moving to the global market. Furthermore, convergence theories argue that HRM practices will be the same, behaviourally, throughout the process of transferring from home country to host country. The results of the current research indicate that some HRM practices will be different during the process of transferring from the original country to the host country

due to various factors, such as strength of cultural behaviour in Saudi Arabia, and competitors in the host country. For instance, the Saudi Labour Office Law requires that MNEs hire local employees, meaning that the recruitment process will be simple and not difficult in some regards, with employees able to meet the requirements of government regulations. The government of Saudi Arabia has forced MNEs to follow up the 'Nitaq' and 'Saudisation' system, which has argued that MNEs must recruit local employees.

The findings also support convergence theories that state HRM practices as being the same during the process of transferring to Saudi Arabia. This convergence is required to fit the local context for the importance of local firms. Local firms can learn of the benefits to be garnered from the HRM practices of MNEs. As an example, the findings show that MNEs have a low turnover and high productivity of employees due to MNEs utilising appraisal, training and incentives. MNEs' HRM practices in Saudi Arabia adopt duality theories that argue some practices as convergence whereas others HRM are divergence.

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LIST OF ABBREVIATIONS

ANOVA	Analysis of Variance
SAMA	Saudi Arabian Monetary Authority
AIC	Akaike Information Criterion
CPI	Cost Price Index
DEs	Domestic Enterprises
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
HR	Human Resource
HRD	Human Resource Development
HRM	Human Resource Management
IHRM	International Human Resource Management
HRMP	Human Resource Management Practices
KM	Kilometre
IMF	International Monetary Fund
LNG	Liquefied Natural Gas
MCAR	Missing Commonly at Random
MD	Mean Difference
MNE	Multinational Enterprises
MLE	Maximum Likelihood Estimate
PA	Performance Appraisal
R^2	Residual Sum of Squares
SHRM	Strategic Human Resource Management
SPSS	Statistical Package for the Social Sciences
UK	United Kingdom
US	United States
$\chi 2$	Chi-Square Tests
MSG	The mean square for groups (measuring sample averages' variability)
SSG	Sums of Squares Groups
MSE	Mean Square Error
SAGIA	Saudi Arabian General Investment Authority
JSC	Joint Stock Company
LLC	Limited Liability Company
SSE	Saudi Stock Exchange

AUTHOR'S DECLARATION

I hereby declare that the thesis is based on my original work, except for quotations and citations which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree at Brunel University or other institutions.

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Date: 24/05/2018

Signature: 

DOCTORAL SYMPOSIUM AND CONFERENCE

Al khater, N. S (2014), 'Human Recourse Management Practices: A Comparative Analysis', Brunel Business School Annual Symposium, Sheraton Hotel, Bahrain 27–28 March.

Al khater, N.S (2015), 'Human Resource Management in Saudi Arabia: Domestic vs Multinational, Imperial College, Saudi Ministry High Education, London, UK.

Al khater, N. S (2016), 'Comparative Research on HRM Practices in Country of Saudi Arabia and Conceptual Model', Brunel Business School Annual Symposium, Sheraton Hotel, Bahrain, 28–29 March.

Al khater, N. S (2017), 'An Empirical Study of Human Resources Management Practices in Domestic and Multinational Enterprises in the Kingdom of Saudi Arabia', Brunel Business School Annual Symposium, Gulf Hotel, Bahrain.

Al khater, N. S (2017), 'The Effort of Saudi Manpower in Multinational Firms' Interview Newspaper (Alwasat News), Alkhaleej Hotel, Bahrain.

CHAPTER ONE: INTRODUCTION

1.1 Research Overview and Background

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 Practices (HRMPs) and traits of firms. HRMPs are key factors recognised as playing important roles in the successes of organisations. The firms enter globalisation and need to remain in the market as they are required to utilise Human Resources within the market. Essentially, the way in which the firms' aims are implemented within the firm depends on HRMP (Price, 2004), with Rotich (2015) stating that firms are required to carry out various activities amongst employees, such as training.

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 recognised 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.

One of the theories that contributed greatly to the development of Human Resource Management was that presented by Frederick W. Taylor (1857–1911), who devised the principles of scientific management, such as during the first world war, when the US introduced a test for use in the recruitment process to the military (Montana & Charnov, 2014). Another study that of Hawthorne (1927–1940) by Elton Mayo & Fritz Roethlisberger aimed at determining the influence on workers' productivity based on their physical working environment. This study and others contributed to the development of Human Resource Management by leading it to transform from personnel management, which was more administrative to Human Resource Management and viewed Human Resources as a major contributor to a company's success through improved relations between management and labourers. This approach involved recruiting and selecting workers based on their skills, training and developing workers, performance-based rewards and improved work relations.

1.2 The Problem Statement and Literature Gap

The framework and hypotheses will clarify the gap in the literature. One of the most important factors recognised as having an impact on organisational performance is HRM practices. There are many challenges amongst firms when transferring on global scales to implement the same HRM practices or divergence HRM practices, or partially in both convergence and divergence due to the different culture and different values of countries (Florar *et al*., 2017). Part of Scholler, such as Ahlvik & Bjorkman (2015), Ahlvik & Bjorkman (2015), Ahlvik, Smale & Sumelius (2016), Beamond, Farndale & Hartel (2016), Chiang & Birtch (2012), Edwards, Sanchez-Mangas, Belanger & McDonnell (2015), Ferner, Edwards & Tempel (2012), Haddock-Millar, Sanyal & Muller-Camen (2016) and Mellahi, Frynas & Collings (2016), commented that transferring the HRM practises of MNEs to the global scale is still not covered in the literature, with HRM practices potentially the same or different or partially in convergence and divergence. Therefore, Edwards *et al.* (2015) and Flora *et al.* (2017) confirmed that the literature requires more cohesive and holistic studies; this would support and provide a focus for this important field of Human Resources practices.

Therefore, there is a need to understand the methods of Human Resources practices adoption in a different culture. The majority of HRM practice researchers have focused on Western cultures and are not apparent in Asian countries (Singh *et al.*, 2013). Harry (2007) commented that some Middle Eastern countries show a lack of the skills and work attitudes needed in HRM. In addition, Mustapha (2009) noted the private sector of DEs and MNEs in some parts of non-Western regions as having a shortage of interest in various HR practices. Moreover, there is a clear lack of Arab context in the literature: for example, HRM and international businesses have not been shown in the literature (Iles, Almhedie & Baruch, 2012). Until now, there has been a shortage of HRM in Saudi Arabia due to the limited studies carried out in this area (Anderson, Ahmed & Costa, 2012; Fadhel, 2007; Al-Dosary & Rahman, 2009). The most important factor in this research is the need to understand MNEs' HRM practices in the host country when there is a different culture; this is done by using Saudi Arabia as a context for the study to compare HRM practices in MNEs vs DEs.

1.3 Research Aims and Objectives

A gap in the literature relating to two enterprise types, namely DEs and MNEs, in a new Eastern context has been highlighted as underpinning the primary objective of this research. The research objectives are listed as follows:

1. To understand the differences of Human Resources management practices (recruitment, training, incentives and appraisal) amongst DEs and MNEs in Saudi Arabia.
2. To measure the impacts of firm variables on HRM practices, which lead to organisational performance.

1.4 Research Questions

One of the most important targets of this research is centred on clarifying the research problem. According to the literature review, two questions were posed in support of solving the research problem. The below specific research questions were raised in this research.

The questions are listed below:

1. Research Question 1: To what extent can differences in HRM practices be identified in multinationals subsidiaries vs domestic firms in the country of Saudi Arabia?
2. Research Question 2: To what extent do MNE and DE traits impact HRM practices?

1.5 Statement of Significance

This study concentrates on several practices on HRM in the context of an oil-rich country. The research seeks to draw lessons in regards MEs and DEs with full cooperation to determine how HRM practices can be managed well, with knowledge exchanged between both. The effective utilisation of HRM practices enables the improvement of organisational performance. The study has contributed to the literature by providing a clear picture of the factors affecting HRM practices.

This study uses primary data and secondary data to achieve the research aims. The survey questionnaire, which is derived from the HR directors of MNEs and DEs working in the KSA, were presented as primary data. The HRM practices, such as recruitment, training, rewards and appraisals, were highlighted in the questionnaire.

Some practices, such as recruitment and selection, were moderately significant in terms of the differences between the two genres. For example, school and university qualifications and a wide range of work experience demonstrate key differences between MNEs and DEs because the MNEs have not used as hard a method in the recruitment process as they used in their original country. The utilisation of strong recruitment practices will result in a positive output on organisational effectiveness.

1.6 Contributions

This research will add valuable concepts to the area of HRM in different contexts, as this research, as carried out in Saudi Arabia, will add valuable knowledge to studies in the Western region. Furthermore, the outputs have confirmed DE firms require development in regards their HR systems. Additionally, MNEs can play a beneficial role in the enhancement of HRM practices in a new region (Flora *et al*., 2017). The findings show that MNEs are likely to resemble HRM practices when moving to the host country (Rose &Kumar, 2007; Thory, 2008; Flora, 2017).

In terms of convergence theory, MNEs in the host country are most likely to control the HRM practice from the parent firm (Myloni *et al*., 2004; Lemański, 2014). On the other hand, MNEs following the divergence theory were unwilling to transfer HRM practices from the parent country as a result of the regulations put in place by the Saudi government, such as local regulations, which, through 'Saudisation' and 'Nitaqat', force local people to be hired by MNEs (Chen *et al*., 2012). Also, MNEs will use a diversity of HRM practices in the host country, which may be due to the pressing competition apparent amongst other organisations (Brewster & Brookes, 2014).

The findings also show that firms operating in the oil and chemical sector are more interested in rewarding practices due to such entities having more risky and difficult jobs, meaning there is a need for employees to be motivated (Burbach & Royle, 2014).

Those firms concentrating on administrative work, it is considered, will be less developed in HRM functions. Furthermore, previous studies in non-Western region have been compared in relation to local firm vs multinational firms in their home country. However, this research has drawn a comparison between local firms vs multinational firms in the host country (Mohamed *et al*., 2012).

The findings of this research could be used as indicators to MNEs to enter the local market or some market close to the local market. The finding may encourage MNEs to continue operating in the local market as a result of their successes, whilst new MNEs might be in happy to join the Saudi market (Singh *et al*., 2013). In addition, the findings confirm that the adoption of HRM practices, in a sound and tested method, will result in high performance for an organisation. For example, in the beginning of recruitment correct employees during recruitment and selecting process will be resulted good productivity of employees to firms.

In regards firm age, the findings confirm that older firms were most likely to utilise the divergence theory through the adoption of HRM practices in the local country, with quite apparent differences in the original country, the reason may potentially owing to older firms becoming more aware about culture and the regulations of the local country (Flora *et al*., 2017).

1.7 Thesis Structure

As a summary, the thesis of this research comprises six chapters. The first chapter introduces the research reviews and the importance of HRM overall, as well as in Saudi Arabia specifically, with attention also directed towards providing a brief history of HRM. The problem and gap in literature are highlighted.

Chapter Two goes on to highlight the profile of Saudi Arabia as a country, examining its history, demographic structure, social and political aspects, the economy, and the total number of firms operating within the KSA all of which are considered alongside the labour market of the KSA.

Chapter Three provides a literature review, which studies previous researchers in the same field, as well as the works of other researchers in the HRM field, particularly in the KSA. Furthermore, contingency, descriptive and normative theories undergo examination in mind of drafting research hypotheses, with three concepts of multinational enterprises namely convergence, divergence and duality also considered. The research problem, hypotheses and conceptual framework are further outlined in Chapter Three.

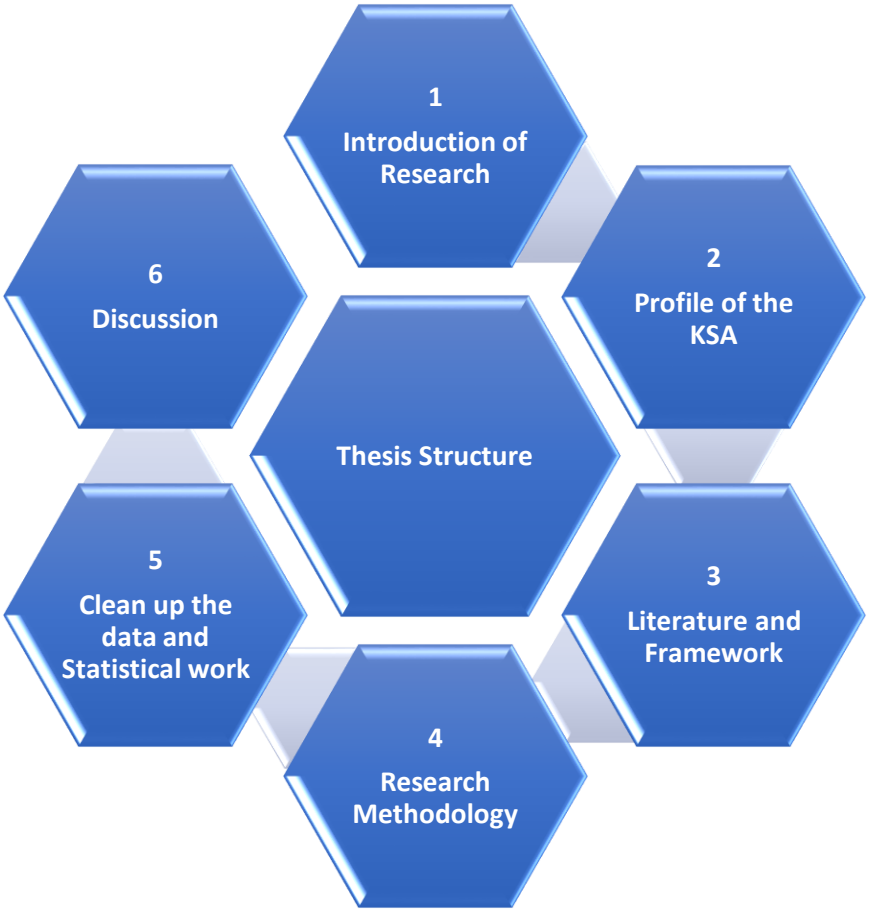
Subsequently, Chapter Four addresses the methodology selected for this research in mind of testing the conceptual framework, with a self-administrated survey distributed amongst HR Directors working in the KSA. A quantitative approach is considered in regards its ability to determine the differences of HRM practices between DEs and MNEs in Saudi Arabia. The target sample of this research is MNEs and DEs operating in Saudi Arabia, with this data sample

provided by Saudi Ministry of Industry and Commerce (SMIC). The data are collected and ready to be tested.

Chapter Five tests the hypotheses through the application of statistical tests, T-test, Mann Whitney U-test, logical regression and multiple regressions, all of which are used to test the conceptual framework and hypotheses. Furthermore, the chapter focuses on a pre-test of data screening, missing data, correlations, multicollinearity, data type, reliability, outliers, homogeneity and factor analysis.

Lastly, Chapter Six discusses the findings, including the limitations and suggestions for future work in the same field. MNEs are recognised as being more likely interested in HRM practices. Moreover, Hofstede's 5D of DEs culture is recognised as impacting on HRM practices. Notably, Figure 1.1 provides an overview of the thesis structure.

Figure 1.1: Structure of Thesis



Source: Designed by the researcher

1.8 Summary

Chapter One was focused on providing a research overview and background. Additionally, developments made in the field of human resources were introduced, with some previous studies in the HRM area highlighted.

Chapter One also paid attention to defining the problem statement and gap in the literature. The problem statement was considered in regards the challenges amongst MNEs when shifting operating to a global scale, such as the different culture and different values of countries. Additionally, the limitations of the study have been considered, with the recognition that comparisons drawn between MNEs and DEs in the Eastern region, notably through the majority of HRMP practices researches, have focused on the Western culture. Furthermore, Middle Eastern countries have shown a lack of the skills and work attitudes needed in HRM. Until now, there has been a shortage of HRM in some parts of non-Western region; in particular, Saudi Arabia has required more studies in this field due to the limited studies carried out thus far.

The research aims, and objectives have been discussed in Chapter One. The most important aims of this research are centred on understanding the differences of Human Resources Management Practices (recruitment, training, incentives and appraisal) amongst DEs and MNEs in Saudi Arabia, and accordingly measuring the impacts of firm variables on HRM practices, which are seen to lead to organisational performance.

The structure of the research thesis was planned in Chapter One. This research offers six chapters, with an introduction and a summary provided for each chapter. Chapter One and Chapter Two provide a background and history of the research topic, whilst Chapter Three provides a literature review and framework. Chapter Four and Chapter Five address the research methodology and data analysis, whilst Chapter Six discusses the results and provides a conclusion to the research.

CHAPTER TWO: SAUDI ARABIA A COUNTRY PROFILE

The aim of this chapter is to present and demonstrate the historical profile of Saudi Arabia (the Kingdom of Saudi Arabia (KSA). In addition, this chapter reviews the geography, demography, politics, economy and labour market of the KSA. A comparison between public and private sectors is drawn.

2.1 The History of Saudi Arabia

The roots of Saudi Arabia, as a country, have been traced back to the earliest civilisations that were seen to occur in the Arabian Peninsula. Through the years, the role of the peninsula throughout history has been evident; it has served as an ancient centre of trade (Royal Embassy of Saudi Arabia, 2015) whilst also having served as the birthplace or the foundation of Islam, which is considered one of the main religions in the world. Since the establishment of the modern Saudi Arabian Kingdom by King Abdul-Aziz Al Saud in 1932, transformations have been remarkable. In just a few decades, Saudi Arabia has transformed from a predominantly desert country into a modern complex state, adopting the role of a major player in the global arena.

As stated above, the state of Saudi Arabia was established in the year 1932; this was following a three-decade campaign to unify the Arabian Peninsula. Following the invasion of Kuwait by Iraq in 1990, the Kingdom accepted the royal family from Kuwait, and four-hundred-thousand (400,000) refugees, whilst permitting Arab and Western forces on its soil to free Kuwait (CIA, 2015). The presence of foreign troops following the liberation of Kuwait triggered tension between the people and the royal family; however, in 2003, all troops left the Kingdom and peace were restored. Importantly, there were major campaigns against terrorism following the terrorist attacks of 2003. Moreover, between 2005 and 2015, King Abdullah worked to modernise the nation using a number of socioeconomic programmes.

2.2 Geography

The square-metre landscape of the KSA is $2.2*10^6$ KM^2, which is the largest part of the Arabian Peninsula belonging to the KSA. The remaining part is occupied by five countries, namely Kuwait, Bahrain, Qatar, Oman and United Arab Emirates (Shilling 1975: 1). Figure 2.1 shows

the borders of the KSA as follows: Kuwait has borders from the northeast, Jordan and Iraq have borders from the north, the Arabian Gulf, Qatar, Bahrain and the UAE have direct borders with the KSA from the east, and the southern part of the country has borders with Yemen and Oman, with the Red Sea located on the western side of the country. The KSA is divided into four major provinces: first, the Eastern province, which comprises Dammam, Khobar, Hafir Albatin and Jubail; second, the Western province, which comprises Jeddah, Madinah and Makkah, the holy city; third, the central plateau, which contains the capital city, Riyadh; and fourth, the Southern province, which includes Khamis Mushait and Aseer (CIA, 2015).

Figure 2.1: Map of Saudi Arabia

Source: CIA.gov

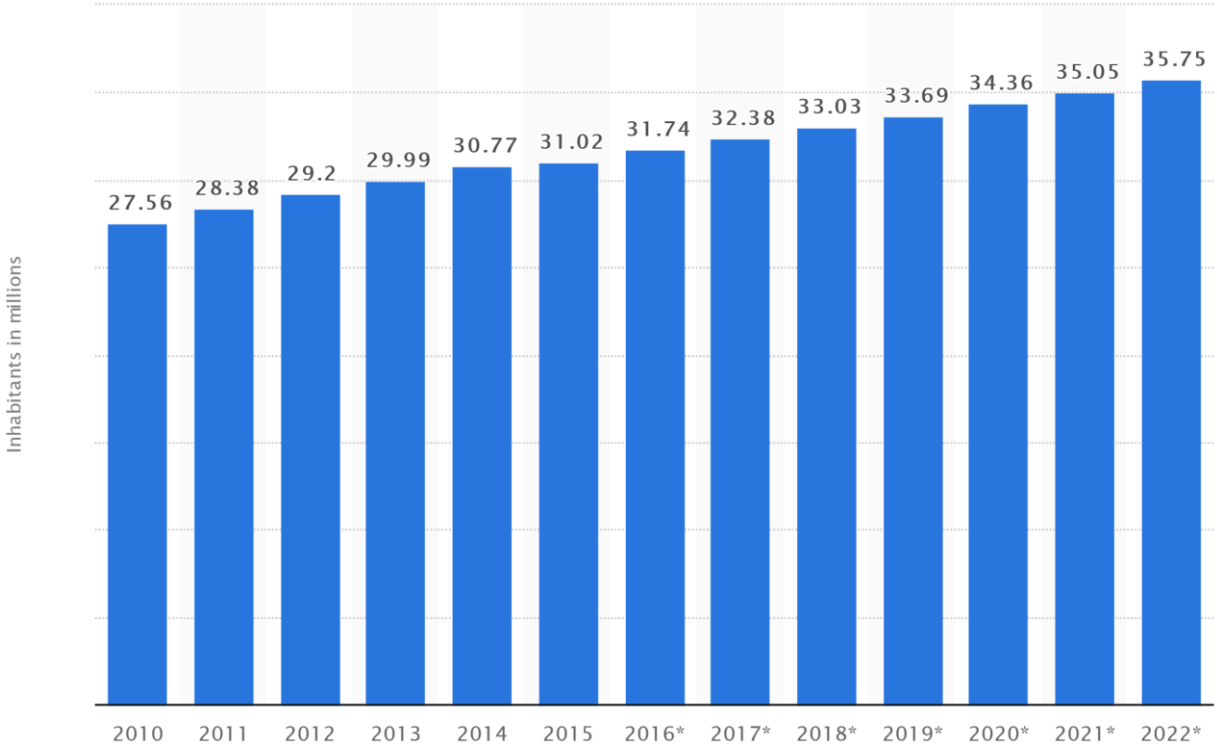
2.3 Political Set-up

The Arab Spring sparked protests over major domestic concerns amongst the Sunnis denominations. There also have been protests by Shias denominations, calling for a release of political prisoners and the eradication of discrimination (CIA, 2015). The country's government continued to pursue economic reforms, particularly following the Kingdom's joining of the World Trade Organisation (WTO) in 2005.

2.3.1 Population and Economy

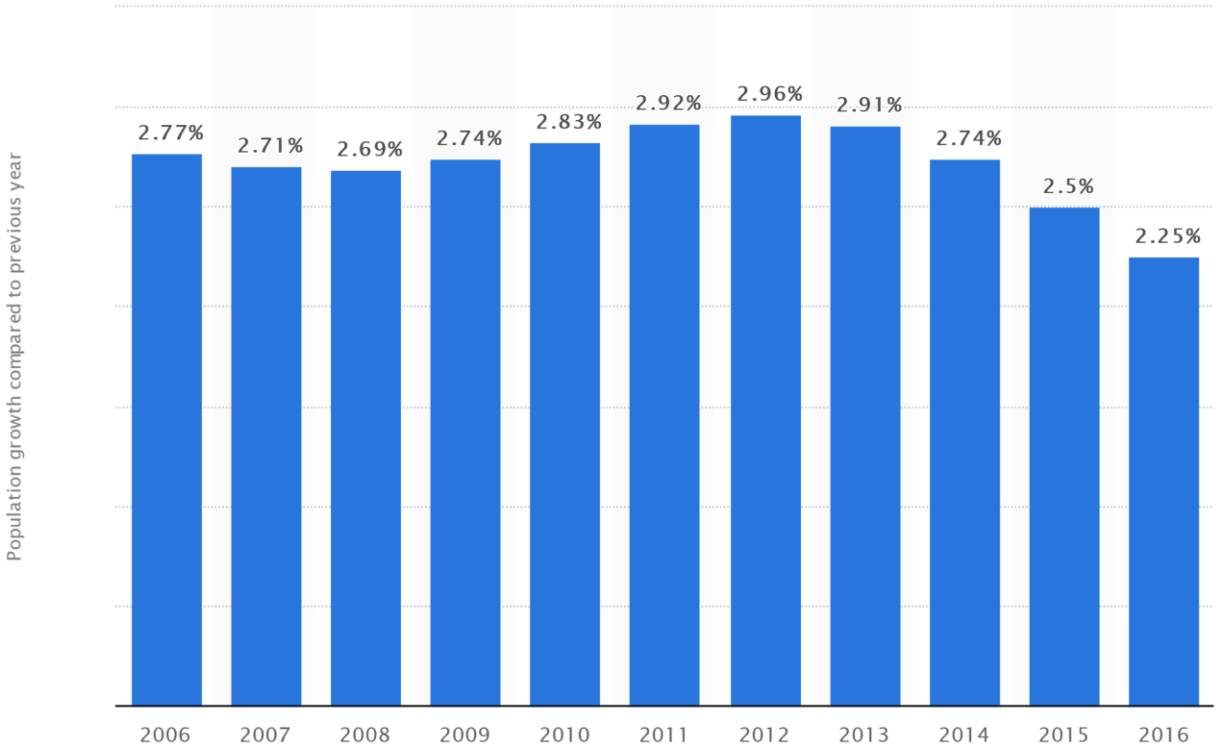
Saudi Arabia's population size has increased from 27.56 million in the year 2010 to approximately 31.74 million in 2016. It is expected that this number will continue to rise to reach an estimated 35.7 million in the year 2022 (Statistic report, 2018). UNCTAD (2011) has classified Saudi Arabia's economy market as being the 25th largest economy globally and the largest economy in the Middle East (ME). Additionally, income per capita is estimated to equal approximately US$33,500 by 2020. The official language spoken in the Kingdom is Arabic, with Islam recognised as the main religion, with the exception of minorities, which may include those following Protestant, Jewish, Sikh, Eastern Orthodox and Hindu faiths, amongst others (CIA, 2015). Figure 2.2 shows the population of Saudi Arabia every five years, whilst Figure 2.3 shows the growth rate of the population.

Figure 2.2: The Population of Saudi Arabia Country



Source: Statistic Population of Saudi Arabia, retrieved in 2018

Figure 2.3: Population growth rate in country of Saudi Arabia



Source: Statistic Population of Saudi Arabia, retrieved in 2018

Given that oil is the major natural source in the country, its economy has become oil-based, with approximately 16% of all petroleum services in the world and recognised as the largest petroleum exporter. The Kingdom encourages the development of the private sector in an effort to diversify its economy and to provide more Saudis with employment than foreigners, which is an initiative referred to as Saudisation.

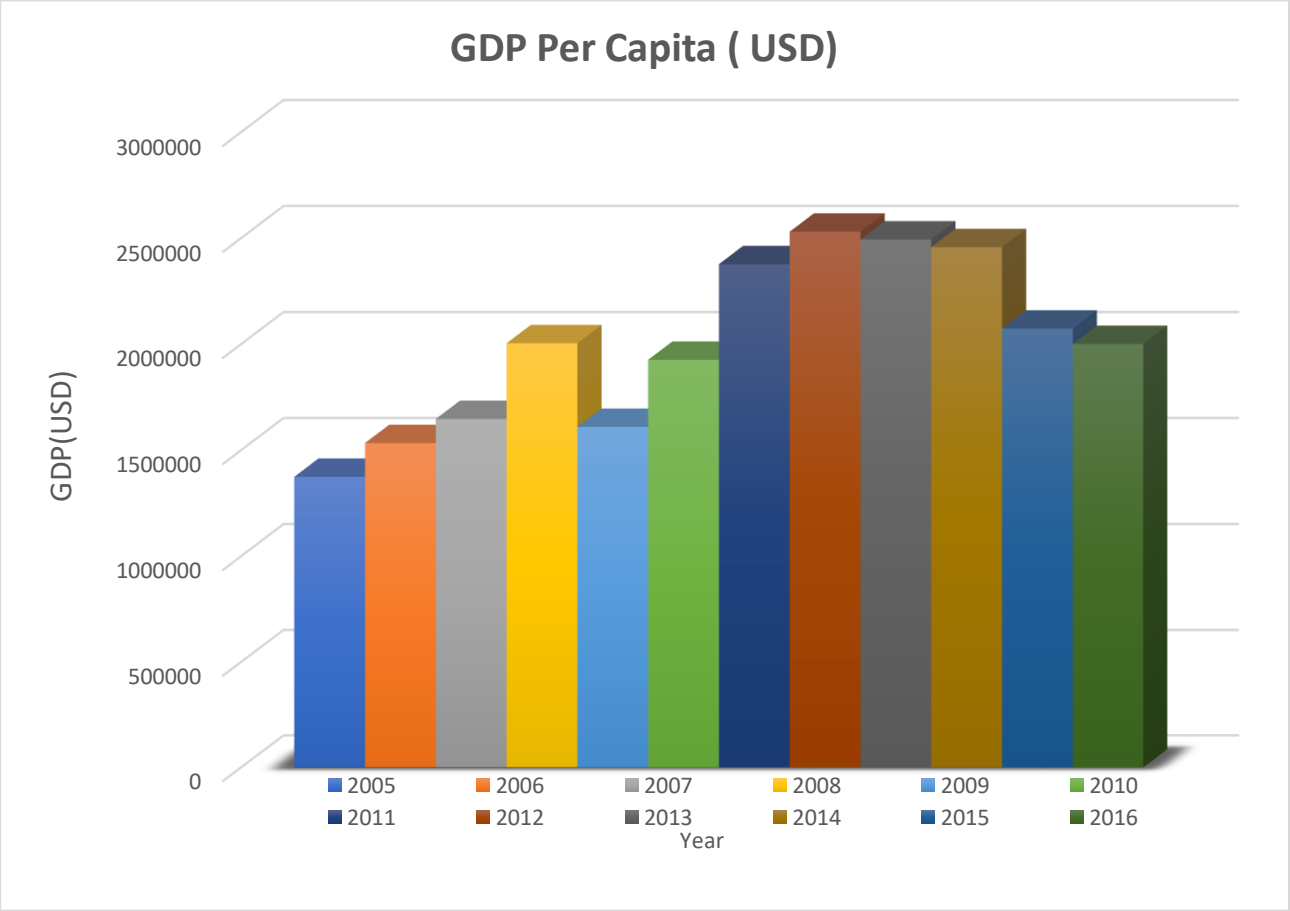
In 2014, Saudi Arabia had its first budget deficit following the deficit of the year 2009 (CIA, 2015). Although it is able to settle higher deficits, it will begin to reduce capital spending in the event that oil prices remain low in the following year. Table 2.1 shows the revenues and expenditures from 2006 until 2016. The gross domestic per capita was presented in Figure 2.4. The GPD end of year 2014 is shown in Figure 2.5 in relation to the agriculture, construction, mining, transportation and utilities sectors.

Table 2.1: State Annual Budget Projections (Million Riyals) Source: SAMA

S E C T O R										
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Oil Revenues	320, 000	330, 000	370, 000	320, 000	400, 000	468, 000	621, 000	727, 000	735, 000	581, 300
Other Revenues	70, 000	70, 000	80, 000	90, 000	70, 000	72, 000	81, 000	102, 000	120, 000	133, 700
Total	390, 000	400, 000	450, 000	410, 000	470, 000	540, 000	702, 000	829, 000	855, 000	715, 000
Expenditures:										
Human Development	87, 164	96, 483	104, 600	121, 942	137, 440	148, 307	167, 970	203, 147	209, 296	216, 022
Transport & Communications	9, 804	11, 329	12, 143	14, 642	16, 442	17, 334	20, 566	22, 063	23, 506	22, 348
Economic Development	12, 454	13, 902	16, 317	21, 692	29, 288	32, 938	41, 152	46, 696	49, 537	48, 148
Health & Social	26, 798	31, 010	34, 426	40, 426	46, 600	52, 447	61, 284	70, 938	78, 166	82, 071
Infrastructure	4, 555	5, 188	6, 384	7, 762	8, 438	8, 918	10, 525	11, 702	13, 540	12, 592
Municipal Services	11, 588	13, 576	14, 954	16, 509	18, 748	21, 201	25, 460	31, 729	34, 610	34, 192
Defence & Security	110, 779	132, 922	143, 336	154, 752	169, 667	181, 991	211, 867	251, 325	302, 859	306, 947
Government Spending	62814	61756	63031	79148	92017	93820	107551	119948	84558	80575
Government Lending	575	1, 026	479	524	596	635	10, 785	14, 950	15, 375	14, 978
Subsidies	8, 469	12, 808	14, 329	17, 602	20, 764	22, 410	32, 840	47, 502	43, 553	42, 127
Total	335, 000	380, 000	410, 000	475, 000	540, 000	580, 000	690, 000	820, 000	855, 000	860, 000
Deficit / Surplus (Expected)	55, 000	20, 000	40, 000	-65, 000	-70, 000	-40, 000	12, 000	9, 000	0	-145, 000

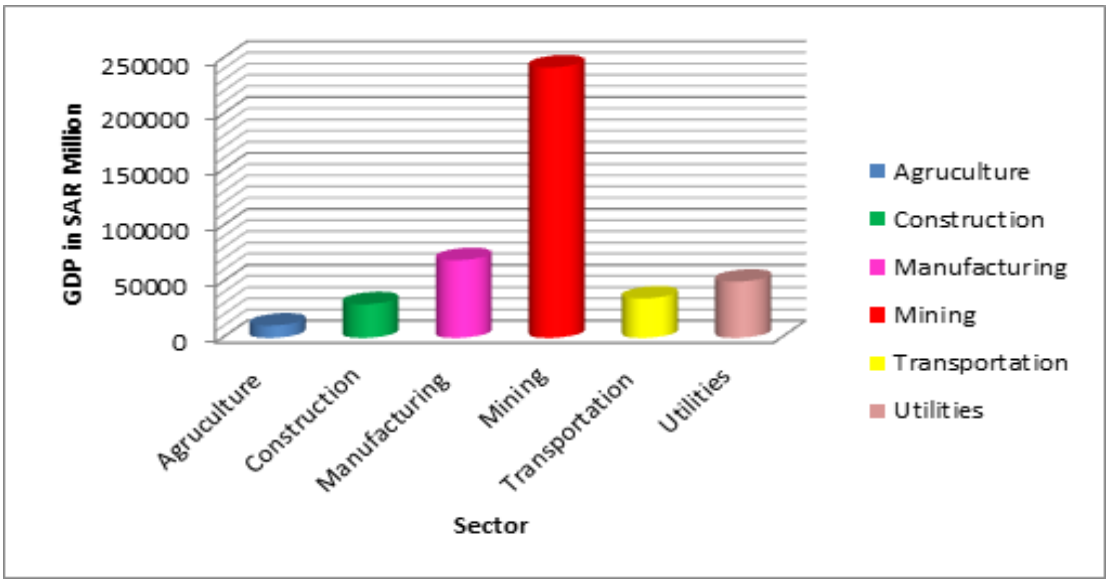
Source: SAMA

Figure 2.4: Gross domestic product per capita



Source: SAMA

Figure 2.5: Saudi Arabia GDP by Economic Activity 2014



Source: SAMA

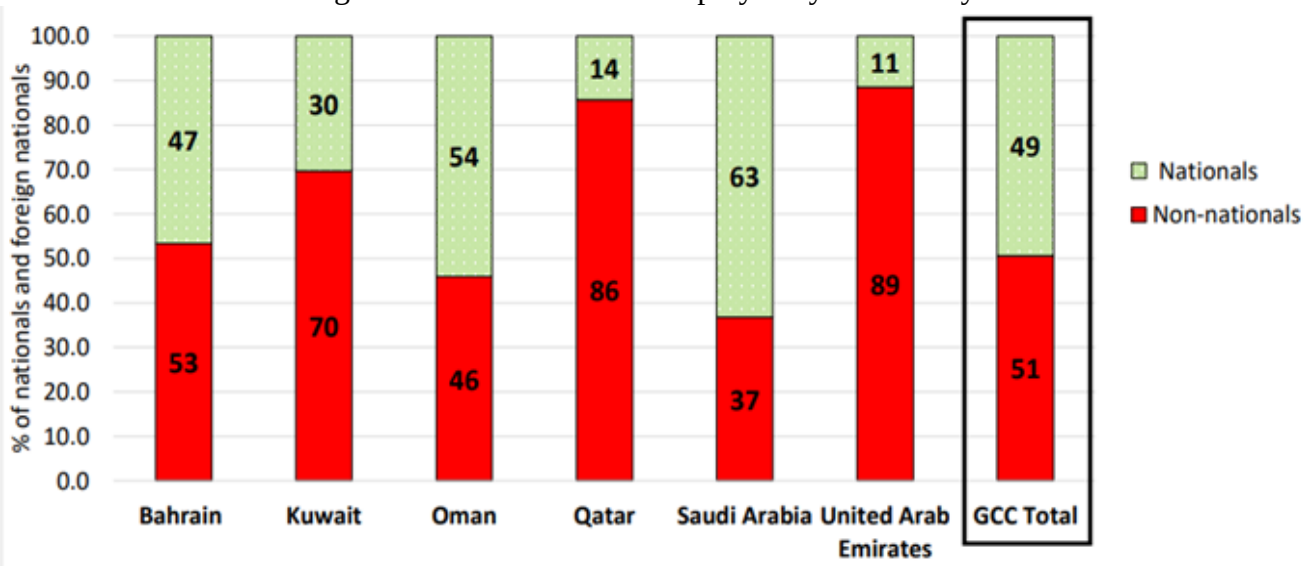
2.3.2 Labour Market

In the labour market in Saudi Arabia, there has been an apparent need to contend with different structural imbalances, such as increased reliance on foreign labour, major gender gaps with regards to labour supply, and increased wage inequalities between educated nationals and foreigners (OECD, 2011).

As a matter of fact, 2009 witnessed a 10.5% unemployment rate amongst Saudi citizens, with two major features defining the labour market in Saudi Arabia: first, the employment of foreign workers within the private sector of the kingdom utilising work conditions and paid wages that are not attractive to local citizens; and second, the preference to hire local citizens in the public sector, which means that Saudis are found in the public sector with foreigners in the private sector (OECD, 2011). The policies of Saudisation, which seek to localise the labour force, have embraced different approaches: for instance, there has been a focus on enhancing the overall knowledge and skills of Saudi workers. As Saudi Arabia is recognised as having the highest level of employed national citizens (Saudisation)that is, 43.5% relative to the rest of the GCC, as shown in Figure 2.6the

Government of Saudi Arabia has implemented the 'Nitaqat' system to Saudisation, as discussed in the Methodology chapter. The Nitaqat programme can be seen in detail in Table 2.2.

Figure 2.6: Distribution of Employed by Nationality



Source: GLMM National institutes of statistics, April 2017

Table 2.2: Nitaqat system to Saudisation

Business Size	Saudisation percentage			
	RED	**YELLOW**	**GREEN**	**PLATINUM**
SMALL (10 – 49)	**0 – 4%**	**5 – 9%**	**10 – 39%**	**≥ 40%**
MEDIUM (50 – 499)	**0 – 5%**	**6 – 11%**	**12 – 39%**	**≥ 40%**
LARGE (500 – 2, 999)	**0 – 6%**	**7 – 11%**	**12 – 39%**	**≥ 40%**
HUGE (3, 000+)	**0 – 6%**	**7 – 11%**	**12 – 39%**	**≥ 40%**

Source: Ministry of Labour Social Development, MLSD, 2018.
Note: Red-category companies (non-compliance), Yellow category companies (poor compliance), Green-category companies (excellent compliance), Platinum category companies.

2.4 The Private Sector in Saudi Arabia

As the private sector is the major driving force reinforcing the economic market of Saudi Arabia, the Ministry of Commerce and Industry (MCI) reported that the private sector continued progress from 2004 until the end of 2014 (MCI, 2015), as shown in Figure 2.7. The MCI classified the private sectors into 24 different types: Branch of a foreign individual business, Limited partnership, Partnership limited by shares, Joint-liability partnership, Limited liability company, Joint-stock company, Arab joint-stock company, Branch of a foreign limited company, Branch of a foreign limited partnership, Limited partnership with a mixed capital, Joint-liability partnership with a mixed capital, Mixed limited liability company, Mixed joint-stock company, Foreign joint-stock company, Limited partnership with a foreign capital, Joint-liability partnership with a foreign capital, Foreign limited company, Partnership with a Gulf capital, Joint-liability partnership with a Gulf capital, Limited company with a Gulf capital, Joint-stock company with a Gulf capital, and Executive foreign firm contracting with the government .

The Saudi Law for Companies was established on July 20, 1965, and was still underway from this point up until November 8, 2015. However, the newly changed law was executed on November 9, 2015, by the Minister of MCI, Dr.Tawfiq Alrabiah. Differences between the old and new classifications of firms will be summarised shortly.

The existing classification has 24 types of firm, as mentioned above. Following is a list of the business types and a definition for each corresponding type:

- Branch of a foreign individual business: This is a branch of a foreign entity that has been developed with all liabilities of the company's lines being under the direction of one individual operating in another country. This type of business is not given a tax holiday upon registration (www.sagia.gov.sa, 2015).
- Limited partnership: This is a business company where the partners are liable for partnership debts to the full extent of their assets invested in the partnership. However, its registration process is the same as that of the General partnership (Latham & Watkins, 2010).
- Partnership limited by shares: This is a business company consisting of at least one general partner who is personally liable for all the debts of the partnership to the extent of personal assets, and at least four shareholders who are responsible for partnership debts only to the extent of their shares in the capital (PWC, 2015).

- Joint-liability partnership: This partnership is also referred to as the General partnership. It is an association of two or more partners, both of whom are jointly and personally liable for the partnership debts. This partnership is treated as a separate legal entity and may transact business in its own name (Latham & Watkins, 2010).
- Limited liability company: This form of a company refers to a private entity formed of two or more shareholders, both of whom are liable for the company debts to the extent of their contributed capital in the company. Such a company allows a maximum of 50 partners as shareholders, where its capital should be no less than SAR 500,000 (www.sagia.gov.sa, 2015).
- Joint-stock company: A Joint Stock company requires a minimum of five shareholders and has no maximum limit number of shareholders. In this company, the shareholders are liable to the extent of the value of their shares, which are evidenced by share certificates. Its minimum capital is SAR 2 million (Latham & Watkins, 2010).
- Arab joint-stock company: In this company, shareholders are liable for the value of their shares. It also has the ability to be public by offering its stocks to the public. However, it should have at least SAR 10 million in order to be incorporated into the public (Latham & Watkins, 2010).
- Branch of a foreign limited company: This is a branch of a foreign company that has been registered outside the Kingdom of Saudi Arabia. It is therefore authorised to carry out particular activities in the KSA. It is not entitled to a tax holiday.
- Branch of a foreign joint-liability partnership: This is a branch of a foreign company that has been registered outside the KSA as a Joint-liability partnership. The shareholders in this company are equally liable to the company liabilities (Ramady, 2010).
- Branch of a foreign joint-stock company: This refers to a branch of a company registered outside the KSA as a Joint-stock company. It therefore is liable according to the branch offices provisions in the KSA (Latham & Watkins, 2010).
- Limited partnership with a mixed capital: This refers to a company that has partners from various regions of the world, such as a foreigner and a Saudi National. In this partnership, everyone is liable for the company's liabilities to the extent of their shares in the company.
- Joint-liability partnership with a mixed capital: This is a company that has been established by shareholders from foreign nations, together with other Saudis. All shareholders are

equally liable for the company's liabilities, regardless of the shares in the company (Lovell, 2010).

- Foreign joint-stock company: This includes any association of a joint-stock company from a foreign country associating with another joint-stock company from the country having stocks or evidence of financial and beneficial interest (Saudilegal, 2018).
- Foreign limited company: This refers to a company that has been formed in another country, but which is now carrying out business in a different country, in this case, the KSA (International Business Publications, 2007).
- Limited company with a Gulf capital: This is a partnership formed between an entity in the KSA and a foreign entity from the Gulf region. Its members are liable to the extent of their shares in the company (Shoult, 2005).

The new system is designed with the objective to incorporate all actions encouraging new initiatives regarding business activities in order to promote the development and leading role of Saudi Arabia so as to gain a more competitive advantage and to encourage entrepreneurs of small and medium enterprises and investments (MCI, 2018). The law for Saudi companies will be ready to execute, with most important elements of the new law, including Corporate Forms, Number of Shareholders, Share Capital, and the Holding Company and Losses, all of which is discussed in detail below:

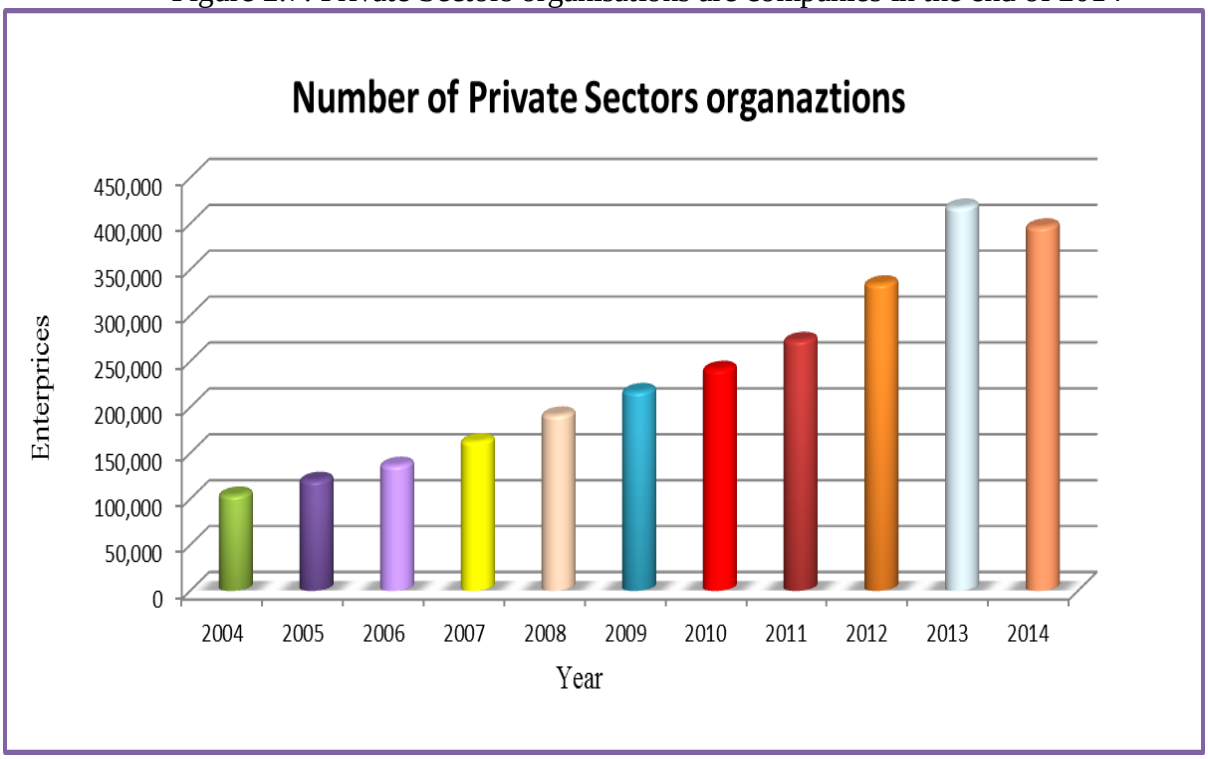
Corporate Forms:

The forms of enterprises are decreased from 24 types into five corporate forms, as follows: (1) General Partnership; (2) Limited Partnership; (3) Joint Venture Company; (4) Joint Stock Company (JSC); and (5) Limited Liability Company (LLC).

- Number of shareholders: The Joint Stock Companies were required to have five shareholders, as a minimum, in the old law system. However, the new law system requires only two shareholders. In addition, the new law cuts this requirement of a minimum two shareholders to a single shareholder for the establishment of a Limited Liability Company (LLC), keeping in mind that this exception is specifically concerned with foreign investors. More recently, a firm with a capital of more than US$1.3 million has the ability to establish a JSC with just a single shareholder under the new law.
- Share capital: The capital amount was SAR 2 million when looking to establish a Joint-stock company in the KSA under the old regime. Nevertheless, the new regime has reduced this

required capital amount to SAR 0.5 million. In addition, all foreign investments are welcomed to do business in Saudi Arabia and thus may impose additional capital requirements beyond SAR 0.5 million. Furthermore, JSCs can issue debt instruments and financing instruments that are referred to as Sukooks under the new law (MCI, 2018).

Figure 2.7: Private Sectors organisations are companies in the end of 2014



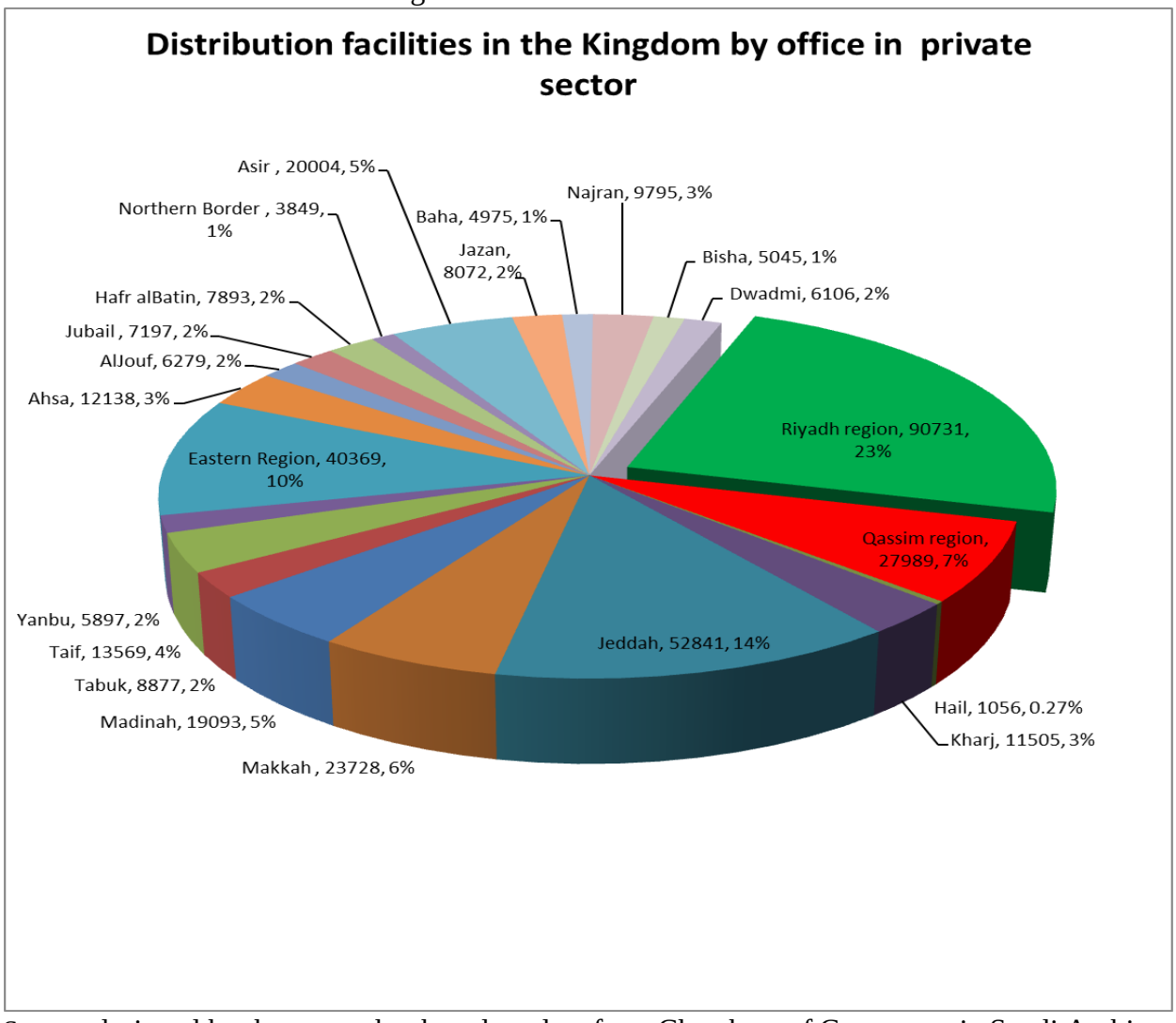
Source: Annual Statistics Report issued by Saudi Arabia General organisation of Social Insurance (GOSI), 2017.

2.4.1 Saudi Chamber

The Council for Saudi Chambers of Commerce and Industry is the official federation holding 28 Saudi Chambers, as follows: Abha Chamber of Commerce, Al-Bukeria Chamber of Commerce, AlGuryat Chamber of Commerce, AL-Kharj Chamber of Commerce, AL-Majma'ah Chamber of Commerce, Arar Chamber of Commerce, Chamber Of Commerce and Industry in the Eastern Province, Hail Chamber of Commerce, Jeddah Chamber of Commerce, Makhwah Province Chamber of Commerce, Najran Chamber of Commerce, Qassim Chamber of Commerce, Tabuk Chamber of Commerce, Yanbu Chamber of Commerce, Albaha Chamber of Commerce, AL-Gowyayah Chamber of Commerce, Alhasa Chamber of Commerce, Almadinah Chamber of Commerce, Al-Rass Chamber of Commerce, Bishah Chamber of Commerce, Hafr Albaten Chamber of Commerce, Jazan Chamber of Commerce, Jouf Chamber of Commerce, Makkah Chamber of Commerce, Onaizah Chamber of Commerce, Riyadh Chamber of Commerce, Taif Chamber of Commerce and Zulfie Chamber of Commerce.

The Council was formed in March 1980, with its headquarters located in Riyadh. There are many objectives underpinning the work of the Council, the main one being to represent the Saudi Chambers across domestic and multinational levels, as well as to assist in the enhancement of DEs and multinational enterprises in the development of the national economy. The pie chart detailed in Figure 2.8 shows the distribution of firms across Saudi Chambers over the Kingdom (CSC, 2016).

Figure 2.8: Firms in Saudi Chambers



Source: designed by the researcher based on data from Chambers of Commerce in Saudi Arabia CSC, 2016

2.4.2 Multinational Enterprises in Saudi Arabia

Multinational organisations are considered an important factor that moves the world economy forward; therefore, such entities are recognised as making connections between investments and economy across the global market. Moreover, MNEs transfer new technology and developments to a global partnership (Alharbi & Sing, 2013). The MCI has provided a list of all enterprises recognised as having more than one stakeholder. Table 2.3 shows each type of firm, along with its size. This part has been discussed in depth in the Methodology chapter.

Table 2.3: All enterprises in Saudi Arabia that have more than one stakeholder

Type	Firms
Limited partnership	1, 444
Partnership limited by shares	1
Joint-liability partnership	4, 083
Limited liability	38, 47
Saudi Joint-stock company	1, 115
Arab joint-stock company	4
Branch of a foreign limited company	1, 558
Branch of a foreign joint-liability partnership	71
Branch of a foreign joint-stock company	373
Branch of a foreign limited partnership	37
Limited partnership Mixed money	8
Joint-liability partnership with a mixed capital	50
Mixed limited liability company	3, 461
Mixed joint-stock company	19
Foreign joint-stock company	4
Limited partnership with a foreign capital	2
Joint-liability partnership with a foreign capital	2
Foreign limited company	1, 582
Partnership with a Gulf capital	5
Joint-liability partnership with a Gulf capital	19
Limited with a capital of Gulf	1, 662
Joint-stock company with a Gulf capital	33
Executive foreign firm contracting with the government	1
Total	54, 381

Source: MCI, 2016

The Middle East, including Saudi Arabia, it could be argued, has always been cast in a negative light. Due to this, one could believe that this region is always in conflict and unattractive for multinational companies. However, according to Kavoossi (2000), the Middle East hosts most of the largest multinational companies in the world, with the majority enjoying consistent profitability as a result of their operations in the area. In fact, the list of multinational companies functioning in the Middle East could be linked to a list of the Fortune 500. In this regard, MNEs have succeeded to become dominant players in Middle Eastern countries, including that of Saudi Arabia (Mellahi *et al.*, 2011).

The presence of multinational companies in Saudi Arabia and the Middle East, as a whole, is not a new phenomenon. To this effect, it is important to note that the history of the current multinational companies in the Middle East can be considered back to the era of the Ottoman Empire. For instance, the Ottoman Bank was created in the year 1856. It was a joint venture between Britain, France and the Ottoman Empire. Koese (2008) also presents other multinational companies, such as Nestlé, which situated its sales subsidiaries and commercial representatives in cities such as Jaffa, Cairo and Istanbul, amongst others. Koese (2008) reiterates that the diverse nature of the Ottoman capital served as a major training pillar for Nestlé and other multinational companies.

Within the oil sector, multinational companies created a platform in the Middle East during the 1930s. This was a time when most areas were seen to be under the European colonisation. Few independent governments, such as that of Saudi Arabia, struck deals with multinationals from the West so as to explore the host nation for oil. Most multinationals in the oil and gas industries were nationalised during the 1970s; this was when the local governments affirmed their independence by nationalising strategic industries and placed limitations on these companies (Stevens, 2009). However, throughout the course of the past twenty years, in their bid to join the WTO, create jobs and overhaul their technological abilities, Middle Eastern nations, including Saudi Arabia, have been forced to embrace multinational companies (Mellahi & Wood, 2002).

There are different multinational companies operating in Saudi Arabia, including but not limited to: from the US, Arthur Andersen in the insurance sector, General Electric in the electricity sector, the Boeing Company in the transportation sector, and Bank of America in the banking sector; from

China, China Railway Construction Corporation Limited in the transportation sector and Sinopec International Petroleum Service Corporation in the oil sector; and from other multinational regions, Cisco and EMC in the Information and Technology sector, both of which are American companies.

2.4.3 Impact of Investment by MNEs in the Saudi Economy

Multinational companies are known to contribute approximately 65% of non-governmental job opportunities available in a given host nation (Tirimba & Macharia, 2014). In the specific case of the KSA, investments by multinational companies channel physical and monetary capital in such a way so as to address capital shortages. This will result in wealth-creation and the generation of jobs. Moreover, new tax revenues emerge from the income generated by multinationals, which would allow the country to boost its infrastructures and to consolidate its human capital. According to Quinlivan (2005), through focusing on boosting the overall effectiveness of capital flows, companies will reduce levels of poverty and offer a positive externality, which is seen to be in line with the mission of the United Nations, calling for cooperation between nations.

2.4.4 Domestic Enterprises in Saudi Arabia

Notwithstanding the political conflicts in Arab regions, as well as the sovereign debt crisis, the economy of Saudi Arabia continues to expand. The government has set aside financial incentives in mind of addressing social concerns. Enhancement of the investment climate remains an integral component of the government's wider initiative to free the nation's trade and investment, diversify an economy that is increasingly reliant on oil, and enhance youth employment (USDS, 2012). Some domestic companies in Saudi Arabia include: Kingdom Holding Company from the investment sector, Saudi Basic Industries Corp founded in the petrochemical sector, Saudi Electricity Co in the electricity sector, Savola Group in the agribusiness sector, Al-Zamil Group (ZG) in air-conditioning manufacturing, and SABB in the banking sector, amongst others.

2.4.5 Investment of DEs and MNEs in Saudi Arabia

The difference between domestic and multinational companies in Saudi Arabia relates to the laws governing their establishment (Latham & Watkins, 2010). The investment law demands that any company in this nation with foreign shareholders must obtain a foreign capital investment mandate or license. Such licenses are afforded by SAGIA (Saudi Arabian General Investment Authority). In this regard, it is noted that companies from GCC states are deemed GCC nationals in the event that they are entirely owned by governments of people of GCC nations. On the other hand, regulations for companies control the creation and overall governance of local companies in Saudi Arabia (Latham & Watkins, 2010). The main types of legal entity include LLC, sole proprietorship, JSC and general partnership.

2.5 Proposed Methodology

A total of 1,544 firms operating in KSA was the target population. The sampling was 318 enterprises drawn to study. A total of 255 DEs and MNEs work in different industrial sectors, as follows: Oil, Gas & Petrochemicals, Education, Media & Communication, Financial, Retail, Manufacturing, Travel & Hospitality, Wholesale & Distribution and Insurance and Healthcare. A total of 255 firms responded, representing 80% of the respondents' rates. Of these 255 firms' answers, 175 firms were from DEs (69%) whilst 80 were from MNEs (31%). This research utilised the same methodology, as conducted by previous researchers in the HRM comparative (e.g., Fayed (2013) and Shiwaku (2014).

2.6 The Importance of HRM in General

The private sector is the major part that reinforces the economy market worldwide. The major factor that has affected enterprises is that of human resources management (HRM). Hence, the effectiveness of HRM on private sector performance is an important concept to be examined and studied due to HRM being recognised as having played the most important role when it comes to achieving success and maintaining enterprise growth in the market. Singh *et al*. (2013) comment that HRM is an important tool for measuring human capital and moving a firm to success in order to

get the most out of returns from human capital. Human resources management has contributed to the achievement of organisational advantage and firms' objectives (Armstrong, 1987). Keenoy (1990) added that the integration of HRM to Business Strategy has resulted in an economic return from labour resources. One of the most important methods for managing people in the organisation is HRM (Armstrong & Long, 1994).

2.7 The Importance of Human Resource Practices in the Kingdom of Saudi Arabia

Human Resource practices in Saudi Arabia are greatly influenced by the Islamic religion, which is the country's official religion, and the government structure of the Kingdom. Corrective policies have been put in place, such as that of Saudisation, for example, where the main objective is to reduce unemployment rates by increasing localisation (Saudi nationals) in the workforce. Although there is a common association with a shortage of Human Resources practices within its organisations, Saudi Arabia is recognised as one of the richest nations in the Eastern world due to its major contributions to the world's total oil production.

With the right implementation of Human Resource practices, employee turnover could potentially be reduced, which, at this time, is recognised as very high in Saudi Arabia and as being predominantly caused by a lack of proper legal policies and responsibilities. In this vein, appropriate Human Resources practice, such as training, is considered able to improve other sectors of the Saudi economy, such as tourism. A study has shown that Saudi Arabia has inadequate employee training and development programmes, particularly in the hospitality services domain (Saeed, Mubark & YanXia, 2015).

Al Dakeel & Almannie (2015) demonstrated the way in which poor Human Resource Management in the context of Saudi Arabia has translated into a significant issue in terms of the management of the public education system in the country. This, therefore, affects the size of the skilled and knowledgeable population, which could help Saudi industries to achieve a competitive advantage.

2.8 Summary

This chapter has outlined the profile of the KSA, with attention directed towards the country's history and its geography. Additionally, the country's political background has been reviewed, with an explanation given in regards its demography, such as population and growth rate. The economy of the KSA was explained in detail, including the labour market, as one important element discussed thoroughly in this chapter. The private sector was considered, along with a comparison between the new and old law systems for Saudi companies.

Saudi Arabia has the largest capacity of local employees when compared with GCCs. Moreover, the main product of Saudi Arabia is oil, which impacts GDP to a higher level and offers high revenue. Revenue has been expanded across many sectors to develop and enhance these practices. The highest budget of expenses is assigned to HRM when compared with other sectors. Notably, HRM practices play more important roles in terms of enhancing firms across the world, as well as in the KSA in particular.

CHAPTER THREE: LITERATURE REVIEW AND FRAMEWORK

This chapter reviews HRM literature, focusing on the four main elements: employees' training, recruitment, incentives, and rewards system. In addition, this chapter discusses three theories created in the HRM literature on multinational subsidiaries, i.e. duality, convergence and divergence. The framework design and hypotheses are implemented in line with the theories in the literature review.

3.1 Introduction

Theories related to the HRM and concepts linked to this research have been studied. These theories and concept, such as strategic, descriptive, normative, convergence, divergence and duality, supported the current researcher in implementing the hypotheses and framework. Furthermore, the research problem and research questions were mapped in this chapter.

Chapter Three's framework demonstrates four main practices in HR: incentive, appraisal, training and recruitment. Moreover, the culture, government regulations and employees are recognised as playing an important role in HRM practices, with their actions seen to affect the overall results. Therefore, the comparative differences between HRM practices in MNEs and DEs were instrumental towards developing an understanding of the research gap. This chapter has also addressed HRM theories and MNE theories pertaining to HRM and international HR by exploring several ideas that could affect the technical operations of MNEs. The researchers were in a position to determine the previous academic history of empirical and theoretical work.

3.2 HRM Practices

HRM practices are the various roles adopted by the HR manager, Line manager or even the Functional manager in influencing the performance of employees and organisations as a whole, such as through rewards, training, recruitment, compensation and employee evaluations, for example. Some researchers have measured the correlation between HR practices and organisational performance by examining a single practice, such as compensation or selection (Gerhar & Milkovich, 1990).

Arthur (1994) categorised HR practices as positive or negative practices connected to the organisation's performance. For example, employee promotion is described as the high performance of productivity to the employee (Huselid, 1995; Pfeffer, 1994). On the other hand, Arthur (1994) & Ichniowski *et al.* (1997) described promotions as difficult HRM practices and as being connected with a lesser degree of productivity. The practices used in this research include selection and recruitment, training, incentives and appraisals.

3.2.1 Theories of HRM

Kerlinger (1973) states that HRM, as a group of concepts, statement and propositions, is valuable when seeking to predict, explain and describe a phenomenon. Furthermore, finding the link between variables of interest has been a required theory. This theory supports finding the objectives of predictions and understanding the relationship between variables (Wright & McMahan, 1992).

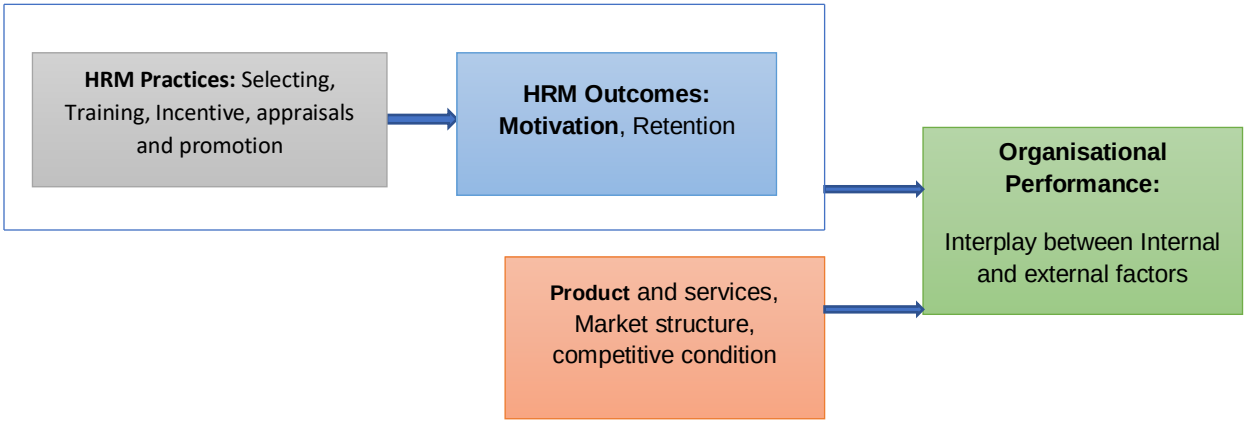
This research has applied theories to implement hypotheses and framework. The strategic, descriptive and normative theories have explained the linkage between HRM practices and firm outcomes, including the link between employees and HR practices. As has been identified in the HRM literature, there are three general types of HRM theory, namely strategic theory, descriptive theory and normative theory. The following sections describe each of these theories in greater detail. Additionally, three concepts, namely convergence, divergence and duality, will be explained later on in this chapter.

Guest (1997) has attempted to collect all arguments of researchers, such as Beer *et al.* (1985), Kochan *et al.* (1986), Hendry & Pettigrew (1990), Miles & Snow (1984), Schuler & Jackson (1987), Walton (1985), Pfeffer (1994), Dyer & Reeves (1995) and Becker & Gerhart (1996), by studying HRM theories and accordingly combining them together. Delery & Doty (1996) have commented that normative theories are recognised as universalistic and strategic theories as contingency.

3.2.1.1 Strategic Theory of HRM (Contingency Theory):

The Strategic Theory of HRM emphasises the relationship between external factors, such as labour market trends, technology, workforce characteristics and the role of unions, and HRM (Hendry & Pettigrew, 1990). The concept of strategic theory utilises an appropriate set of HRM practices to result in a positive impact on the HRM policies of the organisation (Miles & Snow, 1984). HRM is recognised as having interrelationships between HRM policies and practices, and key outcomes. For example, Guest (1997) has tested the relationship between business strategy and best HR practices, resulting in high organisational performance, as well as HRM practices as fitting with external factors. Establishing the relationship between the HR strategy and HR business are considered to fall under the strategic theory. Figure 3.1 details the HRM practices' impact on organisational performance via a mediator.

Figure 3.1: Factors impact on organisational performance



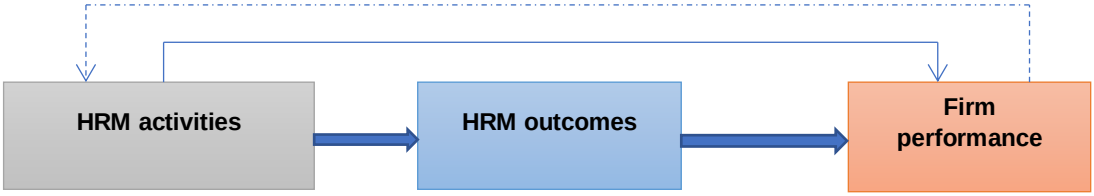
Source: Singh *et al.*, 2012

3.2.1.2 Descriptive Theories of HRM:

The Descriptive Theory considers the relationship between external factors and HRM practices, and accordingly explains the interrelationship between HRM policies and HRM practices, and the HRM outcomes (Guest, 1997). Paauwe & Richardson (1997) have designed a model for the interrelationships between HRM and performance. The model explains various HRM practices that will directly impact organisational performance. Figure 3.2 shows the interrelationship between HRM practices and organisational performance. Ideal HRM practices and firm outcomes are

affected by the external environment factors and organisational responses. For example, employee experiences and value of firms affect the set of HRM policies and organisational performance (Kochan *et al.*, 1986).

Figure 3.2: Framework HRM and organisational performance



Source: Paauwe & Richardson, 1997.

3.2.1.3 Theories of HRM (Universalistic Approach):

According to Guest (1997), Walton (1985) and Pfeffer (1994, 1998), organisations with a set of best HRM practices will achieve greater performance outcomes, regardless of the business strategy or the firm's size. In addition, they have added that there are three factors supporting high organisational performance:

1. The skills and knowledge of human capital that will impact on recruitment, selection, training and development processes.
2. An opportunity that is affected by job designs and empowerment.
3. Motivation that is impacting on rewards and incentives.

The Normative Theory has the highest potential in terms of enhancing organisational performance relative to strategic and descriptive theories (Guest, 1997). Figure 3.3 shows the best HRM practices and their impact on organisational performance.

Figure 3.3: Best practices impact on organisational performance

HRM Practices →	HRM Outcomes →	Behavior Outcomes →	Performance Outcomes
Selecting, training and appraisal	Commitment	Motivation and Cooperation	High: Productivity, Quality and Innovation
Rewards, Job design and Involvement	Quality	Involvement	Absence, Labor Turnover Conflict ,
Involvement statues and Security	Flexibility	Organization Citizenship	customer complaints and labor turnover

Source: Guest, 1997

3.3 The Internationalisation of Business and Globalisation

At the end of the 20th Century, globalisation began to increase in importance, becoming even more important in the 21st Century. Lansbury & Baird (2004) recognised enterprises as having expanded their work in a more dynamic world of international business. However, Edwards & Ree (2006) commented that globalisation is not a clear concept and remains subject to debate.

The term 'globalisation' has many definitions; however, most are changeable or unclear. Todaro Smith (2011) define globalisation as the method through which the world increasingly functions as a single community rather than many widely separated communities.

The theory concept of globalisation is that all countries in the world have the ability to be more uniformed and standardised through various aspects of life. Moreover, Scholte (2000) mentioned different areas in which globalisation could occur, such as Global Communication, Global markets, Global money, Global finance, Global organisation, Global social ecology and Global consciousness, for example.

The process of consumer markets, production lines, labour, technology and investment as part of economic context are more globally integrated (Lall, 1999; Held *et al.*, 1999). The output of globalisation is that many enterprises need to compete on a global scale, rather than merely focusing on regional markets (Bartlett & Ghoshal, 1998). It must be observed that the majority of MNEs should compete strategically on a regional or even local scale (Ghemawat, 2005; Rugman, 2003). In addition, authors such as Prahalad (1976), Doz (1979) and Bartlett & Ghoshal (1998) have stressed the importance of national responsiveness, which takes into consideration the fact that customers in

different markets do not have identical tastes, meaning it would be strategically advantageous to adapt products tailored to the local demands.

3.3.1 International HRM (IHRM)

IHRM has been considered by scholars during the past quarter-century. The improvement and development of globalisation have led IHRM to be more important, with subsidiaries connected to the home country in such a way so as to enhance and utilise the training and management of employees in these subsidiaries (Dowling & Welch, 2004). IHRM has been defined in terms of HR function, with consideration to HR practices and HR activities. Table 3.1 sorts the definitions of IHRM from the literature review.

Table 3. 1: Definition of IHRM

Author	IHRM Definition
Scullion, 1995	Policies that are followed by an organisation to control problems which relate to the internationalism of business
Welch, 1994	Activities of recruitment, training and compensation to performance management
Milliman *et al.*, 1991	A key role in coordination of foreign subsidiaries with adaption to local environment

Source: Author

This research has considered the concepts introduced in the literature review of IHRM for more in-depth discussion, as well as comprehensively discussing four HRM practises, namely recruitment and selection, training, appraisal, and incentives. MNEs have attempted to rank in the first position in competition with their operations. Zhu *et al.* (2008) have argued that DEs and MNEs have different organisational cultures, with DEs seemingly influenced by local norms, beliefs and values, whereas MNEs are less influenced by such factors.

3.3.2 Different Cultures between Countries

National cultures are debated in the literature review as being one of the most important concepts connecting HRM in multinational enterprises. Culture has been defined as the connection of rules, attitudes and beliefs; however, other scholars define culture as behaviours and values at the onset of learning, which are then shared amongst a group that is passed down from one generation to the next (Erez & Earley, 1993). Hofstede (2001) commented that such values are created by social interaction in the early years of people's lives, with such values very difficult to change in people.

Researchers have developed and categorised cultures according to country. For example, Hofstede designed four cross-cultural dimensions, representing cultures in specific countries. He completed his research in the IBM enterprise with the use of 116,000 questionnaires (Hofstede, 1980, 2001; Hofstede *et al.*, 1990). Furthermore, he added one more dimension in 1993, taking the total to five dimensions in describing culture in specific geographical regions. Figure 3.4 shows the culture in specific countries (Hofstede, 1984). The five dimensions are uncertainty avoidance, masculinity-femininity, individualism-collectivism, power distance and long-term/short-term orientation. The flowchart demonstrated the dimensions, the degree to which people have high or low situations, and countries with varying examples.

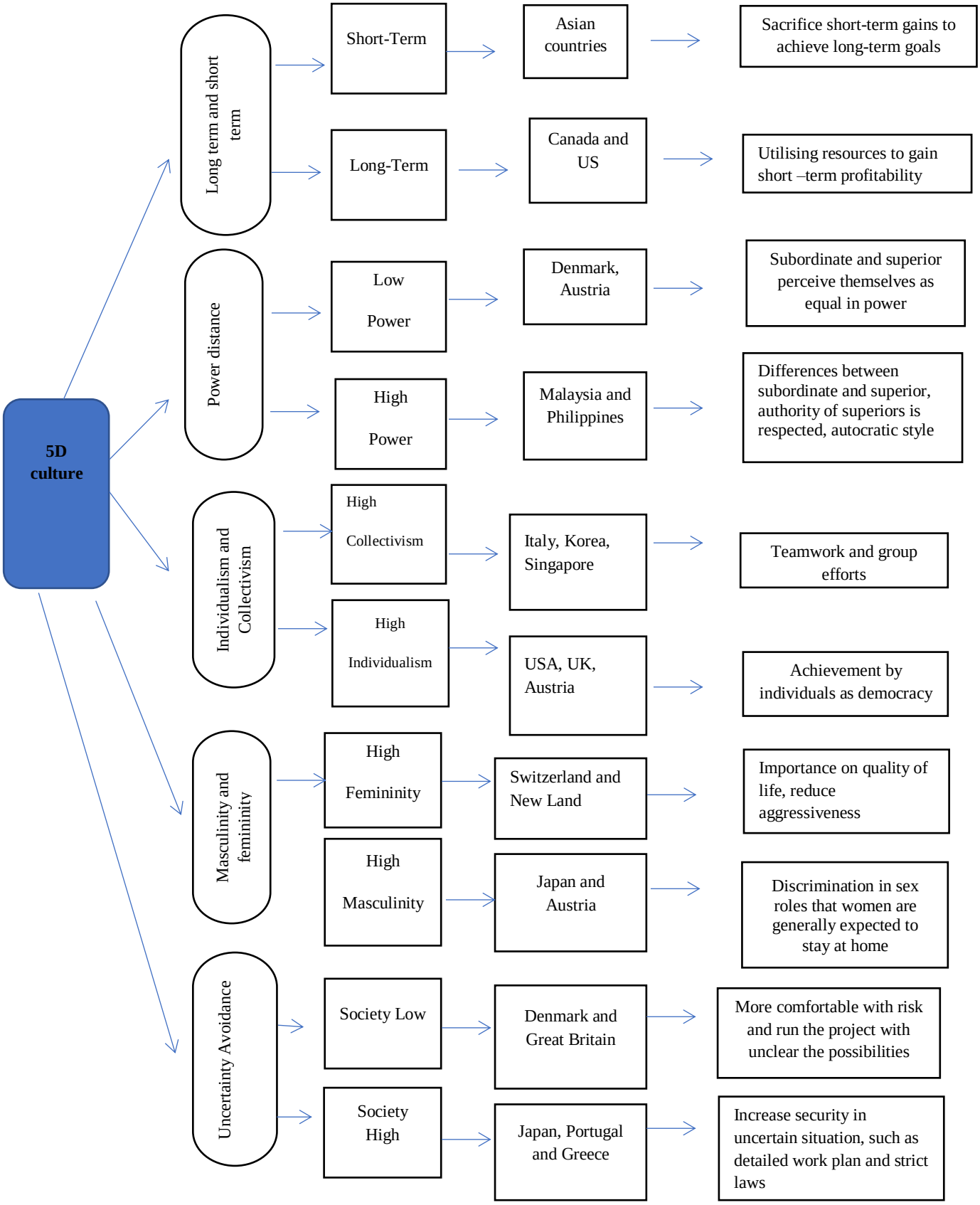
Three cultural dimensions have been studied by Alhirz & Sajeev (2015) in the context of Saudi Arabia. These three dimensions are uncertainty avoidance, power distance and individualism. They have found the uncertainty avoidance's dimension to be significant to Enterprises Resource Planning (ERP) in Saudi Arabia. The other two dimensions, namely power distance and individualism, were not significant to a high extent. Users of ERP were found to have high uncertainty, low power distance and low individualism.

Cassell & Balke (2012) also analysed Hofstede's 5D model in the context of Saudi Arabia. They found the results of the 5D model in Saudi Arabia as follows:

1. Power distance: Saudi Arabia was found to have a high level of inequality of power. For example, a manager separated himself from the group.
2. Individualism vs collectivism: Saudi Arabia had a collective culture and high loyalty. Moreover, family relationships are connected with HRM practices, such as recruitment and promotions. For instance, family members or friends were desired and more considered for promotion and recruitment versus non-relative best-qualified employees.
3. Masculinity vs femininity: Saudi Arabia has a strong feministic culture.

4. Uncertainly avoidance: Relating to society's low level of uncertainty, where people in Saudi Arabia show high control in order to avoid the unexpected.
5. Long-term orientation: Saudi Arabia has a long-term orientation dimension.

3.4: Flowchart Five Dimensions of culture



Source: Designed by author

3.4 The Role of the HR Manager in the Organisation

This section of the research demonstrates four models that have impacted positively on organisational performance, as investigated by various scholars, including Tyson (1987), Schuler & Jackson (1999), Carrol (1991), Storey (1992) and Ulrich (1997a). In this vein, Tyson (1987) highlighted three models of personnel management employment relationships; these models are implemented by HR senior management. These models are Clerk of Works model, the Contracts Manager model and the Architect model.

1. Clerk of Works model: This model is focused on administrative activities, where the HR Senior Manager (Director) has no authority, but has only administrative responsibilities in a limited area of HR practices, such as recruitment, training, appraisal, incentive and retention.
2. The contracts manager model: The HR senior manager acts on behalf of the Line manager, who attempts to minimise problems within the organisation. Moreover, the HR senior manager deals with trade union agreements.
3. Architect model: The HR senior manager has a good relationship with top-level management and decides, alongside the Line manager, on corporate and business strategy-related decisions. The three models are represented in Table 3.2 to show the authority of HR senior management within different organisations.

Table 3.2: The authority of HR managers and Line managers in the organisation

Models	Line manager		HR Director	
clerk of works	High authority on strategic of organisation	High authority HR practices	Low authority on strategic of organisation	Low authority HR practices
contracts manager	High authority on strategic of organisation	Low authority HR practices	Low authority on strategic of organisation	High authority HR practices
architect	High authority on strategic of organisation	Low authority HR practices	High authority on strategic of organisation	High authority HR practices

Source: designed by the author

SHRM is divided into two concepts, namely the integration or involvement of HR functions to the business, and the development of HR practices by the HR manager. The implementation of integration and development are adopted by HR senior management, and impact positively on organisation success (Singh *et al.*, 2012a).

Schuler & Jackson (1999) have defined HR integration as the process of formulating strategic direction in the organisation, and is seen to include alignment with the goals and objectives of the organisation. On the other hand, the involvement of the Line manager in formulating HR practices, which includes controlling and motivating employees, could be defined as HR development (Ulrich, 1997b; Budhwar & Khatri, 2001; Sing *et al.*, 2012a). The Line manager carries out the HRM practices, and accordingly provides these practices to employees. Notably, such HR practices are in cohesion with HR policies, meaning HR managers provide training in HR practices to Line managers (Sing *et al.*, 2012a).

Budhwar (2000) agreed that HR senior managers have impacted positively on the development of HR practices, such as in regards recruitment and selection, training, appraisal, retention and incentive. Additionally, HR senior managers are able to solve problems in the organisation, helping to create responsible Line managers. Sullivan (2003) added that cooperation between HR senior managers and Line managers further helps to minimise problems within the organisation.

HR directors have added high value to organisations. This high value can be seen in organisations' forward movements to modernisation, with the modernisation of an organisation recognised as having attracted many scholars, such as Sing *et al.* (2012a), Storey (1995), Tyson (1995) and Evans *et al.* (2002), in terms of focusing on the roles the HR director plays in securing high achievements across the firm.

In 1991, Carroll added the same concept of Tyson (1987) by categorising HR roles into three groups, as shown in Table 3.3. These HRM roles have achieved positive effects on the performance of the organisation:

1. Delegator: HR manager assigns the task of implementing the HRM system to the Line manager.
2. Technical expert: HR manager is responsible over HR practices such as recruitment, appraisal and training, incentive and retention. And skills development of employee.

3. Innovator: HR managers have more authority to solve a major problem such as productivity.

Table 3.3: Authority of LM and HR Manager in the three roles, as considered by CarRoll (1991).

Role	Line manager	HR Manager
Delegator	High authority in HR practices	High authority in HR practices
Technical expert	Low authority in HR practices	High authority in HR practices
Innovator	Low authority in HR practices	High authority in HR practices

Source: Author

Some researchers have investigated the issue associated with the HR manager's role; that is, a shortage in tasks to be completed. For example, Waston (1997), Legge (1978) and Fell (1986) agreed that there is a shortage of HR managers' areas in decision-making and contributions to the goals and performance of organisations.

Storey (1992) highlighted the shortage and weakness of HR manager's roles by offering different roles played by HR senior manager that enhance the organisation performance. These roles are.

1. Advisors: Providing advice and expertise, without interference to the Line manager's role.
2. Handmaidens: No interference in the Line manager's roles; only providing help when required.
3. Regulators: Implementing HR rules and completing employee observations.
4. Change makers: Having high authority on the business and strategic management, and in the formulation of HR practices so as to improve employees' motivation.

In addition, HR managers' roles are in continuous improvement. Researchers are completing continuous studies centred on improving such roles so as to increase value for organisations. For instance, Ulrich (1997a) designed one model for HR manager, in which four different roles were listed:

1. Strategic partner: HR managers are responsible for supporting HR initiatives with the strategic objectives of the organisation.
2. Change agent: HR managers have the ability to change the work environment and run HR practices.
3. Administrative expert: Maximises organisations through the addition of new technologies by training employees.
4. Employee champion: HR managers consider the development of employees by increasing their productivity skills, knowledge, ability and loyalty.

3.4.1 Involvement and Devolvement Roles of the HR Manager

Interestingly, HR devolvement concerns the designation of HR practices to Line managers, entrusting them with overseeing and actualising these errands owing to their nearness to subordinates, therefore making it less demanding to oversee, control and inspire them (Cunningham & Flyman, 1999; Budhwar & Khatri. 2001). The devolution of such errands to Line managers helps in handling any issues with autonomy (Budhhwar, 2000). Furthermore, various advantages are recognised when HR devolvement occurs: for example, more proficient reactions to workers' stresses, questions and troubles, which can prompt more content and more beneficial representatives. Likewise, this can free-up the HR capacity to be a more dynamic aspect of the organisation's vital procedure, which can help to achieve additional points of interest (Sign *et al.*, 2012a).

All things considered, a few researchers have noted the absence of ability amongst Line supervisors in the management of HR obligations, which could help in the vicinity of faculty masters in organisations, specifically in the management of such obligations (see Gennard & Kelly, 1997; Cunningham & Hyman., 190). Accordingly, it is essential that HR directors and experts ought to additionally prepare Line administrators on HR issues, and ceaselessly collaborate and communicate in this regard (Cunningham & Hyman, 1999; Andesens *et al.*, 2007).

HRM directors have affected HRM practices and their employees. Furthermore, they have achieved motivation and control amongst employees in mind of achieving higher output (Andrews & Chompusri, 2005). The HRM director has played a key role in HRM in terms of supporting their organisation and achieving and maintaining a competitive advantage over MNEs and DEs

competitors. The enhancement of competitive advantage results from HRM practices (incentives, training, retention, recruitment and rewards), all of which are implemented and developed by the HR manager (Papalexandirs & Panayotopoulou, 2004).

The building up of good cooperation between HR managers and Line manager helps to create synergies, add value, and facilitate better understanding the problem in different organisational functions (Sullivan, 2003; Andrews & Chompusri, 2005). Many scholars have debated and directed attention towards involving and devolving HR managers in HRM strategies (Brewster & Larsen, 2000; Papalexandirs & Panayotopoulou 2004). The devolution of HRM activities from HR managers is an essential practice in the progressive competitive environment (Budhwar, 2000).

A number of authors, such as Storey (1992), Hall & Torrington (1998), Brewster & Larsen (2000), Renwick (2000) and Azmi & Mushtaq (2013), have denied the metaphor devolution as the reallocation of personnel tasks to managers. Further, Brewster & Mayne (1994) have argued that the involvement of the Line manager in HR activities, such as through incentives, training, retention, recruitment and rewards in operating cost employees, will result in pressure within the organisation. In this vein, Renwick (2000) added that several organisations reveal Line managers as not performing well.

Ulrich (1998), however, believed that HR Line managers deliver HR practice excellence and add value to HR practices by inviting them to adopt HR strategies. The same is mentioned by Jackson & Schuler (2003) and Legge (1995), all of whom agreed that an invitation to Line managers in HR practices add value to HR practices. Importantly, Human Resources practices are not limited to HR managers only; however, other agents, such as Line managers, are involved in HRM (Valverde, Ryan & Soler, 2006; Azmi & Mushtaq, 2013).

The devolution of HRM to Line manager has been studied by many scholars (e.g., McConville, 2006; Currie & Procter, 2001; Cunningham & Hyman, 1995; Papalexandris & Panayotopoulou, 2004; Thornhill & Saunders, 1998). Notably, however, the devolving Line manager to HR strategies has been denied by some scholars whilst being agreed by others. As such, scholars have discussed that devolving HR practices to the Line manager will enable faster decision-making (Perry & Kulik, 2008). MacNeil (2003) agreed that Line managers have the ability to influence strategic and operational priorities. According to one study carried out across Asian firms, conducted by Ryu & Kim (2013), Line manager involvement in HR was found to create a strong atmosphere by

supplying distinctive, consistent and enhancing messages to employees. Supporting this, Budhwar (2000) emphasised HR devolvement as potentially helping firms in solving problems that could lead to improved management.

On the other hand, some scholars have denied devolving HR responsibility to Line managers. For instance, Renwick (2003) echoed that Line managers are unsuccessful in completing HR tasks and delivering value. Larsen & Brewster (2003) added the same, stating that Line managers may lack the skills to achieve HR tasks and, more so, probably do not have sufficient interest for people management or that HR tasks conflict with their responsibilities.

The role of HR managers is not limited only to establishing and meeting goals in their respective departments. In contrast, their role will extend to managing people (Lowe, 1992; Schuler, 1992; Storey, 1992; Keen & Vickerstaff, 1997; Papalexandris & Panayotopoulou, 2003; Azmi & Mushtaq, 2013). Line managers play a strategic role in devolving their subordinates and are responsible for achieving HRM goals (Brewster & Larsen, 1992; Lowe, 1992). Additionally, Hall & Torrington (1998), Bond *et al*. (2002), Larsen & Brewster (2003), Bond *et al.* (2002), Hall & Torrington (1998), McCracken & Wallace (2000) and Azmi & Mushtaq (2013) also have documented the role of Line managers in HRM decision making.

Casco´n-Pereira *et al.* (2006) and Valverde *et al.* (2006) have suggested that Line managers have been involved in many areas, such as HRM budgeting, routine HRM processes and activities, and HRM decision-making (Casco´n-Pereira *et al.*, 2006; Valverde *et al.*, 2006, 2014). Essentially, the participation and cooperation between the HR and Line manager will positively impact organisational performance (Gennard & Kelly, 1997; Thornhill & Saunders, 1998; Dany *et al.*, 2008; Azmi, 2010).

An empirical research has explored the role of Line manager in Asian countries (Azmi & Mushtaq, 2013). The work found that Line managers play different roles in terms of integrating and enhancing organisational performance. Moreover, they have a role in influencing HR practices, such as through training, incentive, recruitment, retention and appraisal. Additionally, they also adopt a role in the overall effectiveness of the HR department, the relationships of the HR department with major stakeholders, and in terms of the overall effectiveness of the HR department. Mat & Susomrith (2014) explored the compression between three DEs enterprises and found that Line managers require involvement in many HRM activities, such as performance, appraisal, selection

and recruitment, development and training, incentives and rewards, and retention. However, there are difference in HRM practices between three DEs due to their differences in terms of firm category, size and operation.

3.5 Theories of Multinational Enterprises

Many scholars have explained the concepts of convergence, divergence and duality in theories. These theories have detailed the convergence or similarities, divergence or transformation and duality. The flowchart in Figure 3.5 shows the theories of convergence, divergence and duality.

However, a number of scholars believe in the divergence concept, commenting that the nation will be affected in terms of regulations, government, culture and beliefs (Hollingsworth & Streeck, 1994). In other words, the divergence theory has its own dissimilarities in culture, with Olie (1995) agreeing that countries are dissimilar from one another in a way that reflects in the management of organisations. Hofstede (1980) showed that the national culture has impacted on an organisation's environment. For example, the development of organisational values and decision-making process has an influence on the morale, behaviours and norms of managers. Accordingly, the differences that appear in subsidiaries and branches of MNSs are reasonable and expected (Pudelko & Harzing, 2007).

3.5.1 The Convergence Theory of Multinational

The convergence of MNSs has been considered by many scholars, such as Kerr *et al.* (1960), who comment that behaviours with industrial work could be similar when firms move from another place. Gooderham & Brewester (2003) believe that organisational management will be expanded globally, with Pugh (1981) adding that MNSs will be similar to some parts that are not influenced by culture, such as technology and industry. Chen *et al.* (2005) support the convergence of organisation and add the convergence hypothesis. It is held that MNSs are not influenced by national institutions, which is a concept of the convergence theory. The convergence theory explains that HRM roles and practices have the flexibility to work everywhere, regardless of the different political, culture and ideological factors (Paauwe & Boselie, 2005).

Convergence theories are divided into two parts: globalisations and ethnocentricity; it has been stated that the HR practices will be similar in countries of same origins and with similar nations.

The globalisation shows that MNSs have promoted the best HR practices with international standards (Sera, 1992). The other concept is ethnocentricity, which shows MNSs' usage as adopting the same practice of countries with the same origins, and applying these practices wherever they work.

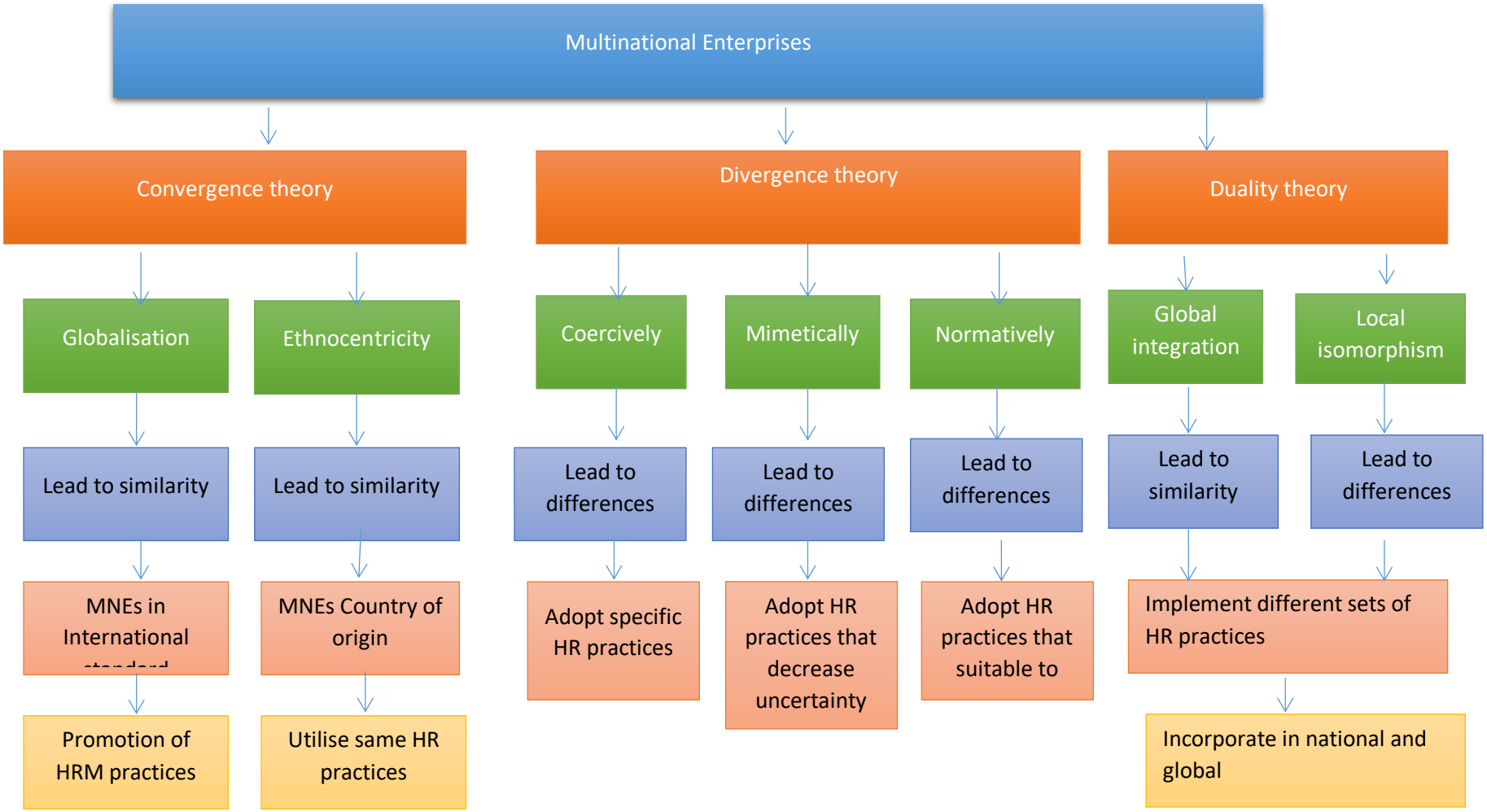
3.5.2 The Divergence Theory of Multinational

In contrast, divergence theories have considered differences that are categorised in three ways: coercively, mimetically and normatively. Those categorised coercively explain MNSs as adopting specific practises and mimetically communicating that successful practices are adopted in order to decrease problems. In addition, in the normative categorisation, HR practises that will be appropriate to the environment are adopted (DiMaggio & Powell, 1983). Such theories do not cooperate at both national and global dimensions, with MNSs facing negative impacts in terms of moving global integration and local isomorphism (Rosenzweig & Singh, 1991). The flowchart in Figure 3.5 summarises the concepts of divergence theory.

3.5.3 The Duality Theory of Multinational

The concept of duality theory is that MNEs partially apply HRM practices of local behaviour and HRM practices in universal international behaviour (Kostova & Roth, 2002; Evans *et al*., 2002). McGaughey & De Cieri (1999) commented that the outputs of divergence theory will be consolidated at both local and global scales. The flowchart in Figure 3.5 and Table 3.4 summarise the concepts of divergence theory.

Figure 3.5: Convergence, divergence and duality theories



Source: Designed by Author

Table 3.4: convergence, divergence and duality

	Convergence	**Divergence**	**Duality**
Key Idea	Behaviours with industrial works could be similar when firms move from one place to another	the nation will have an effect on MNEs in regulation, government, culture and beliefs	Partially of HRM practices could be similar and partially of HRM practices will affect MNEs when firms move to another place.
Main concept	MNEs will be similar in some parts that are not influence by culture such as technology and industry	National culture has an impact on organisational performance.	Culture of the host country will be affected in some part of the home country
Lead	Lead to similarities	Lead to differences	Lead to differences & similarities
Advocates	Kerr *et al.,* (1960), Gooderham & Brewester (2003), Pugh (1981), Chen *et al.*, (2005) and Paauwe & Boselie, 2005).	Hofstede (1980), Hollingworth & Streeck (1994), Oile (1995) and Pudelko & Harzing (2007).	Sera (1992)

Source: Designed by Author

3.6 Earlier Comparison Works in Literature Review

The comparative analysis of HRM practices has been studied by researchers in foreign firms, as well as in local firms. These studies are exhibited in table 3.5, which shows the variety of comparative elements and further exhibits the differences in HRM practices between countries. Table 3.5 also provides a comparison between cross-cultural and cross-national enterprises. In addition, the majority of studies sorted in Table 3.5 consider the impact of culture on HRM practises within an organisation. The parent enterprises or home enterprises could be affected with convergence or divergence or duality concepts when operating in host countries. Table 3.5 demonstrates the comparison between domestic and foreign ownership, and further shows the similarities and dissimilarities of MNSs, including HRM policies in hosting countries.

Studies in Table 3.5 are inclined towards Western and developed countries more so than Eastern countries. Eastern countries are relatively understudied in regards this subject of dissimilarities across domestic and multinational firms. Researchers have therefore needed to concentrate on the Middle East and the GCC. Indeed, studying GCC, in this particular domain, will support the enhancement of the management framework and models in Middle Eastern countries. In addition, some of the core factors in achieving success in HRM in the Middle East have not been highlighted in the literature review. For example, the type of ownership of branches operating in host countries could be considered an influential factor. Furthermore, previous studies in the literature review have not detailed HR strategies underpinning development. Additionally, the relationship between HRM and organisational performance are almost ignored in the comparison.

Table 3.5: The differences in the HRM practices between countries

Study	Compared HR variables	Research design	Findings
England & Lee, 1974	Personal values of managers	Cross national MNSs (Australia, India, Japan, and the United States)	Managers of four countries almost similar in some values such as: high productivity, profit maximisation, managers, subordinates, labour unions, ability, aggressiveness, prejudice, achievement, creativity, success, change, competition, and liberalism. Less relationship of manager is represented in Japan. However, the highest relationship level between managers is represented for Australian managers.
Maung, 1974	Study of economic development	Multinational MNSs Burma Vs MNSs Pakistan	Burma has an open economic system leading to development.
Kono, 1976	Long range planning	Multinational MNSs USA vs MNSs Japan	Manpower planning and education planning are considered more important in Japan. In the U.S. there is less emphasis on manpower planning. U.S. long range planning is used for targeting the strategies of divisions and to control the divisions. In Japan, long range planning is used for improving the strategic decision by top management, so the planning process is more of a centralised interactive process.
Alkindilchie, 1977	Librarianship performance	Domestic Des in Iraq vs DEs in Egypt	Modern libraries are more significant in Egypt than in Iraq. Library education and library training have started more than fifteen years earlier in Egypt, and on a larger scale, the number of professional librarians and elites is much more than the number of their colleagues in Iraq.
Bomers & Peterson, 1977	Barging Bower and job security	Cross-national MNSs USA vs MNSs European Working in Netherlands and Germany	European MNSs tend to decentralise industrial relations policy-making to a much greater extent than American MNEs.US is more like to centralise according to managerial supervision, the profit plan mechanism and corporate financial controls
Ferner, 1979	Examine HR practices	Multinational – Multinational MNSs (Germany, US and Japan in Britain)	The performance evaluation, system of control and motivation system showed US firms more likely than Japanese Firms. The feedback and communication are more likely in Germany than in Japan.

Hamil, 1984	Labour relation decision making	Cross-national MNSs USA vs MNSs European	MNSs US to be more centralised in labour relations decision-making than MNSs European, reflecting greater capital investment and wages.
Negandi & Baliga, 1981	Organisational structures, Decision-making and control processes	Cross-national German MNSs vs US MNSs vs Japanese MNSs	US MNS need more reporting on written policies when relative to Germans and Japanese MNSs
Lincoln *et al.*, 1986	Information Technology	Cross-multinational MNSs USA vs MNSs Japan	Functional specialisation employees' work roles are lower in Japanese than in U.S. organisations. Formal authority is higher in Japanese than in U.S. Decision making is lower in Japanese than U.S. organisation.
Purcell *et al*., 1987	Management of personal and Industrial relation practices	Local vs Multinational UK Domestics vs Foreign MNE in UK	MNSs used a flexible and various ways in communicating with employees more than DE. MNSs appear to be more developed in HRM techniques and job basement. MNSs are likely to be controlled by the policy instructions in industrial relations sector more than in the local firms. The resources to personal and industrial management in corporate director and establishment levels are more enhanced in MNSs than DENs.
Cheng & Brown, 1989	HRM strategies and labour turnover	Cross-national MNSs Australia vs MNSs Singapore	Singapore is associated with a higher turnover rate. Training in both countries has been closely associated with the induction process. Although developmental opportunities are present in both Singapore and Australia.
Beaumont *et al*., 1990	Industrial relation practices of foreign owned establishments	Cross-multinational MNSs Germany (small size) vs MNSs Germany (large size) operating in UK	Very high level of non-unionism amongst small German subsidiaries. But, parents' companies recognise a union for collective bargaining.
Vertinsky *et al.*, 1990	Organisational Design	Cross-national MNSs (Canada, PRC and HK)	The formal structure in PRC and HK is more important than Canada. The environment business in Canada is more stable and predictable than other two samples. Decision makers are lower in HK.
Rosenzweig & Singh, 1991, 1991	Organisational structures and control systems	Cross-national Japanese MNSs vs American MNSs	Japanese organisations are interested in a higher institutional environment than U.S. organisations.
Elizur *et al.*, 1991	Analyse the structure	Cross-national	The achievement is less important in Eastern cultures, China, Korea, and

	of work values	MNSs US, MNSs China, MNSs Korea, MNSs Taiwan, MNSs Germany, MNSs Holland, MNSs Hungary and MNSs Israel.	Taiwan than western cultures. Job interest is ranked considerably lower by respondents in China and Hungary than in other samples. Supervision, recognition, meaningful work and pay are ranked very high by the Hungarian respondents, but considerably lower by the Chinese respondents. The China sample considered contribution to society as very important. The German respondents rated co-workers, benefits and security very high.
Ralston *et al.*, 1993	Analysing managerial Value	Cross-national l MNSs USA, MNSs HK and MNSs China	US and HK manager is more significant in authority channel and personal relationship than PRC.
Child & Markoczy, 1993	Measuring Managerial Behaviour	Multinational vs Domestic DEs China and MNSs Hungary	Domestic managers were unwilling to share information, or they provided information that was inappropriate. Local managers failed to pass information down to their subordinates and communication between departments is very poor.
Chimezie *et al.,1993*	Analysing Employees' Responsibility	Multinational MNSs USA vs MNSs PRC	China is more fluid, or ambiguous, than those of American counterparts in reward system. USA believed the individual reward will motivate employees. But, China believe that all employees exert the same amount of effort no one do extra assignment.
Pennings, 1993	Exploring issues of executive compensation in a cross-cultural context	Multinational MNSs USA, France, and the Netherlands)	Reward systems are more explicit, widely diffused, and prominently displayed in US firms. US firms have an explicit executive compensation system, while most French and Dutch firms do not.
Yuen & Kee, 1993	HRM practices	Local vs Multinational US MNSs vs Japanese MNSs vs Singapore DEs	HRM practices (communication of employee, wages, training and reward) Are more extensive in US MNSs and HRM practices in US firms have a more designed and standardised when compared with DEs in Singapore. Japanese MNSs are in the same level of Singapore DEs.
Sparrow *et al.*, 1994	Study of Human Resource policies and practices	Cross multinational MNSs (USA, Japan, France and Korea)	Promoting an empowerment culture is not presented in Japan when compared by USA. Promoting diversity and an equality culture in USA is higher than France. United States scores significantly higher on 'emphasis on flexible work practices' compared to Brazil. France placed significantly higher emphasis on customer service. Korea placed a higher 'emphasis on training and career management
Johansson & Yip, 1994	Global strategy	Cross-national	Japanese firms are more global in strategy and more centred in global

		MNSs vs MNSs Japan	integration. Japanese arrive to effect global organisation,
Kopp, 1994	Posting Expatriates employee and local employee	Cross national MNSs in Japan vs MNSs in Europe vs MNSs in USA	MNSs in Japan are more likely to be ethnocentric pattern than American and European. This can be observed using local employees in low class ceiling and expatriates in managerial postings.
Rosenzweig & Nohria, 1994	HRM impact on Multinational corporation	Cross-national eight parent companies in USA: Canada, France, Germany, Japan, the Netherlands, Sweden, Switzerland and the United Kingdom	The Japanese were less like local firms than affiliates of other parent countries. Japanese and Sweden are more like their home countries than parent countries.
Wong & Brinbaum-more, 1994	Formalisation and centralisation of Banks	Cross national 14 MNSs working in Hong Kong: US, UK, Netherlands, Canada, HK, Singapore, India, Philippine, Germany, Switzerland, France, Iran, Japan and Thailand	US MNSs are more likely to train, develop, appraise and communicate. Japan and Swiss are higher formalised, and more on expatriate than UK and France.
Chen, 1995	HRM practices in reward system	Cross national MNSs Chinese and MNSs U. S	China will place higher priority on economic organisational goals and lower priority on humanistic organisational goals. U.S. business employees will prefer different rules for allocating different types of rewards. Specifically, they will prefer different rules for allocating material rewards.
Lawler *et al*., 1995	HRM Impact in developing economies	Cross-multinational MNSs India vs MNSs Thailand	Recruitment methods in India are more structured than in Thailand. India considered the background education and ability of selected employees. HRM practices reliance on more formal and structured methods in India.
Milliman *et al*., 1995	Developing of HRM	Cross national MNSs (Japan, Korea, Taiwan and US)	There is a lack of appraisal in Asian countries. Also, the lowest pay appraisal is shown in Korea.
Aitken *et al*., 1995	Wages and foreign	Multinational vs Domestic MNSs, Mexico, USA and Venezuela DEs, Mexico, USA	MNSs in Venezuela and Mexico are associated with higher wages than Des. Paradoxically, in USA, the difference in wages is very small between local and multinational firms. MNSs in Venezuela and Mexico have high level of

	ownership	and Venezuela	human capital and low turnover.
Afrassa, 1995	Assessment examination in education performance	Multinational MNSs Australia vs MNSs Ethiopia	The national examination in Australia is better than that in Ethiopia. Australia is using various subjects in examination, essay, writing and listening. But Ethiopia is using multiple chose.
Smithy *et al.*, 1995	How culture-sensitive of HRM	Multinational China vs UK	Chinese companies do indeed have highly sophisticated methods for planning managerial Resources, more than advanced UK companies. UK greater adoption of the HRM is philosophical.
Paik *et al.*, 1996	Strategic of international business	Cross-national MNSs Taiwan, MNSs Hong Kong and MNSs Singapore	Hong Kong reflected a preference for motivation and reward more than Taiwan and Singapore. Taiwan and Singapore have trust in employees and open to send and receive feedback between the manager and employees. Singapore is more likely in team work than Taiwan. Hong Kong is the highest noticeable in compensation.
Guest & Hoque, 1996	Ownership and HR practices	Cross-national MNSs (US, Japan, Germany and UK Working in UK)	UK is making high use of 22 HR practices.
Noble, 1997	Analysing the strategies for managing and training	Cross-national MNSs vs Australia MNSs	Bothe MNSs in UK and Australia give strong support to training employee.
Hilderbr & Grindle, 1997	Emphasised the embedded nature of organisation	Cross-national Bolivia vs Ghana, Morocco and Sir Lanka	Enhanced commitment to high performance standards and staff with higher level in performance are in Ghana, Morocco and Sir Lanka.
Ashkanasy, 1997	Attribution and Evaluative Responses to Subordinate Performance	Cross-multinational MNSs Australia vs MNSs Canada	Performance, employees, controlling and expectations for the future performance in Australia is higher than in Canada. The rewarding system and employees' motivation in Canada is more than in Australia.
Chen, 1997	Development of HRM practices	Domestic vs Domestic Local SME vs Local Large –	SME do not have a distinct HR or personnel department. But, MNSs and large-sized firms have gradually established HRM systems, using, for instance, job analysis, job evaluation, performance appraisal, and

		sized in Taiwan	compensation practices.
Ralston *et al.*, 1997	Economic ideology and natural culture	Cross-national MNSs (US, Russia, Japan and China)	The higher level of national culture and economic ideology are in USA. Empowerment of managers in US, Russian and Chinese are significantly higher than Japanese managers. Achievement in USA is higher than achievement manager than other three samples. Chinese managers scored significantly higher than US, Japanese, and Russian managers.
Muller, 1998	Studying industrial relations practices	MNSs vs DEs MNE UK and MNE USA vs des Germany in Germany	Germany DEs are more likely to participate in employee's training than MNE. MNSs in US appear to be more centralised in HRM more than the UK MNSs.
Bae *et al.*, 1998	HRM effectiveness in host-country	Multinational vs Domestics DEs, Korea, and Taiwan) vs MNSs (Japan, USA and Eur.) In Korea and Taiwan	Western firms were more likely to use performance-based reward systems than Asian firms. American firms tend to have positive, significant compared to Taiwanese indigenous firms for the HRM practices scales.
Snape *et al.*, 1998	HR Policies and culture performance	Cross-national MNSs Hong Kong vs MNE UK	Appraisal tends to be more participative and to place greater emphasis on discussing objectives, development and career plans in UK. HK has stronger support for rewards and punishment and less support for the training and development. Hong Kong respondents had a stronger preference for group-based appraisal criteria, although they did show more support than the British sample for the use of personality as a basis for appraisal.
Hiltrop, 1999	Policies and practices of HRM	Local vs Multinational Belgium local vs US MNSs.	US MNSs were more likely to use sophisticated management techniques, promotion, formal manpower, quality, performance employee when compared with Belgium DEs.
Bae & Lawler, 2000	Organisational and HRM strategies	Cross national MNSs USA vs MNSS Korea in Korea	cooperation from multiple organisational participants is likely to be much more difficult in many Korea than it is in the United States.
Huang, 2000	Analysing culture management of HR practices	Multinational vs Domestic MNSs (USA, Germany and Japan) vs Des in Taiwan	Japan and Taiwan are more likely to fill high level position.US and Germany are more likely to recruit internally than externally. Japanese and Taiwan are more likely to develop training and employees' skills than US and Germany. Japan is more likely in job evaluation. Japan is more likely in performance appraisal than other sampled countries.
Amba *et al.*, 2000	Analysing performance appraisal practices and	Multinational vs Domestic	MNC would be more likely to discuss appraisal results with their employees than Domestic. Management value in MNE are more likely than DEs .

	management values	MNE vs Domestic in India	
Ferner *et al*., 2001	Studying HRM effectiveness in countries	Multinational vs Multinational German MNSs in Spain vs German MNSs in UK	MNSs in Spain 'had a higher propensity to transfer their investment orientation, vocational training and non-formal management-labour dialogue than MNSs in Britain.
Hayden & Edwards, 2001	Employments Relations	MNSs vs Domestic MNSs vs DEs Swedish	MNSs have system of appraisal reward stronger than DEs.
Entrekin & Chung, 2001	study the attitudes of Organisation	Multinational vs Domestic DEs Hong Kong vs MNSs US in HK	US is less supportive for performance appraisal. But, US is more focused on groups versus individual performance, greater willingness to use non-job-related criteria. Chinese cultural characteristics as a higher power distance, a stronger sense of group over individual interests and maintaining harmonious relationships with co-workers.
Hempel, 2001	Employee performance levels in HR policies	Multinational vs Domestic MNSs UK vs DEs China in Hong Kong	UK tends to concentrate more on behaviours and skills, while the Chinese tend to concentrate on personal attributes.
Rowley & Benson, 2002	Analysis the HRM Practices	Cross-national MNSs Japan, MNSs Korea, MNSs China and MNSs Thailand	Japan and China are in higher development economy and both have well-developed business system that includes a strong internal labour market. But, Korea and Thailand decrease in between in terms of economic development. The HRM training presented in Japan and Korea is stronger. HRM training practices is presented to some degree in China. However, the HRM training is not presented in China.
Björkman & Fan, 2002	Examines the Relationship between Human Resource Management and OP	Cross-national 25 firms USA located in China 37 firms Europe located in China	It's interesting to note that North American companies seem more likely than multinational corporations from other Western countries to have implemented a high-performance of HRM system. Also found to be more likely to integrate HRM practices with HRM strategies.
Lowe *et al*., 2002	Studying international comparative practice	Cross vs national MNSs (Australia, Canada, China, Indonesia, Japan, Korea, Mexico, Taiwan, and US) vs	Paying incentives in PRC, Japan, and Taiwan is higher than other countries. Taiwan is the highest in job performance. Japan has the lowest level of benefits.

		MNE, Latin America	
Takeuchi *et al*., 2003	Strategic HRM in competition	Cross-national Japan MNSs in china and Japan MNSs in Taiwan	HRM practices in Twain's and Japan's are enterprises using a strategic benchmarked for establishing effective production from China. Japan MNSs have accelerated foreigner direct investment, FDI have shifted production to global market in china. HRM in China is more in a competitive advantage. Taiwan has a high level of quality Human Resources.
Gooderham & Brewster, 2003	Measuring HRM practices	Multinational vs Local MNSs USA vs DEs (Ireland, UK, Denmark and Norway)	US is stronger than other samples in creating and implementing HRM practices.
Chen *et al*., 2005	Studying organisational performance	Multinational vs Domestic DEs Taiwan vs MNSs, Japan, US and Europe	performance work systems and Management perceptions of HR values exhibit lower levels in DEs.
Thang & Quang, 2005	Study of enterprise ownership forms	Multinational-Domestic MNSs in Vietnam vs DEs Vietnam	HRM departments in MNSs functioned more actively in recruitment and benefits administration, but less so in facility security and health and safety at work. Evaluation is less in MNSs.
Carr and Pudelko 2006	Strategy finance and HRM	Cross-national MNSs USA, MNSs Japan and MNSs Germany	Promotion criteria were more used in Germany. Low employees' turn over and high loyalty between employees and the employer in Japan.
Al-Alawi & Abdelgadir, 2006	Attitudes and opinions of computer crimes	Multinational vs Domestic DEs Bahrain vs MNSs UK	pirated software is available in Bahrain and distributed cheaply. Despite this software piracy is still a problem in the Arab world. In Bahrain, using illegal software is a crime.
Hossain, 2006	Economic cooperation and Development in Organisation	Multinational MNSs Asian vs MNSs GCC	Asian MNSs are performing better than GCC MNSs. Also, Asian MNSs are more progressive in producing knowledge than GCC MNSs.
Chiang & Birtch, 2007	Human relations, preference of reward practices	Cross-national MNSs Hong Kong, MNSs UK, MNSs Canada and MNSs UK	Finland showed a strong non-financial reward system. UK and Canada demonstrated performance in non-financial and financial reward. HK represented a very high level in financial reward.
Salmon, 2008	Assessment of higher Education	Domestic DEs France and DEs Finland	The progress of the reform seems more efficient in Finland and skills' level of employees is higher.

Thomas *et al*., 2008	Attitudes of management students towards workplace ethics	Multinational Cyprus and South Africa towards	Cyprus sample appeared to be more willing to engage in certain workplace practices that would be deemed unethical in society than would in the South African sample. Cyprus satisfied with organisational ethic significantly more than the South African ones.
Fey *et al.*, 2009	Studying black box, HRM outcome	cross national MNSs Russia MNSs USA, and MNSs Finland	Training is likely to impact on employees; abilities in Russia than in the USA or Finland. Competence/performance appraisal is more impact on employees' abilities in Finland and in USA than in Russia. Promotion is more inserted on employees' motivation in Finland than in Russia or the USA. Compensation is positively connected on employees' motivation in Russia than in the USA or Finland.
Diana, 2010	study of HR practices adopted for safety management	Multinational MNE US vs MNSs Singapore	Workers are allowed to participate in making decision towards safety practices in Singapore more than USA. Feedback about unsafe behaviours is negative in Singapore.
Safiullah, 2010	Financial institutions and the capital market in Banking	Multinational vs Domestic DEs Bangladesh vs MNSs Bangladesh	Islamic banks are better performing organisations rather than conventional banks. Financial performance is higher in Islamic Banks than conventional.
Rahman *et al*., 2010	Financial reporting quality in international	Multinational MNSs (USA; Japan; Thailand; France; Germany)	France: the amount of debt relative to equity is low and debt providers maintain ownership and board representation in Germany. French firms are known to have high levels of debt relative to equity more than USA.
Aydinli, 2010	Characteristics and qualifications on strategic nature of HRM studying	Cross Multinational MNSs Turkey vs MNSs Hungary	MNSs in Turkey generally have career planning systems; the MNSs in Hungary do not usually have these systems. Turkish firms have career planning systems. But, some of Hungarian firms have these systems. Competencies are much more widely used in performance evaluation in Turkey than in Hungary. While MNSs in Turkey have competency-based compensation, no bank in Hungary uses competencies in compensation. HR selection is the same in both.
De Guzman *et al.*, 2011	HR Administration and Human capital	Multinational vs Domestic MNSs, India, Indonesia, Malaysia, and Philippines vs DEs India, Indonesia, Malaysia, and the Philippines	Asian multinationals, which have operated in a collectivistic society and have been managed more as family enterprises than as a local business. First Line manager is participated with HRM in Philippines more than three enterprises. But, Indonesian top manager is connected with HRM.
Mbaga *et al*., 2011	Study of dates export supply chain	Domestic-Domestic DEs Oman vs DEs Tunisia	The level of coordination seen in Oman is significantly lower than that in Tunisia. Tunisia is performing better than Oman in all the performance aspects, Quality certification, Training and knowledge, skills, social

	performance		responsibility, safety and quality requirements and environmental management.
Monis & Sreedhara, 2011	Employee satisfaction with career development practices	Multinational MNSs India vs MNSs Foreign in India	Approximately, there is no differences between MNE in India and foreign MNSs in regard to employees' satisfaction.
Lalayants *et al*., 2011	International social work in student's education	Multinational MNSs in USA, MNSs in UK, And MNSs in Georgia	Social work student, Facebook, Skype and teleconferencing methods are more popular in the US and UK.
Ramlall *et al*., 2012	Human Resource Management and organisational performance	Multinational Vs.-Domestic DEs Saudi Arabia vs MNSs USA in Saudi Arabia	HR practices in the KSA are there to improve the organisational performance to be similar as that in USA.
Fisher, 2012	Development of financial and monetary capacities	Multinational MNSs USA vs MNSs Colombia	USA ultimately proved more capable than Gran Columbia in adapting its institutions to facilitate the internalisation of a collective identity and a more concrete sense of nationhood.
Mohamed *et al*., 2012	Analysing HRM policies	Multinational vs Domestic MNSs vs Des Brunei Darussalam	MNSs to be more stringent in HRMP such as promotion, selecting and training, MNSs also emphasis a stronger work culture than DEs.
Arvanitis & Loukis, 2012	Outsourcing on innovation and productivity of firms	Multinational Switzerland versus Greece	Productivity in Greece is less important than in Switzerland. lower effectiveness and maturity of Greek firms in exploiting them in comparison with the Swiss ones.
Shah & Gregar, 2013	Retention of aging employees and OP	Cross-multinational UK vs USA	employers in the US and the UK are not interesting in workforce and are non-succeeded to hunt for out and implement concept for the retaining, retraining and recruitment of mature age workers.
Oelgemöller, 2013	Economic downturn and financial crisis	Multinational MNSs (Greece, Ireland, Portugal and Spain)	The dominant pectoral advantages in Portugal and Greece can be found within agriculture and natural resources. Medical/chemical products can be found amongst the country's top sectors in Ireland. The economic structure of Greece is the most problematic. Spain does have competitive sectors.

Singh *et al*., 2013	Studying HRM practices	Multinational vs Domestic MNSs Western vs DEs Brunei Darussalam	MNSs were more receptive to the PA. MNSs are lower in appreciating feedback than DEs. Incentives and rewards system in MNSs was higher than DEs. Social and psychological benefits to employees of MNSs are higher than DEs.
Fayed, 2013	Comparative performance study of conventional and Islamic banking	Domestic DEs Egypt vs DES Egypt	Profitability is higher in conventional bank. Also, conventional banks appear to be more efficient in generating profits from every unit of shareholder's equity, liquidity risk of portfolios. Overall liquidity management of conventional banks is better than Islamic banks.
Nitza *et al*., 2013	Evaluations of profit and utility of higher education	Multinational vs Domestic DEs Israel and MNSs Russia in Israel	In Russia, students believe that education plays an important role in developing personal traits and skills and offers students the opportunity to become educated and intellectual individuals. But, in Israel, this perception is not presented. Russian students are more optimistic about their future after graduation: 40% believe that they will easily find jobs, compared to a mere 16% of the Israeli sample.
Pudelko & Tenzer, 2013	Studying Subsidiary control from headquarters	Multinational Japan, Germaine and USA	Japanese MNCs ranked the highest for employees' controlling in the Japanese managers' sample and see higher value in the expatriate function of aligning subsidiaries than German managers.
Narwal & Singh, 2013	Corporate social responsibility practices	Multinational vs Domestic 18 local Indian vs 20 MNCs in India	MNCs are adopting almost the same CSR, marketing, development, and community support practices as adopted by their counterpart Indian companies.
Le *et al*., 2013	Management Compensation Systems	Multinational-Domestic MNE in Europe vs DEs in Europe	MNCs are more likely to promote compensation systems that incentivise managers in line with organisational performance compared to domestic firms.
Zhang *et al*., 2014	Communication styles and branding strategies	Multinational MNSs China vs MNSs USA	Weibo social programme is better than Twitter. Weibo also allows the use of various visual and nonverbal communication cues, such as emotions. It also allows photos and video clips to be embedded in a way that users do not have to click in to view. These features facilitate corporate efforts to anthropomorphise, creating a more personal and less formal interaction with consumers.
Yekta *et al*., 2014	Study attitudes of academic staffs	Cross-multinational Iran vs USA	There have been more reports of cheating in the USA than in Iran. On the other hand, Iranian students with poorer standard of academic honesty may not clearly know what exactly academic dishonesty in classroom will be.

Kim & Jogaratnam, 2014	Assess Travel Motivations	Multinational-Domestic Asian MNE vs USA DEs	DEs have greater performance in travel motivation than DEs. This high difference resulted from the DEs have more participation in physical activity and get away from demands of home and luxury.
Shiwaku, 2014	Analysis of teacher training programmed	Multinational-Domestic MNE in Japan vs Des in Armenia	Japan is higher in training than Armenia. Teachers' training programs' in Armenia is expected to be improved through application of the essences of teacher training of EARTH.

Source: Designed by Author

The majority of studies in Table 3.5 were concerned with the linkage between culture and HR practices on the organisations of different countries. For example, Penning studied the cross-cultural context between the USA, France and the Netherlands, and found that reward systems are more explicit, widely diffused, and prominently displayed amongst US firms. Smithy *et al*. (1995) revealed in their study about the cultural sensitivity of HRM that Chinese companies do indeed have highly sophisticated methods for planning managerial resources, more so than advanced UK companies. Furthermore, HR policies and culture performance were studied by Snape *et al*. (1998) between Hong Kong and the UK, with the scholars commenting that Hong Kong has strong support for rewards and lesser support for training and development.

Previous studies have also concentrated on the industrial relation observed in the study of the management of personal and industrial relation practices between DEs and MNEs in the UK. The results of the study highlighted that MNSs are likely to be controlled by the policy instructions in the industrial relations sector more so than in local firms. The results of the studies detailed in Table 3.5 varied when drawing a comparison between DEs and MNEs. However, the results also revealed similarities between DEs and MNEs; these results support convergence and divergence theories.

The majority of studies of comparison in Table 3.5 were concentrated on the non-Eastern region. The non-Western regions, such as parts of Asia and Africa, have been limited in terms of comparative studies. The literature review, if adding more studies related to the non-Western region, will support the HRM models appropriate to non-Western regions. Furthermore, the impact of firms' traits, such as firm age, firm size, sales, local labour, industry, company structured, organisation ownership, foreign ownership and turnover on HRM practices devolvement, has not been deeply highlighted in Table 3.5's comparative studies.

3.7 The Human Resource Management and Performance of MNEs and DEs

The association between HRM and organisational performance within MNEs and DEs has been an issue for many researchers to study, as addressed thoroughly in the literature review section. Sulieman (2011) demonstrated the ways in which HRM can play a sound role in increasing the required sufficient efficiency, effectiveness, competitive edges and productivity of firms. Also, according to the literature review, the most important resource in any organisation is the people.

Successful HRM must have the ability to manage a multinational workforce through the selection of employees, development, and an appraisal and reward system, based on Adler & Jelinek (1986). Furthermore, Ahmad & Schroeder (2003) proposed seven HRM exercises to enhance organisational performance. These practices, as proposed by them, were employment security, selective hiring of new personnel, self-managed teams and the decentralisation of decision-making as the basic principles of organisational design, and comparatively high compensation contingent on organisational performance, extensive training, and wage differences across levels, and the extensive sharing of financial and performance information throughout the organisation. The employer who secures a good working environment and motivates employees will positively contribute to a high output level from workers (Baron, 1988).

In contrast, HRM was criticised in regards the issue of adding value to the improvement of organisational performance (Andrews & Chompusri, 2005). HRM has the authority to control manpower by reducing labour costs. Furthermore, HRM was recognised as understanding the relationship between employee turnover and organisational performance. However, turnover will increase if benefits and compensation are given to senior employees only rather than new employees (Arthur, 1994).

Armstrong (2006) defines Human Resource Management practices as the deliberate measures that aim to attract and inspire the employees of an organisation for improving performance. Yuan (2013) also contends that HRM practices involve the executive decisions affecting the relationship between staff and the organisation. The above definitions underscore the importance of Human Resources in any organisation. Minbaeva (2005) notes that HRM practices develop skills specific to a firm, giving it a competitive advantage. Enterprises should manage Human Resource in line with their organisational overall strategy. The overall performance of the organisation depends on the quality of staff running the operations in the company (Armstrong, 2006). Companies can either operate within the borders of a country or otherwise across borders. Multinational enterprises operate in more than one country whereas domestic enterprises confine their operations to the home country.

3.8 Research Design and Hypotheses Implementation

The essential elements in building human capital and motivating the necessary behaviours that build advantage for the organisation are Human Resource Management practices (Boxall & Steenveld,

1999). Ulrich *et al* (2012) added that the important factors organisations required in order to deal with constant changes in their environment and remain competitive are Human Resource Management practices. HRM functions are evident; organisations need to deal with constant changes in their environment and remain competitive.

The literature above has shown the organisation's effect on HRM practices. Huselid (1995) used three practices in his study, namely training, selection and compensation, to measure HRM practices utilised by organisations, with Meyer & Smith (2000) proposing six HRM practices with HRM outcomes: Performance appraisal, Benefits, Training, Carrier development, Employee perceptions and Procedural justice. In addition, Theriou & Chatzoglou (2008) expected HRM systems to have given organisations a competitive advantage. This work of board functional system has supported the classification of specific HRM practices that can be operated through DEs and MNSs so as to enhance competitive benefits. This research explores various strategic practices that depend on normative theories, as follows: training, recruitment and selection, appraisal, incentives and rewards and retention. These practices have been identified by Agarwal (2003) in his 14 effective practices for human capital management. The next section provides a discussion of the exploration of four practices that are functions of HR director.

3.8.1 Recruitment and Selection

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 centred 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 organisation's success. Additionally, they have added that recruitment and selection have been positively related to employees' productivity.

Dowling & Schuler (1990) and Hendry (1994) recognise 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 organisation. The solution to minimise this issue involves making an agreement between the employee and organisation, where the employee promises to continue in the firm even if the economy of the organisation declines. Chen (2005) and Guest (1997) add that the commitment of employees to firms will result in increased quality and productivity.

Hus & 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 organisations tend to hire candidates from their home country (Wong & Brinbaump-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 formalise 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). Gust (1997) commented that selective employees and team working were high due to low employee turnover.

The current researcher hypothesises 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.

3.8.2 Training and Development

Training and development are formed in one part referred to as a formal training system. There is a significant difference between training and development, where training is more specific when compared to development. Wisternerton (2007) defined training as the process whereby the employee is provided with the important components to perform his role, with training motivating the employee to use such skills within the organisation. In addition, other researchers have defined training as the process by which human beings change and learn skills, knowledge, attitudes and behaviours (Robbins & DeCenzo, 1998). However, the processes focused on employee growth and career movement are referred to as development.

Training targets notably by improving current work skills and behaviours, whilst also increasing abilities in relation to future positions and enhancing employability can be defined as development

(Waterman *et al*., 1994). Some programmes of formal training systems are extended by adding job rotation, monitoring, lectures and simulation exercise (DeCenzp & Robbins, 2005).

Training and development has generally been reported as having a positive impact on employees' motivation and performance (Singh, Mohamed & Darwish, 2013). Aycan (2000) posits training topics as usually being based on supervisors' recommendations. The training and development of employees varies between organisations. As an example, the universal culture involves selecting trainees based on their evaluation performance. In contrast, the selection of trainees is not based primarily on performance, but rather on group membership in other organisations. The training is most often required in those countries where there are workforces with limited skills. Organisations place greater value on training and development in mind of remaining competitive and attracting the best people in the labour market (Aycan, 2005). The employee with the most experience will earn more knowledge in training than new employees. Moreover, providing training earlier on in the job role will increase earnings growth for employees (Booth, 1993). Training is expanded into designing and supporting learning activities, with the main factor of achieving the objectives of the organisation recognised as the training system (Dearden *et al*., 2006). In this regard, training and development amongst employees will generate high-earned profits for the organisation (Kalleberg & Moody, 1994; Harel & Tzafrir, 1999).

Training and development has been argued by many scholars, such as Singh *et al.* (2013), Booth (1993), Kalleberg & Moody (1994), Harel & Tzafir (1999), Way (2002), Dearden, Reed & Reenen (2006), Brewster & Bournois (1991) and Wilson & Madsen (2008), as impacting employees' motivation and organisational performance. The formal training system could differ amongst MNEs and could be the same when they operate in host countries. For example, macro-level variables, such as functional and technological structure, have been converged. However, micro-level variables, such as the behaviour of people, have been diverging. In addition, formal training system is important in MNEs to both expatriates and host-country nationals. Such training will provide development and will further enhance the overall quality of MNEs operating in the host country. One more study carried out in Germany showed that local firms were found to use more on-the-job training systems than their UK and US counterparts (Muller, 1998).

Long *et al.* (2000) have commented that training can be affected by many factors, such as employees' personal characteristics (age, gender and ethnicity), enterprise characteristics (firm size, type industry and technology change) and economic environment (unemployment, legislation,

competition). The relation between training formalisation and firm size is recognised to exist (Redoubt, 2001). Hayton *et al.* (1996) commented that larger firms are more likely to have a huge capacity of training in engaging more diverse training strategies. Additionally, they identified a strong relationship between firm industry and training. However, rigout *et al.* (2001) disagreed, stating there is a relation between firm characteristics (firm size and industry type) and training volume, which they found in their study, but an absence of any relationship between training volume and firm traits (firm size and industry). Forstenlechner (2009) agreed that the large number of local employees linked positively to the training systems and impacted in terms of a high output of profit performance. Snape & Redman (2010) confirmed no evidence to suggest that a relationship between training system and employees' behaviour exists.

Based on the confirmations formed above, the researcher has devised the following hypotheses:

H2: Important differences of formal training system will be noted between DEs and MNEs.

H2a: The linkage is present between characteristics of firms and training in MNEs and DEs.

3.8.3 Rewards and Incentives

Rewards are something given to employees to motivate them in exchange for good work. The reward may be financial or non-financial. Chiang & Birtch (2007) classified financial rewards as income and benefits, whilst Elizur *et al.,* (1991) determined non-financial rewards as others. Rewards and incentives enhance achievements and behaviour amongst employees. Additionally, rewards and incentives are connected with organisational performance as they are considered to be most effective in achieving higher productivity levels from employees (Huselid, 1995; Delery & Doty, 1996; Boyd & Salamin, 2001; Milkovich & Newman, 2002).

Some scholars have commented that the rewards system has shifted from compensation relating to employees' performance to compensation for non-performance. For instance, three years of service and seniority of employees are appreciated by the organisation (Lawler, 2000). The reward system has influenced skills improvement and the knowledge of employees (Beatty *et al.*, 2003; Mak & Akhatr, 2003), with reward systems recognised as having motivated employees to gain additional skills and knowledge, whilst also resulting in intelligent human within firms.

The reward bonus is paid to employees based on the level of the profitability of firms as a result of increased productivity amongst employees (Lazear, 1999; Noe *et al.,* 2006). Delaney & Huselid

(1996) found in their study which focused on the impact of HRM in regards organisational performance, through the use of 1, 427 organisations that rewards are seen to positively impact organisational performance. Jackson & Bak (1998) carried out a research on foreign companies and Chinese workers, comparing local firms and MNEs operating in Asia, proving that the reward system is connected to profitability. In countries such as the USA, in a culture where egalitarianism has a low level, enterprises provide rewards based on a type of objective underpinning individual performance. Japanese culture, on the other hand, pursues equality amongst group members, with no favouritism recognised between employees (Huo & Steers, 1993).

Most previous studies have focused on comparative HRM practices in the subsidiaries of MNEs. In foreign-owned and indigenous MNEs, however, they have been lacking in HRM studies (Guest & Hoque, 1996; Muller, 1998; Geary & Roche, 2001). Table 3.5 demonstrates the comparative studies of HRM practices as the divergence between MNEs and DEs. As an example, industrial relations have produced divergence results, such as in the case of Purcell (1987), who commented that foreign MNEs are more likely to be controlled by policy instructions in the industrial relations sector when compared with UK domestic firms. The majority of studies in devolvement have found a relatively divergent output (e.g., Huang, 2000; Rowley & Benson, 2000).

Lowe *et al*. (2002) have stated that more work is required to focus on incentives and rewards across national researches, comparing HR practices with focus on incentives and rewards as benefits for employees, as well as impact rewards on expatriate employees and in comparative works between financial and non-financial rewards (Fay & Thomson, 2001; Lowe *et al*., 2002).

Incentives and rewards are connected to and affected by various external and internal factors. For example, MNEs, with high employee relationships, have shown greater capital investment and wage rewards (Hamil, 1984). Additionally, the firms with more design and standardisation paid high salaries to their employees (Yuen & Kee, 1993). Furthermore, MNEs' lower turnover is seen to be reflected by the high salaries paid to employees (Aitken *et al.*, 1995). Tatenda & Moment (2014) have agreed that external factors (financial consultancy and competition), along with internal factors (employee associations, top management and revenue), affected the reward system. The formalisation between firms led to basic changes in the reward system (Freeman & Mcvea, 2002). The mature age of workers is also more likely to remain within the firm (Shah & Grega, 2013). There is a positive connection between rewarding society, such as job security and lower turnover (Rodriguez & Ventura, 2003; Sun *et al.*, 2007). The relationship between sharing colleagues and

firm-manufacturing still exists (Combs *et al.*, 2006). Guest (1997) has shown that the sales revenue of financial outcomes is connected with quality management. MNEs appear to be more developed in HRM techniques and quality management (Hiltrop, 1999).

According to the investigation defined above, the following hypotheses have been devised:

H3: Important differences between the incentives and rewards will be observed between MNEs and DEs.

H3a: The firm features will reflect on salary rewards amongst the DEs and MNEs.

H3b: Rewards in training key staff are affected by firms.

H3c: The social benefits are affected by the characteristics of MNEs and DEs.

H3d: A linkage exists between reward structure and firm features.

H3e: Employee attitude is affected by firm features across MNEs and DEs.

3.8.4 Formal Appraisal

Performance appraisals can be defined as the process of evaluation, which is concerned with how well employees perform in their jobs (Mathis & Jackson, 2003). In addition, an appraisal is important amongst organisations in making a distinction between performances of employees. DeCenzo & Robbins (2005) stated that gathering the information of employees helps to plan training, and their pay and promotion.

McEvoy & Casico (1990), Hempel (2001) and Milliman *et al.* (2002) agreed that appraisal has supported many concepts, such as documentation, administration, evaluation and the development of employees. Vance *et al.* (1992) added that promotion and compensation depend on the appraisal process. In addition, Cardy & Dobbins (1994) have commented that appraisals can be supported so as to determine gaps across employees' performance and has further provided solutions to such gaps. For example, it is expected that special training is required for employees in the future. Appraisal has been connected with organisational performance and has been seen to impact Human Resources systems (Devanna, 1984).

Many scholars have highlighted HR practices in their empirical researches when examining cross-national and intercultural organisations. However, appraisal systems are not studied in-depth in the case of cross-national and inter-culture organisations (Fletcher & Perry, 2001; Milliman *et al.*,

2002). Table 3.5 explores the comparison appraisal in cross-national studies (e.g., Snape *et al.*, 1998; Fey *et al.*, 2009). In addition, it explores the comparison of appraisal in terms of MNEs vs DEs. For example, Entrekin & Chung (2010) explored Asian enterprises as being more centred on supporting appraisal relative to US enterprises. The appraisal is likely to have a greater effect on employees' abilities in European enterprises than Asian enterprises, whilst promotion is likely to have a greater positive effect on employees in European enterprises than in Asian enterprises (Fey *et al.*, 2009).

Some scholars have argued appraisal as being affected by internal and external factors, with some scholars noticing a relationship between the appraisals of firms. Larger firms are recognised as being positively linked to appraisal (Chen, 1997). Sels *et al.*, (2006) agree that lower voluntary turnover is associated with high appraisal. Kong & Thomson (2009) added that intellectual capital, such as experience, human skills and human relations, have stronger links with appraisal practices, resulting in the positive output in HRM performance. Liao *et al.* (2009) confirmed HRM appraisal as being incorporated from employees' perspectives, where the productivity of employees is connected with appraisal practices, which results in high motivation amongst employees (Singh, *et al.*, 2013). Based on the explanation outlined above, the hypotheses are presented as follows:

H4: Important differences in performance appraisal will be observed between DEs and MNSs.

H4a: The appraisal conducted is affected by traits of firms.

H4b: There is a linkage between frequent appraisal and firms' features.

H4c: The appraisal feedback is affected by firms' traits.

3.8.5 Home country

Meryer *et al.* (2011) commented that those MNEs rooted in the home country affect the transfer of operation modes and framework. For example, the development of the home country will need to be taken at the host country. The process of headquarters is focused on monitoring and managing subsidiaries where they operate and can be defined as internationalisation strategies. The headquarters of MNEs are seen to be connected with their subsidiaries in catering to the local market via the global integration concept (Bartlett & Ghoshal, 1998).

The transformation of HRM, from headquarters to branches, is an important core factor concerned with the headquarters' control of branches and subsidiaries (Ghosal & Bartlett, 1998). The controlling process of subsidiaries by the home country is not at the same level of all subsidiaries; rather, there are two levels of control, namely high control, which occurs in wholly owned subsidiaries, and low control, which is recognised in joint ventures (Kogut & Singh, 1988; Padmanabhan, 1995).

The term 'culture' has been discussed earlier on in this chapter according to Hofsted's concepts that have expanded this area to be concerned by scholars. In addition, Hofstede (2001) defined culture as a set of collective programming sharing the same assumptions, norms and beliefs. The values created by social interactions in the early years are growing amongst people year after year, with many scholars believing that culture is connected with management, including HRM.

The multi-cultural issue is recognised as being one crucial factor affecting HRM practices. Scholars, such as Hofstede (1993), Ferner (1997) and Zhang (2003), have agreed that HRM practices vary across different countries due to different factors belonging to these countries, including, but not limited to, laws, policies and cultures. Additionally, Jackson (2002) agreed that the home country and subsidiary may face differences and controversy in economic, social and political systems. This conflict between parent firms and subsidiary firms was highlighted by Rosenzweig & Singh (1991), with home firms recognised as needing to utilise the policies employed in headquarters, as well as those policies inherent to their culture. The host country requires overseas' firms to follow local management to achieve global strategies. On the other hand, some authors have communicated much criticism of the culture concept: for example, one scholar commented that national culture is a complex programme that is difficult and dangerous to compare and separate across different cultures (Rowley & Lewis, 1996).

3.9 The Framework of the Research

The comparison between domestic and multinational enterprises has concluded that the differences and similarities in HRM practices depend on the regulations and culture of the host country. The policies and culture of the host countries essentially open a small window to re-debate the convergence and divergence of parent enterprises. This part will demonstrate the HRM implementation process in Saudi Arabia.

3.9.1 The Overall Effectiveness of HRM Practices

Human Resources practices are at the core of increasing advantages within the competitive market (Pfeffer, 1994, 1998). Huselid (1995) added that HRM practices have improved and boosted organisational performance, including in terms of the overall productivity of organisations. Many scholars have attempted to find the best method of connecting HRM practices and organisational performance. Sing *et al*. (2012a, b), for example, agreed that theories and HR practices need to undergo testing at the time of establishing a connection with performance output.

The literature was analysed, with many studies found to focus on the linkage between HRM practices and organisational performance. For example, Liao *et al.* (2009) selected various HRM practices in an effort to determine the impact of HRM organisational performance. Eleven HRM practices approaches were used to examine the effectiveness of these practices on customer satisfaction. The result of their work supported employees' service performance and was found to positively influence customer satisfaction.

One more example was exhibited by Guest *et al.* (2003), which explained the impact of HRM on cooperate performance. Nine different HR practices across 366 firms in Great Britain were used to analyse the impacts of HRM on firm performance. The results supported the link between HR practices and employee retention, where a greater use of HRM practices increased employee retention. Moreover, the greater use of HR practices would produce higher profit on a per-employee basis. However, Guest *et al.* (2003) were unsuccessful in proving that HRM can provide higher performance for an organisation and prove the linkage between HRM and performance.

There are several HRM practices that contribute to organisational performance overall. These include employment security, training, selection of new staff, employee empowerment, entrustment or delegation and staff turnover (Ahmad & Schroeder, 2003). Both MNEs and DEs need to pursue all HRM practices that are complementary, as opposed to pursuing one practice in an effort to realise improved performance. Ahmad & Schroeder (2003) believe that bundling Human Resource practices leads to the effective running of a company. Bundled practices occur as mutually reinforcing sets of practices (Dyer & Reeves, 1995). Initially, domestic enterprises focused on one Human Resource practice with the aim of improving performance (Akhtar *et al*., 2008). The companies focused on one practice as having realised the importance of Human Resources. MNEs have, however, led the way in terms of bundling Human Resource practices so as to achieve greater

results (MacDuffie, 1995). Akhtar *et al.* (2008) contend that a Human Resource is not easy to duplicate, hence the need to bundle similar practices so as to achieve a competitive advantage. For example, in order to realise reduced staff turnover, a company has to choose people who believe in the policies of an organisation. Thorough selection is the key to achieving reduced staff turnover. The well-selected people will work for the company for a long time since they believe in its policies (Ahmad & Schroeder, 2003). The Human Resource Management practices work best in combination or in bundles (Barney, 1995; MacDuffie, 1995: Arthur, 1994; Stavrou & Brewster, 2005). The bundles that firms find relevant consist of selective recruitment, incentive wages and training (Katou, 2008; Huselid, 1995; Gooderham *et al.*, 2008; Stavrou & Brewster, 2005). The evaluation either for training or compensation purposes, teamwork and good communication also form useful bundles (Katou, 2008). Firms that fully harness the benefits of HRM practices outdo less flexible firms in the same field (Black & Lynch, 2001; 2004; Ichniowski *et al.*, 1997).

MNEs and DEs differ in the ways in which they exert effort towards the maximisation of HRM practices. MNEs direct greater effort towards realising an ideal HRM system (Katou, 2008). This is because MNEs face greater competition from rival companies (Galia, 2006). Again, MNEs have the advantage of achieving financial stability when compared to DEs. The companies, therefore, use their resources to fully harness the benefits of HRM practices. Consequently, MNEs commit highly to HRM practices or performance drivers, with the end result being that they benefit more so than DEs (Lengnick-Hall *et al.*, 2009). Practices include high rewards or wages, training focused on developing teamwork, and fair promotion initiatives (Guthrie, 2001; Guest *et al.*, 2003). DEs, on the other hand, operates on a small scale; hence, their HRM practices yield few or no results when compared to MNEs (Kostova & Roth, 2002).

MNEs practice a higher level of professionalism and accordingly follow formal procedures throughout their operations (Gerhart, 2007). Professionalism and the maintenance of formal procedures in a firm are useful in terms of achieving performance improvement (Pfeffer, 1995). DEs rarely stick to procedures; hence, benefits are less centred on organisational effectiveness. Some DEs do not maintain a formal HR department but only form one when the need arises (Gomez & Sanchez, 2005). This strategy serves the short-term goals of the company and further fails to provide sustained performance. The full participation of all stakeholders in HRM policies also affects performance. The HRM departments in MNEs which are fully operational enjoy the support of all stakeholders.

Additionally, MNEs benefit from open and clearly outlined communication channels. Improved communication in a firm impact positively impacts general performance (Kostova & Roth, 2002). During the selection and recruitment of prospective employees, it is essential to utilise formal recruitment sources (Pfeffer, 1995). MNEs have the financial capacity to recruit prospective employees from various sources. As a result, companies benefit from a highly skilled labour base (Minbaeva, 2005). This translates to a high level of performance and competitiveness. DEs, depending on their size and financial capacity, may rarely utilise the formal recruitment sources, hence do not fully benefit from a diverse and skilled labour force (Minbaeva, 2005). Hiring in a professional manner creates diversity and a pool of highly skilled staff within a firm (Gooderham at al., 2008).

Organisational effectiveness is high in MNEs due to the presence of economies of scale (Ahmad & Schroeder, 2003). HRM practices, such as recruitment, may prove to be very expensive and cumbersome for DEs since they have limited resources. Any move aimed at formalising recruitment may end up affecting the long-term profitability of DEs (Katou, 2008). Furthermore, MNSs can raise their wage level way above market prices without seriously affecting profits. Monetary reward is a good incentive for workers and, in many instances, serves to minimise staff turnover (Barton, 2006). MNEs experience low staff turnover since they have the capacity to pay well. As a consequence, MNEs can invest in extensive training programmes aimed at long-term organisational productivity.

The literature has shown the need for further empirical study on understanding the impacts of HRM on organisational performance. The ambiguity and disagreement in this regard concern which HR practices should be selected. The consensus of the HRM practices selected has caused a lack of performance measurement. This research will examine the perceptions of employees in line with HRM practices. Furthermore, comparisons amongst multinational enterprises, notably those that are foreign-owned and operating in other countries, as well as domestic firms that are in host countries, are very limited in the literature.

This research will address a very important issue that was argued by scholars, which centres on HRM practices' output and the fluctuations between the industrial sector, communication, banking sector and other sectors. For example, previous studies have explained the relationship between HRM and organisational performance in the banking sector as being unsuitable in line with other industries (Delery & Doty, 1996). In addition, the home country effects on organisational culture

have not been explored in comparison to studies between host countries and parent countries. For that reason, these areas require further exploration.

3.9.2 The Effect of Control Variables

Control variables can create an impact on organisational performance (Mat & Susomrith, 2014). The majority of researchers have included control variables. Table 3.5 provides a comparison of the studies carried out on enterprises that have been using control variables, such as technology, structure of organisation, firm size, industry, capital industry, country of ownership and business strategy. According to Boselie *et al.* (2005), control variables can be used as moderators or mediators to HRM practices. The control variables impact the relationship between the main independent and dependent variables, such as when the organisation size and age are used to offset the frequently observed influence of economies of scale and HR control variables required to be included in the research study due to differences between organisations. For example, some firms have large economic scale, whereas others have small economic scales. Additionally, firm age is required for inclusion as it can control for any advantage in firms. Previous studies have also controlled for the industry, such as in the cases of those works by Boselie *et al.* (2005) and Mat & Susomrith (2014). This research used the control variables as independent in order to determine the affecting features of HR directors and firms on HRM practices.

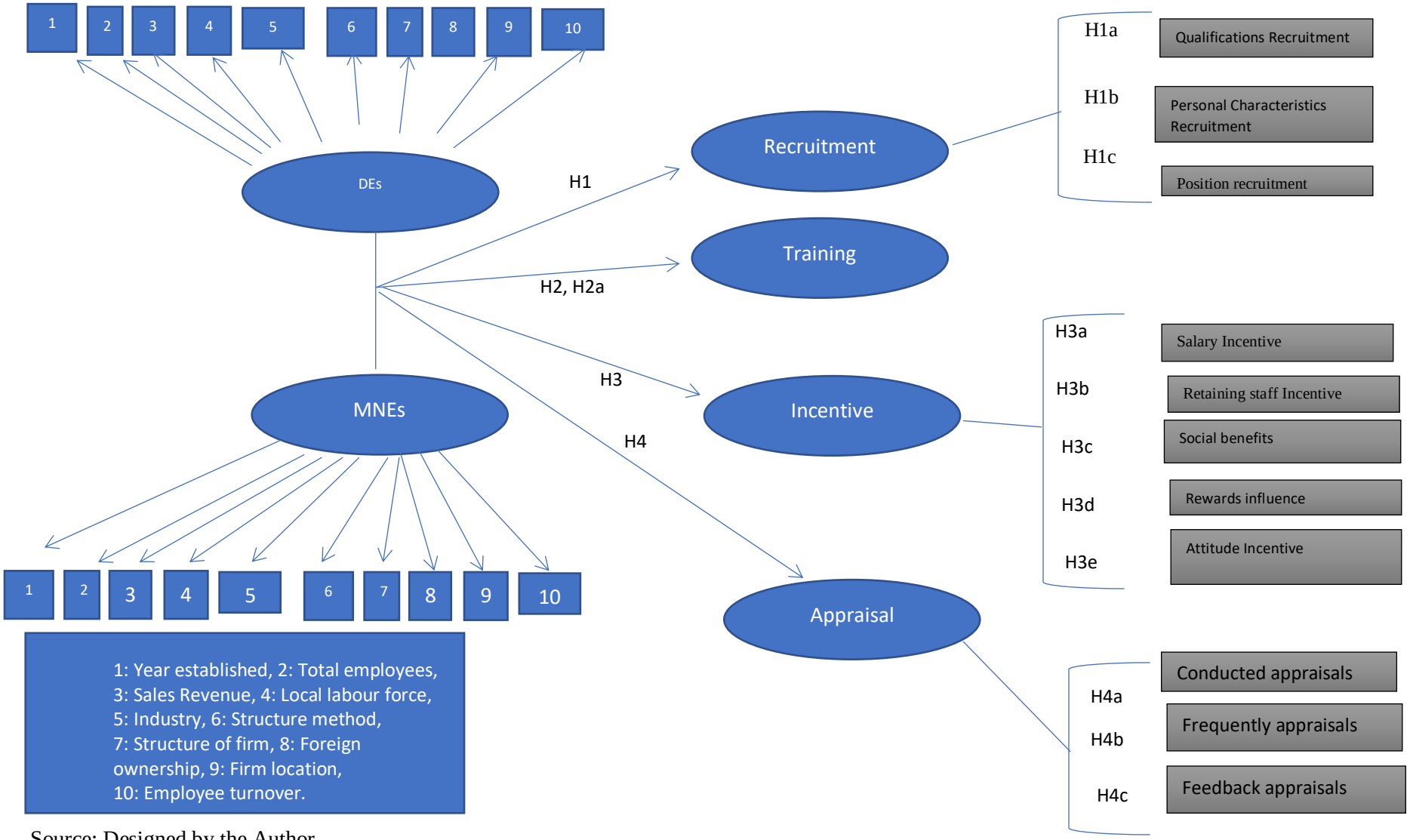
The goal of this research is centred on achieving more understanding within the designed research hypothesis. The main focus on the sixteen hypotheses is directed towards comparing the HRM practices of multinational enterprises and domestic enterprises in Saudi Arabia. The majority of this research will be explored in-depth in regards the HRM differences between national and multinational organisation. The differences are focused on domestic firms and foreign firms operating in Saudi Arabia. Figure 3.6 demonstrates the theoretical framework supporting this research, whilst Table 3.6 cites all sixteen hypotheses.

Table 3.6: Research Hypotheses

Hypothesis	Significance
H1: Important differences of recruitment and selection will be observed in DEs and MNSs	
H1a: Traits of firm's impact on selecting interviewee's qualifications in both MNEs and DEs.	
H1b: firms impact on selecting interviewee's personal characteristic in both MNEs and DEs.	
H1c: Internal and external recruitment were affected by firms in MNEs and DEs.	
H2: Important differences of formal training system will be noted between DEs and MNEs.	
H2a: the linkage is present between firms' features and training in MNEs and DEs.	
H3: Important differences of the incentives and rewards will be observed in MNEs and DEs	
H3a: firm features reflected on salary reward in the DEs and MNEs.	
H3b: rewards in retaining the key staff were affected by workplace.	
H3c: The social benefits were affected by traits of MNEs and DEs.	
H3d: The linkage exists between reward structures and features of firms.	
H3e: The employee attitude was affected by features of MNEs and DEs.	
H4: Important differences of performance appraisal will be observed in DEs and MNSs.	
H4a: The appraisal conducted is affected by traits of firms (DEs and MNEs).	
H4b: There is a linkage between frequent appraisal and firms.	
H4c: The appraisal feedback is affected by firm's traits.	

Source: Designed by the Author

Figure 3.6: Theoretical framework of HRM in DEs vs MN



Source: Designed by the Author

3.10 Summary

The current researcher applied a 'funnel approach' by narrowing the literature review from huge article to medium articles until select few of the most important articles could be reviewed, as shown in the appendix. These few articles have become the heart core of the research and highlighted the main concepts of this research, such as problem, a gap in the literature, hypotheses and designed framework, as seen in Appendix 3.

The literature review of Human Resources management has been discussed generally over the worldwide context, with HRM reviewed specifically in mind of the KSA. This research has discussed three theories, namely strategic, descriptive and normative theories. The strategic theory and descriptive theory agree that HRM practices are affected by external factors, such as labour market trends, technology, workforce characteristics, and the role of unions. The normative theory agrees that normative theory, with organisations encompassing a set of best HRM practices, will achieve greater performance outcomes, regardless of the business strategy. Furthermore, Chapter Three has described the three level concepts of HRM multinational subsidiaries, namely convergence, divergence and duality.

Hofstede's 5D model pertaining to cultures between countries underwent review. More specifically, Hofstede's 5D model culture was considered in line with the Kingdom of Saudi Arabia. Hofstede's 5D model is known to categorise the culture between countries to five dimensions, namely Power distance, Individualism vs Collectivism, Masculinity vs Femininity, Uncertainly Avoidance and Long-Term Orientation. The culture of the KSA, as described by some researches, includes a high level of inequality of power, collectivist culture, strong feministic culture, low level of uncertainty and long-term orientation dimension.

The framework and hypotheses for this paper have been devised in line with the several concepts of Human Resources Management and International Human Resources Management. HRM practices were highlighted in this chapter, including the impact of external and internal factors on HRM practices. Additionally, a solid relationship has been observed between HRM practices and external/internal factors. The main concentration of this study is concerned with identifying the differences in domestic enterprises and multinational enterprises in terms of HRM practices, i.e. training and development, performance appraisal, recruitment and selection, incentives and rewards. Based on the gap in the literature review, a total of 16 hypotheses were identified.

CHAPTER FOUR: RESEARCH METHODOLOGY

4.1 Introduction

The research methodology and research designed to this current thesis will be explained in this chapter. The testable hypotheses were drafted from the previous chapter; this chapter will explain the method of testing the hypotheses. This chapter will be started in consideration to the research design and will then move on to explore the research population. Additionally, the data collection will be explained, in addition to the discussion of the measurement of research variables. Furthermore, the fieldwork and ethical consideration will be highlighted.

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 hypothesised 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 analyse non-numerical data. However, numerical values can be analysed 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.

4.2 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 an ability for descriptive data. Data collection, when

applying a qualitative approach, is derived from interviews or from focus groups. Zikmund *et al*. (2010) summarise the differences between quantitative and qualitative approaches in Table 4.1 detailed below.

Table 4.1: Difference between quantitative and qualitative approaches

Research Aspect	Quantitative	Qualitative
Common Purpose	Test Hypotheses or Specific Research Questions	Discover Ideas, used in Exploratory Research with General Research Objects
Approach	Measure and Test	Observe and Interpret
Data Collection Approach	Structured Response Categories Provided	Unstructure, Free-Form
Research Independence	Researcher Uninvolved Observer. Results Are Objective.	Researcher Is Intimately Involved. Results Are Subjective.
Samples	Large Samples to Produce Generalizable Results	Small Samples – Often in Natural Settings
Most Often Used	Descriptive and Causal Research Designs	Exploratory Research Designs

Source: Zikmund et al. (2010).

The quantitative approach supports the explanation of the correlation between independent and dependent variables. The previous studies, notably those in Table 3.5, Chapter Three, have demonstrated that the majority of researches similar to this study have applied quantitative approaches when examining HRM practices on DEs and MNEs. For example, researchers as Sing *et al*. (2013) and Mohamed *et al*. (2012) applied quantitative approaches.

4.3 Rationalism and Empiricism

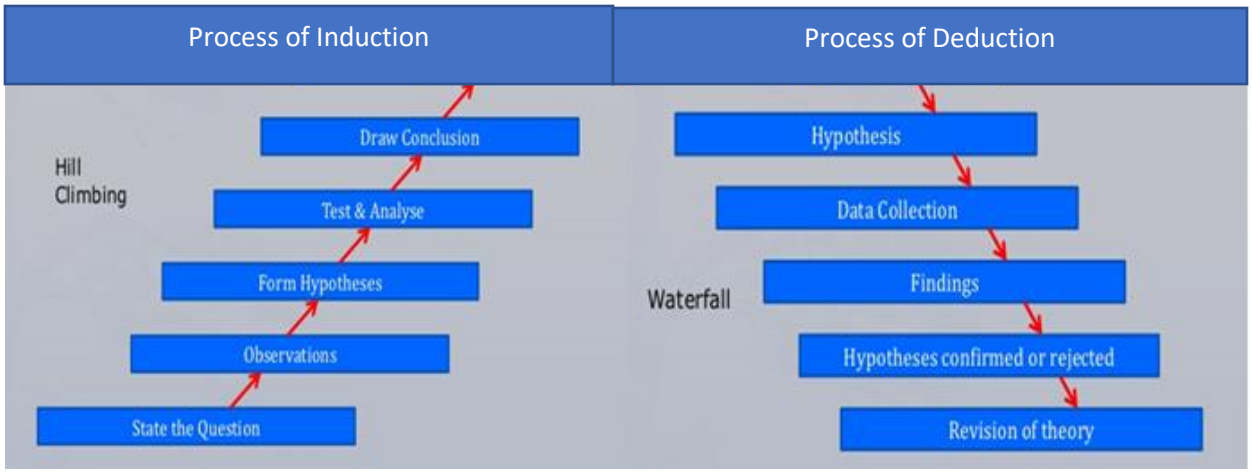
Rationalism is one concept that may be related to innate knowledge and internal sources of knowledge whilst considering logic and evidence (Hjorland, 2005). Knowledge was accoutred from intuition in rationalism. Bernard (2011) added that the truths of the mind will become evident. Deductive methods were supported to clarify rationalism. The processing of information on rationalism was based on a top–down approach (Hjorland, 2005).

On the other hand, empiricism maintains that the most important ways of achieving knowledge are through, senses and observations (Hjorland, 2005). Empiricism trusts that the information we know is not absolutely true (Bernard, 2011). Additionally, he added that truths come from experience, with processing information of empiricism based on a bottom–up approach (Hjorland, 2005).

Deduction approaches are generated and start from theory and truth. Hypotheses are created from these truths, which require that data be tested in order to reject or accept hypothesis. In contrast, induction is a process of reasoning, which is derived from evidence and observation. Figure 4.1 shows the induction method starting from observation in order to generate theory. However, the deduction method starts from theory to finding results (Bryman, 2006).

The rationalism and the empiricism concepts were used in the present research. The implementation of the hypotheses from the literature is a major part of the rationalist approach. The current researcher then applied deductive methods in order to confirm conceptual clarity. The survey methods and testing of the data collected from the HR directors were a part of the empiricism approach in this work.

Figure 4.1: Induction and Deduction Methods



Source: Bryman, 2006

4.4 Subjectivism vs Objectivism

Subjectivism exists in the mind and explains the data analysis results based on personal opinion and essential internal studies (Bryman & Bell, 2007). This approach has been used in a qualitative study due to the researcher having the ability to share his/her individual views, as well as the researcher benefitting from greater flexibility when it comes to interpreting the data collected. However, objectivism understands data analysis results from external facts and findings from actual data, whilst not revealing opinions or judgments from researchers (Sekaran, 2003). Subjectivism and objectivism are related to awareness. This current research was closed to the objectivism approach due to the survey questionnaires being distributed to HR directors in measuring the differences between MNEs and DEs, whilst measuring the linkage between treaties' firms and HR practices without considering emotional values.

4.5 Data Source

This research is a new empirical study developed in a non-Western region in the country of Saudi Arabia. Mustaph (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.

4.6 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.

4.7 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 were not pressured into answering.

The questionnaire was designed as a funnel approach, as proposed by Festinger & Katz (1996), with the general questions asked earlier, then the more specific questions asked later (Festinger & Katz, 1996). The questionnaire appealed to the on HR directors by asking them 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, utilising 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

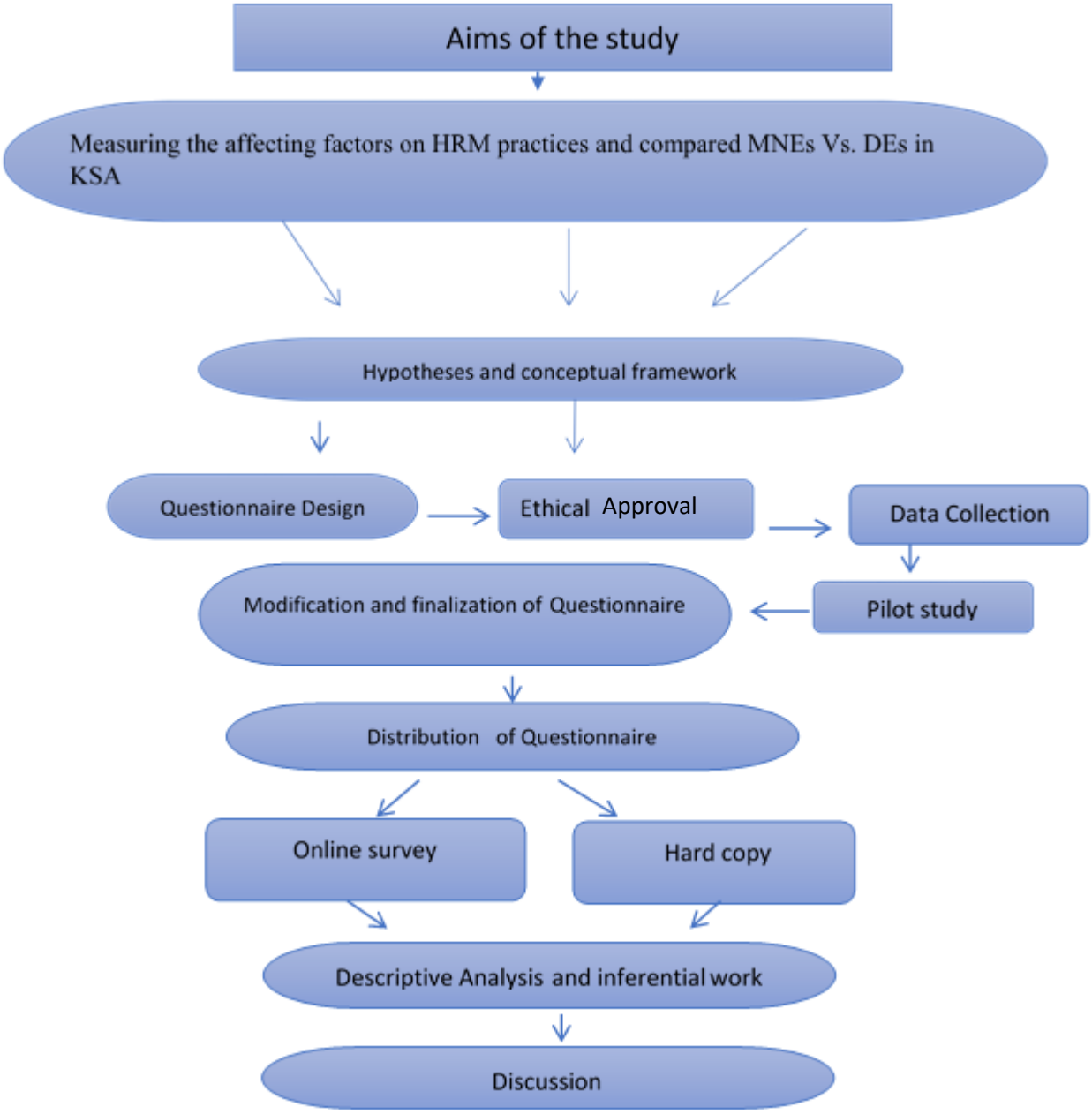
questionnaire due to minimising the chances of there being ambiguous, unreliable and unreasonable questions.

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 participates 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 4.2 (De Vaus, 2014).

Figure 4.2: Research design



Source: Designed by the author

4.7.1 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 (Shafaee, 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 recognised 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).

4.7.2 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 categorised 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*., 2000).

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). The questionnaire has three sections that will be summarised in below.

4.7.2.1 Basic Information:

Section ‘A’ is categorised of 14 items that look for getting demographic and basic information about the participants (HR directors) and enterprises. In Table 4.2, the first three coded elements were concerned with HR employees, such as gender, age group, employee experience. Additionally, Table 4.2 in Section A shows traits of firms, such as name, year established, total employees, company sales revenue, operation level, percentage of the labour force that is local, type of industry, location, firm structure, best structure of firm, the percentage of foreign ownership, and lower retention rate.

Section ‘B’ concentrated on two main variables that were recruitment and selection, and training. Recruitment and selection was divided into three components, as shown in Table 4.2:

qualifications were provided across five methods (REC1, REC2, REC3, REC4 and REC5), personal characteristics delivered across six elements (REC7, REC8, REC9, REC10, REC11 and REC12) and the recruitment of local employees and outsourcing employees supplied across three ways (REC13, REC14, REC15). The second main factor was training, which has one question, notably concerned with 'important methods of training to managers', which carried out six methods (TR1, TR2, TR3, TR4, TR5 and TR6) across a 5-point Likert scale, as shown in Table 4.2.

Section 'C', as presented in Table 4.3, focused on two major factors of study, namely appraisal and incentives. Appraisal was measured by providing three questions (APP1, APP2 and APP3). Firstly, the frequent time for appraising employees (Once in 3 months, Once in 6 months, Once a year, Once in 2 Years, and Never). Secondly, the manager completing the appraisal was categorised into two nominal data: direct line managers and HR director. Thirdly, the feedback from the manager to employees' categories in ordinal data were Within 1 week, Within 2 weeks, Within 1 month, Within 2 months, After 3 months, or No feedback is provided to employees. Furthermore, Section C involved incentive practices divided into 5 sub-sections, namely salary, rewards in retaining, social and psychological benefits, rewards influence and attitude, as presented in Table 4.3.

Table 4.2: Structure questions recruitment and selection, and training

Section A				Section B							
Basic Informatiom				Recruitment						Training	
HR director		Firm		Qualifications		Personal Characteristics		Recruitment interanl/Ex.		Trining	
coded	element	coded	element	coded	element	coded	element	coded	element	coded	element
Dv1	gender	Dv0	organization name	REC1	School and university qualifications	REC7	Willingness to travel	REC13	Senior manager reporting to chief executive	TR1	Formal instruction within company
Dv2	Age	Dv4	year established	REC2	Professional qualifications	REC8	Single-minded dedication to each task	REC14	Junior manger supervising operatives	TR2	Training provided by a third party organization but tailored to company needs
Dv3	experinice	Dv5	total employees	REC3	Previous experience of a similar job	REC9	Self-motivation	REC15	Professional specialist	TR3	Informal apprenticeship to an experienced Member of the organization
		Dv6	company sales revenue	REC4	wide range of work experience	REC10	Potential to grow with the job			TR4	Induction into a group to learn bysocialization and imitation
		Dv7	operation level	REC5	Experience in other countries	REC11	Independent judgment			TR5	Lerning by doing your own
		Dv8	local emplyees	REC6	Command of languages	REC12	Commitment to the company			TR6	Work replacement with strategic partners
		Dv9	type of industry								
		Dv10	location								
		Dv11	firm structure								
		Dv12	best structure of firm								
		Dv13	foreign ownership								
		Dv14	lower retention rate								

Source: Designed by the Author

Table 4.3: Design questions incentives and appraisal

Section C											
Performamce Appraisal		Incentive and Reward									
Performamce Appraisal		Salary		rewards in retaining		social and psychological benefits		rewards influence		attitude	
coded	element	coded	element	coded	element	coded	element	coded	element	coded	element
APP1	How frequently are appraisals conducted	INC1	They simply reflect external market conditions	INC6	Basic pay above the industry norm	INC12	Interesting and challenging work	INC16	The availability of computerized data on Output and sales	INC21	Individual employees need to complete against their peers in order to give of their best
APP2	How are appraisals conducted	INC2	They reflect the firm's own evaluation of the Job people perform	INC7	Basic pay above the local norm in the area	INC13	Friendly and supportive colleagues	INC17	Use of profit center	INC22	Competition between individual is socially divisive but competition between teams is healthy because it stimulates cooperation at the team leve
APP3	After the appraisal, when is feedback given to employees	INC3	Thy are fair in the context of the Company's system of values	INC8	Valuable fringes benefits	INC14	Job security	INC18	Use of cellular manufacturing system	INC23	Completion is not the best way of motivating effort , building a sense of group solidarity is usually better
		INC4	Management must be free to reward people in whatever way best serves the company's Interests	INC9	The opportunity to earn large bonuses through greater efforts.	INC15	The prestige of working for one of the top firms in the industry	INC19	Use of total quality management		
		INC5	Personal perception plays role	INC10	Annual salary increment above the rate of Inflation				urage risk-taking In middle management		
				INC11	Better career prospects than other firms in the Same industry						

Source: Designed by the Author

Source: Designed by the Author

4.7.2.2 Validity:

Validity refers to what a question will measure (Bryman & Cramer 1997; Saunders *et al*., 2012). Polgar & Thomas (1995), Bowling (1997) and Bryman & Cramer (1997) stated that there are several types of validity test. Rattray & Jones (2005) mentioned validity as being categorised with face validity and content validity. Face validity was classified as the initial step of implementing validity, and was referred to the items related to the objectives. In regards achieving face validity, the questionnaire was reviewed by supervisors of the current research in order to ensure clarity, including confirming the items reveal their meaning. The current supervisor of this research recommended that the design of the questionnaire be changed due to spanning twenty pages, which would discourage respondents from completing it. The questionnaire was then redesigned. Bowling (1997) agrees that face validity is not adequate in isolation.

Cooper & Schindler (2013) explored content validity as referring to encouraging experts and professionals in providing their opinions with regards concepts the questionnaire is proposed to measure. In order to achieve content in the current research, the questionnaire, aim, objectives and hypotheses were, on September 29, 2015, sent to three academic evaluators, all of whom were familiar with the country of Saudi Arabia, as well as its culture and context. Additionally, the current researcher met the manager of the Labour Law office in Saudi Arabia on November 3, 2015 and discussed the questionnaire with him.

One of the evaluators requested additional requirements when providing feedback. The requirements included a mapping table showing the connection between hypotheses and the location of the research questions and hypotheses in the questionnaire. Accordingly, the author called his supervisor for permission, with the requirements then sent to the evaluator. Within two weeks, the evaluators provided their feedback through comments. Valuable comments were provided by the academic evaluators and one manager evaluator.

4.7.3 Outputs of Content Validity

Seven points were commented on by the academic evaluators. The most important four comments were mentioned below. The first one concerned the research title, which was not seen to cover all the main objectives of the research. The second comment questioned 'how HRM practices and affecting factors would be measured'. The third comment centred on expanding the current HRM practices (recruitment and selection, training, appraisal and incentive) to more practices, such as planning, recruitment and selection, compensation and benefits, safety, employee health and labour relations, government relations and human resource research. The fourth comment considered the measurement of various important parts of organisational performance, such as profitability, sales growth and revenue growth. The fourth comment involved the addition of two more hypotheses: (a) There is a difference in human resource planning practices in Saudi Arabia; and (b) Human resource planning practices have a differing impact on the performance of domestic and multinational enterprises in Saudi Arabia.

The labour manager of the Saudi office spent two hours with the researcher discussing the topic and questionnaire. The manager commented on three important elements related to the research topic and research questionnaire. He explained about the motivation of local employees in continuing to work in MNEs and DES, as well as the culture of Saudi Arabia as a factor affecting multinational enterprises.

4.7.4 Piloting a Questionnaire

The questionnaire piloting is a fundamental step in the research journey. The pilot test is a pre-test by implementing a trial run (Baker, 1994). Additionally, the pilot test supports the overall validity and reliability of the questionnaire (Ticehurst & Veal, 2005). Teijlingen & Hundley (2002) added that the pilot test benefits data analysis, such as in terms of deciding the sample size. The pilot test of this research took place on November 28, 2015, after receiving ethical permission from the ethics committee (CBASS research office) at Brunel University, London. The participants assigned to the pilot study were included in the main study, with those targeted in this study Human Resources directors in multinational subsidiaries and domestic firms.

Additionally, 100% of the HR directors were male due to a lack of feminine individuals in the industrial working environment. In terms of the description of the demographics in the piloted study: age group, experience, firm age, total employee size, revenue (latest year), percentage local labour force local, firm operations, type of industry, company structure, organisational structure, company ownership, percentage capital foreign ownership and the turnover rate were all questioned, with the information garnered presented in Table 4.4. The majority of the sample fell into the age group of between 40 and 49 years in DEs and 30 and 39 years in MNEs. Managers with 20 years' experience are more common in DEs. However, managers with 11–15 years' experience were more commonly identified in MNEs. The year established recognised those firms with less than 15 years' operation as new, whereas old firms were those seen to have been in operation for more than 15 years. The total number of employees is recognised based on a Nitaqat system in Saudi Arabia, with firms with fewer than 500 employees known as small firms. Capital foreign ownership is classified based on the Saudi Capital Market Authority, where, when capital foreign ownership is greater than 49%, the firm is classed as a multinational firm (Tadawul).

Table 4.4: Demographic variables for the pilot test sample

Gender			Frequency	Percent
DEs	Valid	Male	10	100.0
MNEs	Valid	Male	6	100.0
Age group				
DEs	Valid	30–39 Y	3	30.0
		40–49 Y	3	30.0
		50–59 Y	2	20.0
		60+ Y	2	20.0
		Total	10	100.0
MNEs	Valid	30–39 Y	3	50.0
		40–49 Y	2	33.3
		50–59 Y	1	16.7
		Total	6	100.0
Experience				
DEs	Valid	1–4 Years	2	20.0
		5–10 Years	1	10.0
		11–15 Years	2	20.0
		16–20 Years	2	20.0
		21+ Years	3	30.0
		Total	10	100.0
MNEs	Valid	5–10 Years	2	33.3
		11–15 Years	2	33.3
		16–20 Years	1	16.7
		21+ Years	1	16.7
		Total	6	100.0
Year Established				
DEs	Valid	new firm<15 Y	10	100.0

MNEs	Valid	old firm> 15 Y	1	16.7
		new firm<15 Y	5	83.3
		Total	6	100.0
Total Employees				
DEs	Valid	small firm < 500	3	30.0
		large firm > 500	7	70.0
		Total	10	100.0
MNEs	Valid	small firm < 500	2	33.3
		large firm > 500	4	66.7
		Total	6	100.0
Revenue			Frequency	Percent
DEs	Valid	below zero	1	10.0
		0.1– 1M	1	10.0
		2–25M	6	60.0
		101– 500 M	1	10.0
		5001– 1000 M	1	10.0
		Total	10	100.0
MNEs	Valid	2–25M	2	33.3
		101– 500 M	2	33.3
		1000+ M	2	33.3
		Total	6	100.0
percentage local labour force				
DEs	Valid	Yellow (5 – 9%)	1	10.0
		Green (10 – 39%)	4	40.0
		Platinum > 40%	5	50.0
		Total	10	100.0
MNEs	Valid	red < 5%	2	33.3

		Yellow (5 – 9%)	2	33.3
		Green(10 – 39%)	2	33.3
		Total	6	100.0
Firm Operations				
DEs	Valid	Local	9	90.0
		International	1	10.0
		Total	10	100.0
MNEs	Valid	International	6	100.0
Type of Industry				
DEs	Valid	Oil, Gas & Petrochemicals	1	10.0
		Financial Sector	6	60.0
		Retail Sector	3	30.0
		Total	10	100.0
MNEs	Valid	Oil, Gas & Petrochemicals	4	66.7
		Financial	1	16.7
		Retail Sector	1	16.7
		Total	6	100.0
Areas Supplied				
Type of Firm	Valid	Saudi Arabia	10	100.0
MNEs	Valid	Saudi Arabia	6	100.0
company structured				
DEs	Valid	By functional area (marketing, finance, etc.)	3	30.0
		By product group	4	40.0
		Matrix	3	30.0
		Total	10	100.0

MNEs	Valid	By functional area (marketing, finance, etc.)	2	33.3
		By product group	3	50.0
		Matrix	1	16.7
		Total	6	100.0
organisation structure				
DEs	Valid	Joint stock Domestic	10	100.0
MNEs	Valid	Joint stock multinational subsidiaries	6	100.0
company ownership				
DEs	Valid	Saudi Arabia ownership	10	100.0
MNEs	Valid	Foreign ownership	6	100.0
percentage Capital Foreign ownership				
DEs	Valid	0	10	100.0
MNEs	Valid	50–80%	6	100.0

Source: Author's analysis of data

4.7.5 Reliability

Reliability is one of the most important elements of an implementing questionnaire. Jack & Clarke (1998) mention that the overall reliability of a questionnaire is referred to as the stability and dependability of a questionnaire. The most common way of establishing reliability is through Cronbach's statistic (Bryman & Cramer, 2011; Hayes, 2008). Cronbach's alpha statistic calculates the internal consistency of a given scale. For example, if Cronbach's alpha exceeds 0.7, the items show good internal consistency (Bowling, 1997; Bryman & Cramer, 1997; Hair *et al.*, 2011). However, some commentators, such as Heath & Martin (1997) and Nunnally & Bernstein (1994), agree that any Cronbach's alpha of 0.6 and above will be considered reasonable. The current research recognises Cronbach's alpha across all scales in order to determine the internal consistency and desirable alpha level is 0.6 as a minimum threshold through the use of SPSS. Brunel University, London, provides a free copy of SPSS V.20 to each

candidate PhD student' the researcher installed SPSS V.20. Cronbach's alpha was found to exceed 0.7 in the case of four elements, as shown in Table 4.5.

Table 4.5: Reliability Cronbach's alpha

Scale	Items	Item number	Cronbach's Alpha coefficient
Recruitment and selecting and	Section B	15	0.755
Training	Section B	7	0.838
Appraisal	Section C	7	0.630
Incentives and rewards	Section C	23	0.747
All	Recruitment & Selecting, Training, Retention, Appraisal and Incentives and rewards.	75	0.828

Source: Author's analysis of data

4.7.6 Comments from the Pilot Study

Three elements were commented on by participants, which subsequently were modified by the researcher. The first comment concerned the ambiguous phrase of DV14: 'On average what percentage of your total employees leaves the company voluntarily each year'. The modification words were 'On average, what percentage of your total employees resigns from the company each year'. The second comment considered the location of the organisations, which were not mentioned in questionnaire due to some of the firms having more than one office in the country of Saudi Arabia. The third related to 'religion and culture'; this was removed due to the majority of participants not responding to some questions, such as Government multinational subsidiaries are disconnected from their headquarters. In the final statement, the scale was changed from a Likert scale (notably spanning Entirely internal–entirely external) to a Likert scale spanning (largely internal–largely external) as a result of the lack of clarity of the scale to participants in REC13, REC14 and REC15.

4.8 Sampling

Sampling is used in an empirical research in management since it is considered to fall within the category of social and behavioural sciences, and is based on the objectives, aims, questions and structure of the research (Saunders *et al*., 2012; Teddlie & Yu, 2007). Zikmund *et al*. (2013) add that sampling is categorised into non-probability and probability sampling: the former is commonly used in quantitative research, and supports the wider population, such as Random Sampling, Systematic Random, Random Cluster, Stratified Cluster and Complex Multi-Stage Random (Saunders *et al*., 2012; Lohr, 2011). On the other hand, non-probability sampling supports Quota Sample, Purposive Sample and Convenience Sample (Bryman & Bell, 2011). Additionally, it is not required that all members of the population be included in the research and that access to participants will be easy.

On October 7, 2015, Brunel University, London, issued an ethical approval letter to the researcher, allowing the completion of the research, as attached in Appendix 4. On October 9, 2015, the researcher accessed 24 Chambers of Commerce in mind of establishing the size of the enterprises in Saudi Arabia, with part of these commences visited by the researcher and other parts contacted by e-mail. Each Chamber of Commerce in Saudi Arabia is responsible for specific regions, with all of the chambers providing the researcher with the list of firms, complete with contact numbers, firm locations and the types of business.

However, the main element of the research was not provided by the Chamber of Commerce, which was the type of organisation, i.e. multinational subsidiary or domestic firm. Hence, the researcher contacted the Ministry of Commerce and Industry to seek out this information. Unfortunately, the researcher faced difficulties when it came to be obtaining this; nonetheless, the researcher's supervisor wrote an official document (see Appendix 4), requesting that this be provided. The Minister of Commerce and Industry welcomed the research topic and provided this information. Furthermore, the Minister of Commerce and Industry in the KSA provided a welcome and letter of appreciation, stating that this research will add a positive advantage to the Saudi Arabian context, as shown in Appendix 4.

Probability sampling is recognised as providing more trustworthy results (Saunders *et al*., 2012). Convenience sampling is viewed as being most suited to the current study in consideration to as the participants accessible to the study and its suitability to the management field (Bryman & Bell, 2011). The researcher chose 1,544 enterprises as a population for this work.

The Ministry of Commerce has provided full information to one type of firm, notably Joint Stock companies, on its website. For this reason, the population of this research was Joint Stock companies totalling 1,544 enterprises, 373 of which were multinational subsidiaries whilst the remaining 1,171 were domestics and Joint Venture companies.

4.8.1 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 sample size was selected through a random sampling technique (see Appendix 2).

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 ongoing; 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.

4.9 Ethical Considerations

Ethical consideration is at the core of research when communicating with human subjects. The researcher therefore needs to pay attention to human respect and personal interest (Neuman, 2011). Ethical approval for the current study was achieved on October 7, 2015, from the Business School at Brunel University, London. The approval letter can be seen attached in Appendix 4. Ethical approval was used in some important places, such as the Ministry of Commerce and Industries, Ministry of Labour Saudi Arabia, Council of Saudi Chambers and in the survey questionnaire.

Furthermore, the researcher provided an information paper attached with a questionnaire in hard copy and online. The name of participants was not required in the questionnaire, with anonymity provided so as to motivate the participants to answer all types of question and to do so honestly however, the organisation name was required. In addition, the first paper of the questionnaire informed the participants that all answers would remain confidential, and would also be used in the academic field. The contact details of the researcher were provided for in the event that the participants wanted to discuss the research.

4.10 Research Work

Budhwar & Debrah (2001) commented that the Arab region may experience greater difficulties in completing research than the Western region, with Saudi Arabia a potentially very difficult environment when it comes to obtaining data and information due to cultural issues.

In order to get the information about firms in Saudi Arabia, the researcher spent around two months contacting 22 Chambers of Commerce and the Ministry of Commerce and Industry. All Chambers of Commerce welcomed the research and provided information about those firms that have operated in Saudi Arabia. The home address of the researcher was located in the Eastern region; therefore, on November 15, 2015, the researcher arranged to visit the manager of the Ministry of Commerce and Industry in the eastern region. The manager did not provide information due to security issues. After a while, the researcher attempted to travel to Riyadh to get the necessary information from the Minister of Commerce and Industry; however, the researcher emailed the Minister of Commerce and Industry to arrange an appointment and explained the importance of some information in supporting the current research. Fortunately, within 30 minutes, the Minister of Commerce and Industry replied to the email and welcomed

the research, and subsequently emailed his staff to emphasise his support of the researcher. As such, the Secretary of the Minister of Commerce contacted the researcher and provided all required information. The link to the Survey Monkey electronic questionnaire was distributed in the first week of December 2015 to those individuals recognised as Directors of Human Resources.

Hard copies of the questionnaire were provided to some of the directors in the targeted firms. The researcher travelled from Dammam to Riyadh to attend the ceremony known as Carrier Week. Some parts of the hard copy questionnaires were sent to firms in the ceremony located at King Saud University in Riyadh between December 31, 2015 and January 4, 2016.

4.11 Questionnaire Distribution Methods

The current study implemented two different methods in leading the survey: electronic questionnaire online and hard copy (distributed by hand). The mobile number and contact e-mail address of the participants were provided by Chambers of Commerce to support the research, with both e-mail and contact numbers registered at the Chamber of Commerce as business contacts.

The researcher considered providing participants with the online questionnaire via social applications; however, female managers would have been shamed had they communicated via social media due to Saudi Arabia culture. In this case, the researcher had a very small percentage of female participants (2.5%).

4.11.1 Hard Copy Questionnaire

The hard copy of the questionnaire was distributed across four regions of Saudi Arabia due to the fact that three regions (Dammam, Khobar and Jubail) were close to the home address of the researcher. The researcher visited the firms in the region by making appointments beforehand. The hard copies of the questionnaire were handed to the participants, including an information sheet and the ethical approval for the study, at the end of the questionnaire. In addition, the researcher travelled from the Eastern region to Riyadh 400km away to distribute hard copies in a ceremony career week, as established by King Salman in Saudi Arabia on January 31, 2016, comprising the involvement of 72 firms (MNEs and DEs) in the ceremony.

4.11.2 Online Questionnaire

The total number of online questionnaires provided to the participants via e-mail, including the link to the Survey Monkey questionnaire, totalled 120 participants. The questionnaire link was attached in the email, complete with an introduction to the research, as well as the researcher's contact information. The contact e-mail was given to the researcher by the Chambers of Commerce in Saudi Arabia, with the Chambers given authority to use contact details for this academic study.

A total of 108 online electronic questionnaires were sent via social media, including the link to the questionnaire on the Survey Monkey website. The researcher sent frequent reminders to the participants. The DEs and MNEs were distributed 24 districts in Saudi Arabia, and so there were difficulties with the researcher travelling across all regions. Therefore, the online questionnaires made access to these firms an uncomplicated process. In addition, the Saudi culture is critical when it comes to the gender of participants. For example, handing over hard copies of questionnaires to females could cause critical issues. Kent & Lee (1999) commented that online surveys are faster than hard copies. Moreover, recently, almost all firms have taken to using the internet in Saudi Arabia.

4.11.3 Response Rate

The questionnaires were distributed to HR directors across 318 firms. A total of 270 were returned (75 hard copies, 195 online), with a response rate of 84%. The total number of questionnaires omitted totalled 15 (5 hard copies, 10 online) due to missing data and incomplete answers, with the questionnaires eligible for analysis totalling 255, therefore providing a response rate of 80%. Table 4.6 provides the detailed response rate of the HR managers across MNEs and DEs in Saudi Arabia.

Table 4.6: Response Rate of Questionnaires

Total number	Hard copies	Online E-mail	Online social media	Total
Questionnaires Distributed	90	120	108	318
Questionnaires returned	75	100	95	270
Incomplete answers and missing data	5	6	4	15
Eligible for data analysis	70	94	91	255

Source: Author's analysis of data

The eligible enterprises for data analysis totalled 255 firms, which comprised multinational subsidiaries and domestic firms. The total number of firms was 175, which were recognised as Domestic Enterprises (DEs), totalling 80 firms, which were recognised as multinational subsidiaries (MNEs). The Ministry Agency of Saudi Arabia consider organisations as multinational subsidiaries when foreign ownership is more than 49%; otherwise, the organisation (0–49%) is referred to as a domestic firm (*Tadawul*).

4.12 Demographic Information

The characteristics of the current research were divided into two subsections of Section A of the questionnaire: HR director information and organisation information. The sample comprised 175 domestic enterprises and 80 multinational subsidiaries. Table 4.7 shows the frequency and percentage of the demographic variables generated by SPSS.

Table 4.7: Demographic Profile of the Participants

DV	Firms	Items	Frequency	Percent
Gender	DEs	Male	175	100
	MNEs	Female	1	1.3
		Male	79	98.8
		Total	80	100
Age	DEs	30–39 Y	101	57.7
		40–49 Y	27	15.4
		50–59 Y	26	14.9
		60+ Y	21	12
		Total	175	100
	MNEs	18–29 Y	2	2.5
		30–39 Y	47	58.8
		40–49 Y	21	26.3
		50–59 Y	2	2.5
		60+ Y	8	10
		Total	80	100
Experience	DEs	1–4 Years	52	29.7
		5–10 Years	39	22.3
		11–15 Years	37	21.1
		16–20 Years	35	20
		21+ Years	12	6.9
		Total	175	100
	MNEs	1–4 Years	16	20
		5–10 Years	3	3.8
		11–15 Years	44	55
		16–20 Years	15	18.8
		21+ Years	2	2.5
		Total	80	100
Year Established	DEs	old firm> 15 Y	63	36
		new firm<15 Y	112	64
		Total	175	100
	MNEs	old firm> 15 Y	25	31.3
		new firm<15 Y	55	68.8
		Total	80	100
Total Employees	DEs	small firm < 500	76	43.4

		large firm > 500	99	56.6
		Total	175	100
	MNEs	small firm < 500	54	67.5
		Large firm > 500	26	32.5
		Total	80	100
Sales Revenue	DEs	below zero	4	2.3
		1– 100M	87	49.7
		101–200M	28	16
		201– 300 M	19	10.9
		301– 400M	5	2.9
		400+	32	18.3
		Total	175	100
	MNEs	1– 100M	42	52.5
		101–200M	17	21.3
		201– 300 M	6	7.5
		301– 400M	5	6.3
		400+	10	12.5
		Total	80	100
percentage of labour force	DEs	red < 5%	53	30.3
		Yellow (5 – 9%)	13	7.4
		Green (10 – 39%)	70	40
		Platinum > 40%	39	22.3
		Total	175	100
	MNEs	red < 5%	22	27.5
		Yellow (5 – 9%)	23	28.8
		Green(10 – 39%)	20	25
		Platinum > 40%	15	18.8
		Total	80	100
Type of Industry	DEs	Oil, Gas & Petrochemicals	15	8.6
		Education	1	0.6
		Media & Communication	8	4.6
		Financial	12	6.9
		Retail Sector	18	10.3
		Manufacturing Sector	45	25.7

		Travel & Hospitality	6	3.4
		Wholesale & Distribution	16	9.1
		Insurance and Healthcare	36	20.6
		Other	18	10.3
		Total	175	100
	MNEs	Oil, Gas & Petrochemicals	14	17.5
		Media & Communication	21	26.3
		Financial	5	6.3
		Retail Sector	3	3.8
		Manufacturing Sector	23	28.8
		Travel & Hospitality	1	1.3
		Wholesale & Distribution	3	3.8
		Insurance and Healthcare	8	10
		Other	2	2.5
		Total	80	100
The way company is structured	DEs	By functional area (marketing, finance, etc.)	55	31.4
		By product group	42	24
		By product group	28	16
		Matrix	50	28.6
		Total	175	100
	MNEs	By functional area (marketing, finance, etc.)	27	33.8
		By product group	18	22.5
		By product group	12	15
		Matrix	23	28.8
		Total	80	100
organisation structure ownership	DEs	Joint-Venture	165	94.3
		Saudi ownership	10	5.7

		Total	175	100
	MNEs	Joint-Venture	59	73.8
		Foreign ownership	21	26.3
		Total	80	100
Percentage Capital Foreign ownership	DEs	<49%	70	40
		>49%	105	60
		Total	175	100
	MNEs	<49%	36	45
		>49%	44	55
		Total	80	100

Source: Author's analysis of data

4.13 Summary

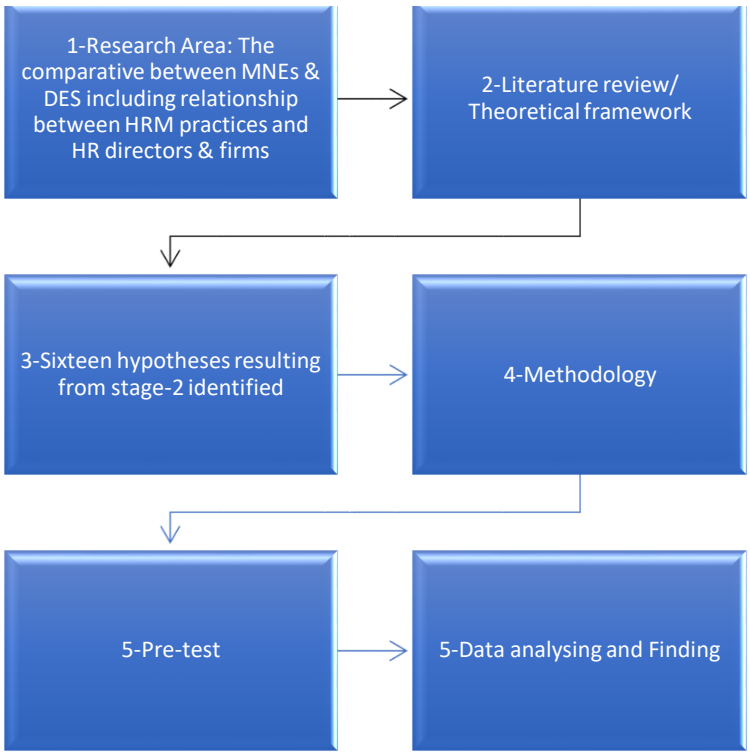
This chapter considered the method chosen when testing the conceptual framework. The most appropriate approach was selected in this research in order to determine the differences between DEs and MNEs in Saudi Arabia. Rationalism and empiricism were used; the development of hypotheses from theory is part of rationalism. On the other hand, empiricism is concerned with testing the data collection. The current study paid attention to both rationalism and empiricism.

The population of this research included MNEs and DEs that have operated in Saudi Arabia, as provided by the Ministry of Industry and Commerce. A count revealed a total of 1,544 firms in operation as the population; of these, 318 firms were used as a sample for the study. A total of 255 firms responded; 175 DEs and 80 MNEs. A combination of parametric and non-parametric tests was implemented in order to analyse the data.

The important statistics, tools such as Chi-Square Tests One-way ANOVA F-test, T-Test, Mann Whitney U Test, Dummy Coding, Cox and Snell, Nagelkerke and R Square, Nested model, Ordinal logit, maximum likelihood estimate (MLE), Multinomial Logistic Regression (MLR), Wald Statistic, Log-likelihood statistic, Logistic regression, Two-Sample z-Test for the Difference between Proportions, Multiple Regressions, Linear Regression and Multicollinearity, were introduced in this chapter. The assumptions were considered in mind of data analysis, such as the assumptions of T-Test, linear regression, binary regressing, ordinal regression and multinomial regression.

Parametric data were used in the application of the T-test in order to compare HRM practices (recruitment, training, and incentive) in DEs vs MNEs. However, non-pragmatic data were used in the case of the Mann-Whitney U-test in order to compare appraisals in DEs vs MNEs, whilst the Chi Square was used to compare discrete data. The linkage between HRM practices (recruitment, training, incentives and appraisal) and internal/external factors was proposed, with the use of multiple linear regression and logit regression. The research process is drafted in Figure 4.3.

Figure 4.3: The research process



Source: Designed by the Author

CHAPTER FIVE: PRELIMINARY TEST AND RESULTS

5.1 Introduction

This chapter was divided into two important parts, namely pre-test data and data analysis. The first part centres on ensuring the data collection is eligible for testing. In addition, the editing of the data, notably through data-screening, are discussed in the first part of Chapter 5, including the review of missing data. Furthermore, the first part of the chapter is clarified the data characteristics in terms of normality, linearity, homoscedasticity, reliability, multicollinearity and outliers. Furthermore, factor analyses were carried out across the data collection due to the factors excluding the unused factors in the analysis.

The second part of the chapter concerns with data analysis. The research was required that the data be converted into information (Neuman, 2000), with Kerlinger (1986) stating that the results of information needed to be interpreted. The second part was centred on revealing the differences between MNEs and DEs in HRM practices, as well as the connection between the dependent variables and independent variables, which understood that both MNEs and DEs have operated in Saudi Arabia. The comparative analysis was focused on comparing HRM practices amongst MNEs vs DEs. In addition, the targets were analysed to determine the linkage between dependent variables, where HRM practices (recruitment and selection, training, incentives and appraisal) and independent independents variable were HRM directors and firm traits (HR director age, experience, firm age, firm size, firm revenue, local employees, type of industry, firm structure, organisation structure, foreign ownership and employee turnover).

5.2 Data Preparation and Screening

The data needed to be monitored in order to confirm the data were accurate in the sample of the population. Moreover, various issues, such as missing data, normality, linearity, outliers, multicollinearity and homoscedasticity, were found to have an effect on the variables (Hair *et al.*, 2010). The anticipation of this research was that part of the data collection would be screened and cut due to various reasons. The main target concerned with carrying out data-screening is the need to identify problem issues in the data, where such issues are required to be corrected (Tabachnick & Fidell, 2007). The descriptive statistics could have been mistaken in the various interpretations when these parameters (missing data, data validity, and outliers) have not dealt with prior test. Six assumptions were noted as follows: no outliers in the data, adequate

sample size, no perfect multicollinearity, homoscedasticity not required between variables, linearity of variables and interval data nominal, and ordinal data do not work with factor analysis.

5.2.1 Treatment of Missing Data

One of the most problematic elements in the data analysis is missing data, which impacts the results of the research objectives. The missing data have been identified due to many different reasons, including a long questionnaire and questions being misunderstood by participants.

Many scholars have fixed their suggestion on modifying the data missing in the survey. Norusis (1995) suggested the removal of those in the sample who do not respond to the questions. In addition, small data missing was recognised as not changing the outcome results. The missing data of this research amounted to 7.5% of the total number of questionnaires (15 participants of 318 participants) due to incomplete questionnaires. However, 6.2% of the missing data were resolved due to the percentage of missing data being low. The data in the research were modified in line with various incomplete questions. For example, the demographic variable Year Established (DV4) and Percentage of Foreign Ownership (DV13) were already available from the literature review (i.e. Saudi Monetary Agency Tadawul). This research had 25 questionnaires with a very low number of missing data (i.e. The Year Established and Percentage of Foreign Ownership Questions), and so the researcher resolved these questions and included them in the data analysis.

5.2.2 Detecting Outliers

The data points that appear to be different to the majority of data points are referred to as outliers. The outliers lead to misrepresent descriptive statistics and create errors in both univariate and multivariate conditions. Tabachnick & Fidell (2001) have defined outliers as extreme values that have improper influence in line with descriptive statistics. The outliers can be solved with many solutions, such as deletion, redefining the population of study, or re-specifying the model (West *et al.*, 1995). According to Kline (2011), outlier occurs when more than three standard deviations value away from the mean. Based on Tabachnick & Fidell (2007) and Field (2009), there are three ways of identifying outliers: Univariate detection, Bivariate detection and Multivariate detection.

Hair *et al.,* (2010) commented that the Mahalanobis distance measures the distance of each point from the mean centre, whilst the multivariate outliers out curves when D2 probabilities are 0.001 or less. The Mahalanobis distance test is one of the most common ways of identifying the univariate outliers, with a probability level value less than the threshold of significant 0.001 ($p<0.001$) outliers. Moreover, the researchers have proposed various statistical approaches to identify outliers, such as box plots, standardised scores, normal probability plots and histograms.

In the current study, the data value was converted into z-score or standard score (Hair *et al.*, 2010). Hair *et al.*, (2010) recommended that extreme values on one or more variables occur when standard score is ± 2.5. This value range (± 2.5) of standard score was recommended to at small sample size, which ranged less than or equal 80. However, the sample size is over 80, z-score is ranged (± 3) or ± 4.

Osborne & Overbay (2004) resolved multivariate outliers by omitting them from the data analysis. However, Kline (2005) and Tabachnick & Fidell (2007) have recommended keeping outliers when there are a few outliers in a large sample due to the result not being significantly affected. The current study used the z-score in SPSS, with the outliers retained due to a few outliers out of the current sample, as shown in Table 5.1.

Table 5.1: Univariate outliers

Variable	Case number	Z-scores > ± 3.0
Personal Characteristics: Independent judgment	116	3.14534
	119	3.14534
	140	3.14534
Appraisal: How frequently are appraisals conducted?	134	3.13712
	204	3.13712
	166	3.13712
	23	3.13712
Appraisal: After the appraisal, when is feedback given to employees?	2	3.24791
Qualifications: A wide range of work experience	136	3.21934
	142	3.21934
	153	3.21934
	180	3.21934
	154	3.21934
	171	3.21934

	176	3.21934
	187	3.21934
	170	3.21934
	201	3.21934

Source: Author's analysis of data

5.2.3 Normality

Various parameters need to be considered through a statistical analysis, such as data measurement level, independence of observations and normality of data (Field, 2013). Tabachnick & Fidell (2007) commented that normality tests are necessary if variables are distributed. Gravetter & Wallnau (2012) have commented that data distributed in normality within a histogram graph look bell-shaped, where the highest frequency scores are concentrated in the middle. The drawing box plot and histogram have the ability to test the assumption of normality (Ahmad & Sherwani, 2015). Wilk & Gnanadesikan (1968) introduced quantile-quantile (Q-Q) plot as one type of normality test. Normality can be tested at the univariate and multivariate level, combining items referred to as multivariate where scores are distributed at one level, known as univariate. This current research was used at the univariate level due to the comparative between DEs and multinational firms at the item level.

Shapiro & Wilk completed a proper test for normality due to it detecting the skewness or kurtosis of the data (Mendes & Pala, 2003). Shapiro & Wilk (1965) limited this test to data of less than 50. However, Royston (1995) extended the range ($3<n<5000$) by using the algorithm AS R94. Razali & Wah (2011) concluded that Shapiro & Wilk are the best test to establish the normality of the data as the histogram graph is not enough to identify the normality test. Shapiro & Wilk described the best method for testing normality (Srivastava & Hui, 1987), with high peaks seen to accrue when Kurtosis is greater than three (3); this is referred to as positive kurtosis. On the other hand, a low peak accrues when Kurtosis is less than (3); this is negative kurtosis (DeCarlo, 1997).

This research used a histogram graph and Shapiro & Wilk test, where the p-value is found to be greater than 0.05 (Ghasemi & Zahediasl, 2012). Additionally, skewness and kurtosis coefficients were inspected (Bachman, 2004). The following equations were represented as follows:

Skewness = mean-median/SD

$Z_{skewness}$ = skewness / Standard_Error(skew)

$Z_{kurtosis}$ = kurtosis / Standard Error (kurtosis)

Standard Error (skew) is $\sqrt{6/n}$

Standard error of the kurtosis is $\sqrt{24/n}$

where *n* is the sample size

However, the normality was absent from some elements, with the improvement of proper methods, such as natural log and square root, used in order to achieve normal distribution. Tabachnick & Fidell (2007) pointed out that various guidelines were necessary during transformation:

1. In the event Moderately positive skewness is seen to occur, Square-Root SQRT(X) was used.
2. Substantially positive skewness was found, with Logarithmic LG10(X) then used.
3. Substantially positive skewness was accrued, resulting in the recommendation of LG10(X + C);
4. Moderately negative skewness resulted, with SQRT (K – X) suggested.
5. Substantially negative skewness leads to LG10(K – X) being required.

Ghasemi & Zahediasl (2012) recommended that the value of Z score would be greater than 1.96 or lesser than –1.96 is significant at $P < 0.05$. Tabachnick & Fidell (2007) and Hair *et al.* (2010) added that the value of Z score, if greater than 2.58 or less than –2.58, is significant at the 0.01 significance level.

The skewness and kurtosis value to recruitment, training and incentive has an acceptable range value, as shown in Table 5.2. The elements of three HR practices have a normal distribution. Moreover, the histogram, Q-Q plots and box plots have shown that recruitment, training and incentive were approximately normally distributed for both MNEs and DEs.

Table 5.2: Normality tests, the skewness and kurtosis value

Variables	Mean	SD	Variance	Skewness		Kurtosis	
				Statistic	Std. Error	Statistic	Std. Error
Recruitment							
Qualifications							
School and university qualifications	4.10	1.109	1.231	-1.207	0.153	0.808	0.304
Professional qualifications	3.87	1.228	1.507	–0.896	0.153	–0.138	0.304
Previous experience of a similar job	4.04	1.148	1.318	-1.077	0.153	0.323	0.304
A wide range of work experience	4.02	1.112	1.236	-1.123	0.153	0.611	0.304
Single-minded dedication to each task	3.18	0.961	0.923	0.107	0.153	-1.173	0.304
Command of languages	4.15	1.045	1.093	-1.336	0.153	1.388	0.304
Personal Characteristics							
Willingness to travel	2.48	0.693	0.480	1.128	0.153	–0.057	0.304
Period of Experience in other countries	3.01	1.037	1.075	0.532	0.153	-1.019	0.304
Self-motivation	3.01	1.098	1.205	0.579	0.153	-1.103	0.304
Potential to grow with the job	2.93	1.071	1.148	0.691	0.153	–0.799	0.304
Independent judgment	2.49	0.798	0.637	1.415	0.153	0.822	0.304
Junior manager supervising operatives	2.78	0.981	0.962	0.891	0.153	–0.523	0.304
Internal and external Recruitment							
Senior manager reporting to chief executive	3.43	1.158	1.341	–0.100	0.153	-1.272	0.304
Commitment to the company	3.20	0.856	0.733	0.029	0.153	–0.927	0.304
Professional specialist	3.13	1.003	1.006	0.107	0.153	-1.210	0.304
Training							

Formal instruction within the organisation	2.85	1.244	1.547	–0.053	0.153	-1.150	0.304
Training provided by a third-party organisation	2.89	1.363	1.859	0.052	0.153	-1.256	0.304
Informal apprenticeship to an experienced member of the organisation	3.04	1.364	1.860	–0.125	0.153	-1.259	0.304
Induction into a group to learn by socialisation and imitation	3.03	1.384	1.917	–0.085	0.153	-1.338	0.304
Learning by doing on your own	2.90	1.438	2.068	0.100	0.153	-1.364	0.304
Work replacement with strategic partners	2.90	1.495	2.234	0.190	0.153	-1.426	0.304
Incentives and Rewards							
Salary Differentials							
They simply reflect external market conditions	2.07	1.023	1.046	0.607	0.153	–0.759	0.304
They reflect the firm's own evaluation of the Job people perform	2.84	1.113	1.238	1.117	0.153	–0.212	0.304
They are fair in the context of the Company's system of values	2.53	1.592	2.533	0.600	0.153	-1.204	0.304
Management must be free to reward people in Whatever way best serves the company's Interests	2.71	0.710	0.504	1.141	0.153	2.071	0.304
Personal perception plays role	2.02	0.889	0.791	0.774	0.153	0.043	0.304
Rewards Types							
Basic pay above the industry norm	2.68	1.319	1.739	0.423	0.153	–0.889	0.304
Basic pay above the local norm in the area	2.63	1.254	1.572	0.411	0.153	–0.888	0.304
Valuable fringes benefits	2.54	1.216	1.478	0.376	0.153	–0.867	0.304
The opportunity to earn large bonuses through greater efforts	2.37	1.288	1.659	0.690	0.153	–0.586	0.304
Annual salary increments above the rate of	3.47	1.183	1.399	–0.021	0.153	-1.508	0.304

inflation							
Better career prospects than other firms in the Same industry	3.42	1.217	1.481	0.063	0.153	-1.573	0.304
Social and Psychological Benefits							
Interesting and challenging work	3.59	1.310	1.716	–0.093	0.153	-1.703	0.304
Friendly and supportive colleagues	3.43	1.154	1.332	0.008	0.153	-1.455	0.304
Job security	3.47	1.183	1.399	–0.021	0.153	-1.508	0.304
The prestige of working for one of the top firms in the industry	3.51	1.229	1.511	–0.032	0.153	-1.594	0.304
The availability of computerised data on Output and sales	3.42	1.217	1.481	0.063	0.153	-1.573	0.304
Use of profit centre	2.95	1.327	1.761	0.835	0.153	-1.200	0.304
Use of cellular manufacturing system	3.58	1.340	1.796	–0.081	0.153	-1.787	0.304
Use of total quality management	2.15	1.002	1.004	0.588	0.153	–0.581	0.304
Desire to encourage initiative and risk-taking in middle management	2.64	1.141	1.302	0.118	0.153	–0.904	0.304
HR Directors' approach							
Individual employees need to complete against their peers in order to give of their best	2.66	1.182	1.398	0.334	0.153	–0.531	0.304
Competition between individual is socially divisive but competition between teams is healthy	2.02	0.889	0.791	0.774	0.153	0.043	0.304
Completion is not the best way of motivating effort, building a sense of group solidarity is usually better	2.43	0.906	0.821	–0.150	0.153	–0.699	0.304

Source: Author's analysis of data

5.2.4 Multicollinearity

The strong degree of correlation between the independent variables is referred to as Multicollinearity, which is a strong correlation between variables in the multiple regression model. Hair *et al.,* (2010) suggested that, when the value of correlation coefficient exceeds or is equal to 0.8, there are then proposed problematic.

Also, they suggested that the value of Variance Inflation Factor (VIF) should not exceed 10 and that the tolerance value should be no lower than 0.1 in order to avoid multicollinearity in linear regression. As Table 5.3 shows, multicollinearity was absent between.

Table 5.3: Collinearity Statistics with Tolerance and variance inflation factor

Predictor	Collinearity Statistics	
	Tolerance	VIF
Age	0.590	1.696
Experience	0.579	1.726
Year Established	0.823	1.215
Total Employees:	0.789	1.268
Sales Revenue	0.851	1.175
Percentage of labour force	0.811	1.234
Type of Industry	0.888	1.126
Describes the way company is structured	0.926	1.080
Organisation structure ownership	0.959	1.043
Percentage Capital Foreign ownership	0.949	1.054
Location	0.952	1.050
Turnover	0.941	1.063

Source: Author's analysis of data

5.2.5 Homoscedasticity

The estimation variance of variables is referred to as homoscedasticity. Field (2009) commented that the assumption of variation of variables is required to be constant in multiple regression and that, when the assumption of normality was met, the relationships between variables would be decided as having homoscedasticity.

Levene's test of Homogeneity of Variance can decide the variability of variables (Tabachnick & Fidell, 2007). Levene (1960) commented that the Levene test is defined as follows:

H0: $\sigma 12 = ... = \sigma 102$

Ha: $\sigma 12 \neq ... \neq \sigma 102$

The null hypothesis is rejected when the significant value of the Levene test statistic is found to be less than 0.05 and when the assumption of homogeneity of variance is not met. However, the null hypothesis is accepted when the significant value of the Levene test statistic is more than 0.05 and when the assumption of the homogeneity of variances are met.

The homogeneity of variance was met when the Levene statistic ($p>0.05$) (Martin & Birdgmon, 2012). Nordstokke & Zumbo (2010) commented that a non-parametric Levene's test was used to verify the equality of variances in the samples (homogeneity of variance). The homogeneity was tested in this research whilst the homogeneity of variance was met when the Levene Statistic ($p>0.05$) to the main variables of the study (Martin and Birdgmon, 2012).

5.3 Reliability Analysis

Reliability is referred to as the consistency of outputs from a test. There are different ways of evaluating reliability, such as Split-Half, Test-Retest, Parallel Forms and Inter-Rater Reliability. In addition, the most common mathematical formula for evaluating the internal consistency for subscale and scale is Cronbach's Alpha (Preacher& Hayes, 2008). This ranges from zero to one, with the scale recognised as having a higher reliability and internal consistency when this scale is close to one. Most researchers have agreed that the acceptance level of reliability is when the value of Cronbach's Alpha is equal to or above 0.7 (Hair *et al.*, 2010). However, some scholars have

accepted the value of alpha (> 0.6). Table 5.4 shows Cronbach's Alpha as relating to the recruitment and selection, training, retention and incentive.

Table 5.4: Cronbach alpha of Major variables

Factors	Section	Alpha
Recruitment & Selecting	Section C	0.79
Training	Section C	0.902
Reward & Incentive	Section D	0.864

Source: Author's analysis of data

5.4 Factor Analysis

Exploratory Factor Analysis (EFA) and Confirmatory Factor Analysis (CFA) are the major methods of factor analysis. One important method needs to be implemented initially prior to proceeding with data analysis. Fabrigar *et al.* (1999) advised that data need to meet several requirements in order to be used in factor analysis, such as Factorability, normality, linear relation and sample size. In addition, Beavers *et al.* (2013) agreed that variables should meet six assumptions in order to obtain factor analysis, such as large sample size, normality, lack of outliers, continuous data, absence of extreme multicollinearity and low percentage of missing data. One of the two variables were considered for omission in the case. The variables correlate higher than 0.80 (Field, 2009). This research factored in three main elements only due to the assumption requirement being met in terms of recruitment, incentives and training. However, appraisal adopted a categorical non-normality test Williams *et al.*, (2010).

The factor analysis (FA) and reliability analysis were implemented in order to check the variables of the current research were satisfactorily measured. Factor analysis usually proceeds in four steps: (1) The correlation matrix for all variables is computed; (2) Factor extraction; (3) Factor rotation; and (4) Make final decisions about the number of underlying factors. The main purposes of factor analysis are reducing the number of variables and detecting structure in the relationships between variables. Factor analysis was implemented so as to explain the variance in the correlation

coefficients and pay no attention to error variance. However, Principal Components (PC) analysis is used in order to clarify all the variance, including that found in the correlation coefficients and error variance.

One way of gathering variables together is to find something in common. Furthermore, factor analysis identifies relationships between variables. The factor analysis provides a linear relationship between the interested factors and latent (unobservable) factors: for example (Attias, 1999) explained that supposing (y) is an observed factor and (x) is a hidden variable. The data are formed in the linear equation with constant coefficient (a) and random vector (b).

$y = ax + b.$

The EFA is concentrated on forming relationships between measured variables. Two tests were suitable when seeking to define whether the factor analysis is appropriate. First, the Kaiser-Meyer-Olkin measure of sampling adequacy (KMO). Second, Bartlett's test of sphericity (Eyduran, 2009). In addition, Hinton *et al.*, (2004) recommended the use of two tests in the EFA: Kaiser-Mayer-Olkin and Bartlett's test of sphericity.

The KMO indicates the degree of common variance present in the set of variables and compares the size of partial correlation to the original pairwise correlation. The KMO would usually be at least 0.6. Anastasiadou (2006) commented that the value of the KMO when close to 0.90 is excellent, when close to 0.6 is average, and when below 0.50 is unacceptable. KMO is a statistic that highlights whether there are sufficient items for each factor. This should be more than 0.7. The Kaiser-Meyer-Olkin Measure of Sampling Adequacy is an index testing the appropriateness of the EFA. The acceptable value of between 0.5 and 1.0 considers the factor analysis as acceptable. However, a value of below 0.5 indicates that factor analysis is not appropriate (Hinton *et al.*, 2004). Eyduran (2009) recommended the value of 0.8 points as appropriate.

5.4.1 Bartlett's Test of Sphericity

Bartlett's test is used to check original variables are sufficiently correlated. This test should come out significant ($p < 0.05$); if not, factor analysis will not be appropriate. Bartlett's Test of Sphericity identifies the relationship between variables and accordingly tests hypotheses that are uncorrelated, such as an identity matrix (Eyduran, 2009). In other words, there is no correlation between the

variables, with each variable correlating with itself. This test plays an important role in the identification of sample adequacy. Hinton *et al.,* (2004) commented that, if the Bartlett's Test of Sphericity is suggested significant, with (p) less than 0.05, the data would then be suitable for use in factor analysis.

5.4.2 Factor Extraction

A number of approaches can be used to decide on the number of factors to include in factor analysis (Ledesma & Mora, 2007). Ledesma & Mora (2007) have proposed different methods for selecting the number of factors in the output result, such as: K1 Kaiser's eigenvalue-greater than one rule, Cattell's Scree test, Velicer's MAP test, Minimum Average Partial and Horn's Parallel Analysis. The most common criterion in factor analysis is an Eigen value that determines how many factors should be extracted in the total factor analysis. The first approach method is KMO, which is described as being the most commonly used in factor analysis (Fabrigar *et al.*, 1999; Ledesma & Mora, 2007).

The second approach is Catell's scree test, which involves a graphical representation plot for each scale. Through this approach, the eigenvalues are formed in the shape of a curve, with the graph dropping a point. This drop point has determined all the factors above the curve as needing to be retained (Ledesma & Mora, 2007). However, this approach has been criticised owing to the view that the graph may be ambiguous and difficult to understand due to a lack of definition in the drop point. Nonetheless, the Scree test is better than the K1 method due to it being more accurate and less variable. The third approach is based on the MAP test, which is concerned with finding the best factor solution (Velicer, 1976). The fourth approach concerns retaining the factors, based on the random variables (Horn, 1965). Through this research, the Principle Component Analysis (PCA) was used.

5.4.3 Principle Components Factor Analysis and Factor Loading

The PCA is targeted to cut-off a minimum set of variables accounted for the maximum variance in the data (Tabachnick & Fidell, 2007). To decide on how many factors, we need in order to represent the data, Eigen Values and Scree Plot are used. The determination of the number of factors is

usually done by considering only those factors with Eigen values of greater than 1. Factors with a variance of less than 1 are no better than a single variable for each variable is expected to have a variance of 1. The examination of the Scree plot provides a visual of the total variance associated with each factor.

5.4.4 Factor Rotation

Straub *et al.,* (2004) recommended that Varimax rotation can decide on factor loading to be accepted when the minimum value is 0.3 and above. Varimax rotation helps to determine the rotation value of factor loading as acceptable or otherwise. Narwal & Singh (2013) recommended that rotation items with a factor loading equal to 0.5 or above are retained.

After determining the number of factor analysis to keep the result output, the rotation of factor analysis is then required. There are common methods for orthogonal rotation to factor analysis, such as equinox, Quartimax and Varimax (Costello & Osborne, 2005). This research provides factor analysis in line with the following scales: training, recruitment, retention and incentive.

5.4.5 Factor Analysis of Recruitment and Selection

Table 5.5 indicates the recruitment and selection practice had high KMO and significant Bartlett's Test of Sphericity (KMO = 0. 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 first factor with factor loadings ranging from 0.705 to 0.959. The second 'six items' correlated significantly to Factor 2 with factor loadings ranging from 0.547 to 0.807. The last two items rotated in Factor 3 with factor loadings ranging from 0.824 to 0.907. The FA concluded that 13 methods were retained and two methods omitted from data analysis to recruitment and selection practices.

Table 5.5: Factor Analysis to Recruitment and selection

Construct	Item	Comments	Components			
			1	2	3	4
Qualifications	REC1	School and university qualifications	0.938			
	REC2	Professional qualifications	0.705			
	REC3	Previous experience of a similar job	0.923			
	REC4	A wide range of work experience	0.959			
	REC5	Experience in other countries				-0.771
	REC6	Command of languages	0.902			
Personal Characteristics	REC7	Willingness to travel		0.547		
	REC8	Single-minded dedication to each task		0.805		
	REC9	Self-motivation		0.807		
	REC10	Potential to grow with the job		0.728		
	REC11	Independent judgment		0.723		
	REC12	Commitment to the company		0.759		
Internal/external recruitment	REC13	Senior manager reporting to chief executive				0.463
	REC14	Junior manger supervising operatives			0.907	
	REC15	Professional specialist			0.824	
Percentage of variance			26.6	22.2	11	7.9
Cronbach's Alpha			0.84	0.83	0.78	
Total Variance Explained: 68.7						
Kaiser-Meyer-Olkin Measure of Sampling Adequacy =0 .81						
Bartlett's Test of Sphericity: Approx. Chi-square= 2104.8						
Df: 105						
Sig: .000						

Source: Author's analysis of data

5.4.6 Factor Analysis of Incentives

The responding data collection of the incentives and rewards were tested to determine factor analysis suitability. The incentives and rewards had acceptable KMO value (KMO = 0.79), as shown in Table 5.6. According to Anastasiadou (2006), it is suggested that 0.50 is poor and below 0.50 is unacceptable, although the KMO (0.744) was above the threshold (0.5). The factor analysis of incentive values had 23 items with five individual subsections: salary differential, retaining staff, social benefits, rewards influence and attitude. Of the total 23 items, six (INC10, INC11, INC17, INC19, INC20 and INC22) were deleted during the confirmatory factor analysis, whilst 18 were retained. This analysis confirms that the 19 remaining items measured salary differential, retaining staff, social benefits, rewards influence, and attitude of incentive sale. These indicate that the assumptions of confirmatory factor analysis were met. All 17 items (INC1, INC2, INC3, INC4, INC5, INC6, INC7, INC8, INC12, INC13, INC14, INC15, INC16, INC18, INC21 and INC23) were clustered together into salary differential, retaining staff, social benefits, rewards influence and attitude of incentive sale, as shown in Table 5.6.

Table 5.6: Exploratory Factor Analysis of HRM Incentives and rewards

Construct	Item	Comments	Component					
			1	2	3	4	5	6
Salary differential	INC1	They simply reflect external market conditions	.770			.358		
	INC2	They reflect the firm's own evaluation of the Job people perform	.794					
	INC3	Thy are fair in the context of the Company's system of values	.712					
	INC4	Management must be free to reward people in Whatever way best serves the company's Interests	.462					
	INC5	Personal perception plays role	.720					
Retaining staff	INC6	Basic pay above the industry norm		.755				
	INC7	Basic pay above the local norm in the area		.674				
	INC8	Valuable fringes benefits		.844				
	INC9	The opportunity to earn large bonuses through greater efforts		.901				

	INC10	Annual salary increments above the rate of inflation						.855
	INC11	Better career prospects than other firms in the Same industry						.499
Social benefits	INC12	Interesting and challenging work			.674			
	INC13	Friendly and supportive colleagues			.613			
	INC14	Job security			.681			
	INC15	The prestige of working for one of the top firms in the industry			.702			
Rewards influence	INC16	The availability of computerised data on Output and sales				.781		
	INC17	Use of profit centre	.522					
	INC18	Use of cellular manufacturing system				.741		
	INC19	Use of total quality management	.798					.389
	INC20	Desire to encourage initiative and risk-taking in middle management	.530					
Attitude	INC21	Individual employees need to complete against their peers in order to give of their best					.888	
	INC22	Competition between individual is socially divisive but competition between teams is healthy	.749					
	INC23	Completion is not the best way of motivating effort, building a sense of group solidarity is usually better	.451				.775	
Percentage of variance			30.	10	8.	5.	5.	4.
Cronbach's Alpha			0.79	0.65	0.69	0.6	0.62	

Total Variance Explained: 67.1

Kaiser-Meyer-Olkin Measure of Sampling Adequacy:.79

Bartlett's Test of Sphericity: Approx. Chi-square:3055.254

Df:253

Sig:.000

Source: Author's analysis of data

5.4.7 Factor Analysis of Training

The training had acceptable KMO ranges value (KMO = 0.88), as shown in Table 5.7. The factor analysis of training unitary result did not require rotation, only due to one component being extracted, as shown in Table 5.8. The six elements were included in the analysis with no individual element deleted.

Table 5.7: Exploratory Factor Analysis of Training

Construct	Item	Comments	Component 1
Methods of training	TR1	Formal instruction within the organisation	.863
	TR2	Training provided by a third-party organisation	.850
	TR3	Informal apprenticeship to an experienced member of the organisation	.858
	TR4	Induction into a group to learn by socialisation and imitation	.823
	TR5	Learning by doing on your own	.789
	TR6	Work replacement with strategic partners	.744
Percentage of variance Unrotated Factor Solution			67.6
Cronbach's Alpha			0.84
Total Variance Explained: 67.6 Kaiser-Meyer-Olkin Measure of Sampling Adequacy 0.88 Bartlett's Test of Sphericity: Approx. Chi-square: 931.7 Df: 15 Sig:.000			

Source: Author's analysis of data

Table 5.8: Extraction Method: Principal Component Analysis

component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.063	67.714	67.714	4.063	67.714	67.714
2	0.635	10.584	78.298			
3	0.499	8.320	86.619			
4	0.310	5.174	91.792			
5	0.269	4.486	96.279			
6	0.223	3.721	100.000			

Source: Author's analysis of data

5.5 Data Analysis and Hypotheses Testing

The outputs of the data's preliminary process guided the current researcher to select the proper tools of testing the hypotheses, as created from theories in the literature review. This part will test sixteen hypotheses. At the beginning, the hypotheses concerned a comparison between MNEs vs DEs of HR practices, such as recruitment process, which should be followed up with incentives, training, appraisals and incentives.

The analysing also concentrates on the influence of employees' traits, such as age, gender, retention and experience on HRM practices, as well as the impacts of firms' traits, such as age, size capacity of employees, size of Saudi employees and firm industrial.

The use of proper tools at the technical level was based on the preparation of data, as mentioned at the beginning of the chapter. For example, parametric data was used in the T-test comparisons. However, the data was non-normal distribution, and therefore used the Mann-Whitney U-test. Additionally, linear regression was eligible to normal and continuous functions. However, multivariate regression was eligible to data with discrete or non-normal distribution. The description of different data analysis techniques will be integrated in this section.

5.5.1 Statistical Analysis Techniques

The data analysis process required statistical analysis, as statistical is one of the most important stages of the data analysis process. As an example, proper static techniques were required in order to clarify most important elements, such as research purpose, research questions, number of variables and scale of measurement (Zikmund *et al*., 2013; Hair *et al*., 2011). There are many software needed in order to complete statistical analysis, with the most popular software in statistical analysis recognised as Analytical, Plug & Score Modeler, NCSS, SPSS, Statwing, AcaStat and Max Stat. The majority of statistical analysis studies have used SPSS in order to satisfy and fulfil the research purpose. The commonly used approaches to principal modules analysis completion are through SPSS. This current research has used SPSS due to need to complete such tests for this research. Brunel University, London, has, as discussed earlier, provided an original copy for each student with one-year renewable. In addition, the user can learn SPSS in a short time from the YouTube website and instructors.

5.5.2 Descriptive Statistics and Factor Analysis

Descriptive statistics are referred to when transferring the data into understandable information, as well as making the variables as explainable and easy to interpret (Zikmund *et al*., 2013). Furthermore, the current research used the descriptive statistics method that described the data and demographic variables. Issel (2014) agrees that the centre of the data set, i.e. the mean, median and mode, can be measured, including the measurement of variation variables, such as STD, range and variance.

In this current research, the control variables, such as gender, age group and experience, are listed in a frequency table. Other factors, such as training, recruitment, incentives and appraisal, were presented by means and standard deviation for each factor in order to present the main scale. Cronbach's Alpha was applied to examine the internal stability of such factors.

Field (2009) commented on the comparison distributions of 'n' frequencies, notably through the use of the Mann-Whitney test between two non-parametric independent samples, is equivalent to the independent t-test. Furthermore, the Kruskal-Wallis test was a candidate for use for testing the

differences between more than two independent groups, which are equivalent to ANOVA in the parametric test.

5.5.3 Independent T-Test

These tests require a comparison between the means of two different levels of the independent variable. It determines significant differences between them. There are two types of T-Test: independent sample T-Test and paired sample T-Test. The independent sample has been used alongside the independent T-Test to interval measures parametric and Mann-Whitney U-test to ordinal measures non-parametric. This data was ranked from highest to lowest. The related sample used paired samples T-Test to parametric and the Wilcoxon test to non-parametric (McCrum-ardner, 2008). The independent two-sample T-Tests were supported in this research when it came to identifying the differences between MNEs and DEs. The difference between the means of the two samples, as divided by the standard error of the difference, results in t-value. In addition, the independent T-Test was assumed to be a continuation of the outcome variables.

$$t = \frac{differences\_between\_sample\_means}{estimated\_standard\_error\_of\_differences\_between\_means}$$

$$t = \frac{\overline{X_1} - \overline{X_2}}{\sqrt{\frac{S_1^2}{n_1} + \frac{S_2^2}{n_2}}}$$

$$E(Xd) = \sum_{all\ x} x_i p(x_i) \qquad E(Xc) = \int_{all\ x} x_i p(x_i) dx$$

Where:

Numerator: Differences between sample means; Dominator: estimated standard error of differences between means; E(Xc) is Continues ratio, interval and ordinal variables; E(Xd) is Discrete as Categorical or Dichotomous discrete variable

5.5.4 One-Way ANOVA F-Test

An Analysis of Variance (ANOVA) test is the same as the T-test. However, it tests the significant difference between three or more levels of variability (Cuevas *et al.*, 2004). This one-way F-test will be used to determine the impacts of external and internal factors variables on HRM practices. For example, the significance between three groups could be decided significantly when F statistical value is greater than F critical value. In other words, if the mean of group one, the mean of group two and the mean of group three are not equal, there is significance between the groups. However, if the mean of group one, mean of group two and mean of group three are all equal, there is no significance between the groups (McCrum-Gardner, 2008).

The F-statistical value comes from calculating the ratio of the variance between the groups and the variance within the groups, whilst the F critical value comes from the table. Furthermore, the variance between the groups is determined in line with the statistical tests, i.e. Levene's test, Fligner Killeen test and Bartlett's test, with the current research using Levene's test.

$$F = \frac{\mathrm{Variation between Groups}}{\mathrm{Variation within Groups}} = \frac{MSG}{MSE}$$

$$MSG = \frac{SSG}{r-1} = \frac{n_1(\bar{y}_{1.} - \bar{y}_{..})^2 + n_2(\bar{y}_{2.} - \bar{y}_{..})^2 + \ldots + n_r(\bar{y}_{1.} - \bar{y}_{..})^2}{r-1}$$

$$MSE = \frac{SSE}{n-r} = \frac{(n_1-1)S_1^2 + (n_2-1)s_2^2 + \cdots + (n_r-1)s_r^2}{n-r}$$

$$Si = SQR\left(\frac{\sum_{j=1}^{ni}(y_{ij} - y_{i.})}{n_i - 1}\right)$$

MSG: The mean square for groups, measures the variability of the sample averages.

SSG: Represents sums of squares groups.

MSE: Mean Square Error; measures variability within the groups.

SSE: Sums of Squares Error

n1: Sample Group One

n2: Sample Group Two

yij: the response of the jth trial on the ith factor level

I = 1……, r

J = 1, …….ni

5.5.5 Chi-Square Tests

Chi-square (χ 2) test was proposed by Pearson's of paper of 1900 (Plackett, 1983) in mind of finding non-normality. Bentler & Bonnett (1980) suggested that chi-square (χ 2) supports the testing of significant change to the hypothesised model. For example, the tested model refers to a better fit when the change in χ 2 is significant. In addition, Hair *et al*. (2010) added that χ 2 helps to clarify the significant difference from dependent and independent variables. The connotation between two nominal variables was measured through the use of (χ 2) test (McCrum-Gardner, 2008). In other words, the relationship between two categorical variables are measured by Chi-squared. Additionally, he added that the data requiring summarised in the table with 'are' rows and 'c' columns can be referred to as contingency. Med (2013) added that the main purpose of the chi-square is the analysis of group differences in case the dependent variables were measured at a nominal level. The Chi-square statistic is a non-parametric (distribution free) tool designed to analyse group differences when the dependent variable is measured at a nominal level. Additionally, binary outcome (yes or no), then a Pearson's chi-square test (or Likelihood Ratio) should be carried out in order to test whether the difference between the two groups is significant.

The chi-square can be seen calculated in the equations below:

$$\chi^2 = \sum_{\text{all cells}} \frac{(\text{Observed - Expected})^2}{\text{Expected}} = \sum_{i,j} \frac{(O_{ij} - E_{ij})^2}{E_{ij}}$$

$$\text{Expected} = \frac{\text{Row total} \times \text{Column total}}{\text{Total sample size } n}, \text{thus } E_{ij} = \frac{R_i \times C_j}{n}$$

Where:

$E_{11} = (R_1 x C_1)/n$

$E_{12} = (R_1 x C_2)/n$

$E_{32} = (R_3 x C_2)/n$

Ri: total number in row ith,

Ci: total number in column ith

5.5.6 Correlation

The relations between two variables are measured by correlation. The coefficient 'r' ranges from (-1 to 1). The correlation coefficient represents that both variables correlate in same direction when 'r' is positive, revised direction when 'r' is negative and no correlation when 'r' is zero (Landau & Everitt, 2004). Imna & Hassan (2015) recommended the correlation coefficient has not exceeded more than correlation is measured the relationship between two or more variables. The correlation coefficients range from –1 to +1 representing perfect negative and positive correlation (Landau & Everitt, 2004). Pearson (1896) suggested the most commonly used in correlation is Pearson's correlation, which determines the proportionality of two variables.

Pearson's Correlation Coefficient is calculated in equations:

$$\hat{r} = \frac{covariance(x,y)}{\sqrt{var\,x}\sqrt{var\,y}} = \frac{\frac{\sum_{i=1}^{n}(x_i - \bar{x})(y_i - \bar{y})}{n-1}}{\sqrt{\frac{\sum_{i=1}^{n}(x_i - \bar{x})^2}{n-1}}\sqrt{\frac{\sum_{i=1}^{n}(y_i - \bar{y})^2}{n-1}}}$$

Where:

X: independent variable

Y: dependant variable

5.5.7 Multicollinearity

The strong degree of correlation between the two variables is referred to as multicollinearity (Imna & Hassan, 2015). Hair *et al*. (1998) suggested that multicollinearity is a strong correlation between variables in the multiple regression model. Imna & Hassan (2015) suggested that, when the value of the correlation coefficient exceeds or is equal to 0.8, there are then various problems. Based on Hair *et al*. (2010), it is suggested that the value of Variance Inflation Factor (VIF) should not exceed 10, whilst the Tolerance value should not be lower than 0.1 in avoiding multicollinearity in linear regression. This study has not had any multicollinearity, meaning there was an absence of multicollinearity.

5.5.8 Linear Regression

Simple linear regression was formed with a continuous dependant (Y) and continuous independent variable (X) or binary, with the line decided with the basic equation for the regression line formula:

$Y = a+bX$

Y = value on the vertical axis (dependant)

X = value on the horizontal axis (independent)

a = intercept, value of Y when (X = zero)

b = the slope of the regression line, indicating how much the Y value changes

When there is a one-unit change in the value of X, this indicates the strength of the relationship between X and Y (the regression coefficient).

The variation estimation of the model can be determined from (R2) coefficient. The R2 has a value of between zero and one; the closer the R2 is to 1, the better the expectation. Residual Sum of Squares = sum (observed value – Estimated value) 2. There is no relation between dependant and independent variables when R2 is zero, with the variability data not around the mean. However, the strongest relationship is between independent and dependent variables when R2 is one, as well as the variability of the response data being close to its mean. R2 is useful in terms of measuring the degree of relation between dependant and independent variables (Pedhazur & Schmelkin, 1991). The statistical significance of R2 can be performed through the ANOVA test by using the ‘F’

statistic. The model is statistically significant when the p-value less than 0.05 of 'F' statistic (Green & Salkind, 2003).

Linear regression makes several key assumptions:

- Linear relationship
- Multivariate normality
- No or little multicollinearity
- No auto-correlation
- Homoscedasticity.

5.5.9 Multiple Regressions

The multiple regression is the extension of a simple regression, where multiple regression has more than one independent variable, as well as many differences between bivariate and multiple regression, as explained below. The assumptions were important due to driving the researcher to select the proper method of regression or any statistical technique (Williams *et al.*, 2013). Osborne & Waters (2002) commented that the normally distributed variable was one of the most important assumptions. Additionally, Williams *et al*. (2013) clarified that the transformation of the predictors to the dichotomous predictor (X) will create a very strong influence on the non-normal response variable (Y). Chatterjee & Hadi (2012) agreed that the model of response (Y) and predictors (Xi) is expected to be linear in the regression. The dichotomous variables that are particularly strong predictors of a response variable may induce bimodality to the marginal distribution of the response variable.

Norusis (2009) has suggested that, in cases where the correlation between independent variables remains strong, there will be difficulties in analysing the model due to the lack of distinction in the effects of one over the other. Therefore, the relation could be observed by running a correlation to all dependant variables. The SPSS software has the ability to compute variance inflation factor (VIF) due to determining multicollinearity. Stevens (2009) recommended that a general rule of thumb is to observe multicollinearity in the model. The value of 'R' represents the combination of the independent variables (Field, 2009). Table 5.9 shows the assumption of comparative tests and regression test.

Table 5.9: The assumption of comparative tests and prediction test

Measurement Scale of the Dependent Variable	One Independent Variable				Two Independent Variables	
	Two Levels		More than 2 Levels		Factorial Designs	
	Two Independent Groups	Two Dependent Groups	Multiple Independent Groups	Multiple Dependent Groups	Independent Groups	Dependent Groups
Interval or Ratio	Independent T-Test	paired T-Test	One-Way ANOVA	Repeated Measures ANOVA	Two -Factor ANOVA	Two-Factor ANOVA Repeated Measures
Ordinal	Mann-Whitney U	Wilcoxon	Kruskal-Wallis	Friedman		
Nominal	Chi-Square	McNemar	Chi-Square		Chi-Square	
Interval or Ratio	Multiple regression					
Ordinal	Logistic regression					
Nominal	Logistic regression					

Source: Designed by author

5.5.10 Two-Sample Z-Test for the Difference Between Proportions

The significant statistics can be measured between two groups with categorical data or *nominal* variable through the use of the *z*-score test. For example, gender takes on exactly two values of '1' and '0' as a binary number. The null hypothesis for all the attributes suggests no difference between the two population proportions (p1–p2 = 0). The Z-values with unitary SD and zero mean:

$$Z = \frac{(p1 - p2)}{\sqrt{\bar{p}(1-\bar{p})\left(\frac{1}{n1} + \frac{1}{n2}\right)}}$$

$$\bar{p} = \frac{X_1 + X_2}{n_1 + n_2} \quad , \quad P_1 = \frac{X_1}{n_1} \quad , \quad P_2 = \frac{X_2}{n_2}$$

$$\text{SE} = \sqrt{\bar{p}(1-\bar{p})\left(\frac{1}{n1}+\frac{1}{n2}\right)}$$

5.5.11 Logistic Regression

In the current research, binary logistic regression was used to test the conducted appraisal dependent variable. The responders had two options to answer the question: an HR director was coded as '1' and Line manager was coded as '0'.

Logistic regression is using the same formula of linear regression. The outcome (Y) is continuous in linear regression, but the outcome (P) is not continuous as categorical in logistic regression. The outcome variable has two values, either '1' or '0' (Field, 2009). The logistic regression was applied in binary and multinomial. The logistic regression one part of the general linear model and following form for single predictor:

$$\mathrm{P(Y=1)}\frac{1}{1+\mathrm{e}^{-(\alpha+\beta\mathrm{X}+\varepsilon_\mathrm{i})}} \quad \text{Or} \quad \ln(ODDS)=\ln\left(\frac{\hat{Y}}{1-\hat{Y}}\right)=a+bX$$

$$ODDS = e^{a+bX}$$

Odds Ratio = = = = EXP(b) $\quad \frac{e^{a+b}}{e^{a}} \quad \frac{e^{a}e^{b}}{e^{a}}$

Convert Odds to Probabilities

Odds Ratio = probability

$$\hat{Y}=\frac{ODDS}{1+ODDS}$$

$$\hat{Y}=\frac{e^{a+b(1)}}{e^{a+b(0)}}$$

Where

X: independent variable can be continuous or binary

B: regression coefficients, slope of X

Form for mutable predictor:

$$P(Y) = \frac{1}{1+e^{-(b_0 + b_1 X_1 + b_2 X_2 + \ldots + b_n X_n + \varepsilon_i)}}$$

The probability p(Y) is the natural log of the odds = $p/(1-p)$

Logit (p) = ln $[p/(1-p)] = b_0 + b_1X_1 + b_2X_2 + \ldots + b_nX_n$

5.5.11.1 The Log-Likelihood Statistic:

The Maximum Likelihood Estimation (MLE) is one method of estimation. It is an indicator as to how much unexplained information there is following the fitting of the model. Large values indicate poorly fitting statistical models (Myung *et al.,* 2006). The likelihood and change models have been calculated in the equations below:

$$\log - \text{likelihood} = \sum_{i=1}^{N} [Y_i \ln(P(Y_i)) + (1 - Y_i)\ln(1 - P(Y_i))]$$

$$\chi^2 = 2[LL(New) - LL(Baseline)]$$

Where:

P: the logistic model predicted probability

5.5.11.2 The Wald Statistic:

The Wald test is usually used to assess the significance of prediction of each predictor in a statistical model. Additionally, the statistical significance of (b) coefficient was evaluated through the completion of the Wald test. The concept of the Wald test is centred on evaluating the coefficient as significantly different from zero. In the case the test fails to reject the null hypothesis and the variable is omitted from the model, this will not affect the fitness of the model (http://www.r-bloggers.com/evaluating-logistic-regression-models).

$$W_j = \frac{b_j}{SE_{b_j}}$$

Where:

W: the Wald's statistic with a normal distribution

β: the coefficient

SE: its standard error

5.5.12 Multinomial Logistic Regression (MLR)

Multinomial logistic regression is the same of binary logistic. However, the MLR allows for more than two nominals of the outcome variable or dependent variables (Menard, 1995). Maximum likelihood estimation is used to evaluate the probability of the model (Hosmer & Lemeshow, 1989). Breslow & Day (1980) commented that the homoscedasticity, linearity and normality are not assumed in Multinomial Logistic. The present research some scale as nominals. The below equations used in the MLR:

$$\sum_{j=1}^{J} p_{ij} = p_{i1(Bush)} + p_{i2(Gore)} + p_{i3(Nader)} = 1$$

$$p_{ij} = \frac{e^{\sum_{j=1}^{K} \alpha + \beta kj x kji}}{\sum_{j=1}^{J} e^{\sum_{j=1}^{K} \alpha + \beta kj x kji}}$$

$$\log - likelihood = \sum_{i=1}^{N} [Y_i \ln(\widehat{Y}_i) + (1 - Y_i) \ln(1 - \widehat{Y}_i)]$$

Likelihood ratio test = $-2[\ln L(H_1) - \ln L(H_0)]$

$$2lMLE - 2lnull > \chi^2_{df}, \alpha = 0.05$$

$$p = \prod = \frac{x}{n}$$

Degrees of freedom = difference # parameters, Compare to χ^2 distribution

The Maximum Likelihood Estimate (MLE):

The likelihood (L) is the probability of the data given the hypothesis (or parameter value).
Plotting likelihood (or -lnL) values for different parameter values (e.g., equilibrium base frequency for Adenine, πA) gives the likelihood surface. The best score on this surface (the lowest point) identifies the maximum likelihood estimate (MLE), and indicates the hypothesis best supported by the data.

5.5.13 Ordinal Logit

The numerical scale on an ordinal scale called ordinal data. For instance, scale of excellent, very good, good, average and poor is coded as 1, 2, 3, 4 and 5, respectively. Sometimes, data as an interval scale or ratio scale are grouped onto an ordinal scale: for instance, participants whose experience is known might be grouped into the year experience categories 1–5 years, 6–10 years, 11–15 years and more than 15 years, and then might be coded as 1, 2, 3, 4. In case predictors are all continuous and nicely distributed, discriminant function analysis may be used. However, predictors are all categorical and may use logit analysis. The ordinal regression is one part of the general linear model to ordinal categorical data and follows the form for a single predictor:

$$\text{logit}\left[P(Y \le j)\right] = \log\left[\frac{P(Y \le j)}{P(Y > j)}\right] = \alpha_j - \beta X \qquad j = 1, \ldots, c-1$$

$$\ln\left[\frac{P(Y=1\mid X)}{(1-P(Y=1\mid X))}\right]=\ln\left[\frac{\hat{\pi}}{(1-\hat{\pi})}\right]=b_0+b_1X_1$$

$P(Y \le j)$ is the probability of the event, α is Y-intercept, β is the regression coefficient, X is a predictor. Null hypothesis (H0) is accepted when β is zero and rejected when β not zero is.

For multiple predictors:

$$\ln\left[\frac{\hat{\pi}}{(1-\hat{\pi})}\right]=b_0+b_1X_1+b_2X_2\ldots+b_kX_k$$

The roles of natural logarithm and exponential

Log (*uv*) = *Log* (u) + *Log* (v); *Log* (u/v) = *Log* (u) - *Log* (v); *Log* (*u*)^v = v *Log* (u); $a^m a^n = a^m + a^{n;}$ $a^m/a^n = a^m - a^{n;}$ $(a^m)^n = a^{mn}$; $Y = a^x$ and $X = \text{Log}_a(y)$

5.5.13.1 Nested Model:

Models must be nested in order to be compared. Nested models can be defined as all components of the smaller model and must be in the larger model. Models are compared by taking two times the difference between the models' log-likelihoods. The nested models (model B is nested within model A) can then be compared using the likelihood ratio test:

$$R=2[\ell\text{n}L(Y\mid M_A)-\ell\text{n}L(Y\mid M_B)]$$

R the likelihood ratio is χ^2 distributed with number of degrees of freedom equal to the difference in parameters between models A and B. However, we often seek to compare non-nested models. We

use the Akaike Information Criterion (AIC) to make such comparisons. Often, a model with intercept and predictors is compared to an intercept only model to test whether the predictors add over and above the intercept only. This is usually noted as $\chi 2 = 2[LL(B)-LL(A)]$.

5.5.13.2 Cox and Snell, Nagelkerke and R Square:

Cox and Snell are also based on the log - likelihood but it takes the sample size into account.

$$\log - likelihood = \sum_{i=1}^{N} [Y_i \ln(\widehat{Y}_i) + (1 - Y_i) \ln(1 - \widehat{Y}_i)]$$

The Nagelkerke measure adjusts the C and S measures for the maximum value so that 1 can be achieved.

5.5.14 The Mann Whitney U Test

U-statistics was implemented by Hoeffding (1948) as the most powerful free test, and can be used with ordinal data. In addition, the mean of two independent samples is calculated by U-statistics, and is used to determine comparatives between two conditions (Singh *et al.*, 2013). The Mann-Whitney and independent T-test can be used when the outcome is a continuous variable. The value of U-statistics is calculated by using the Mann Whitney formula:

U = n1n2+ ½ n1 (n1+ 1) – R1 or U = n1 n2+ ½ n2 (n2+ 1)- R2

Mann-Whitney U-test to ordinal measures non-parametric

Where:

n1 is the sample size of group 1 and n2 is the sample size of groups 2, correspondingly, and R2 is the sum of ranks for Group 2. The Monte Carlo Method is used to determine the significance of the Mann Whitney U-test.

5.5.15 Dependent Variables:

The dependent variables for this study included HRM practices. Selection and recruitment: This scale measures three levels: qualifications of candidate, personal characteristics of candidates, and external/internal recruitment of employees. The qualifications and characteristics of the candidate adopted the response scale ranging 1 = 'Not important' to 5 = 'Very important'. The response scale for external/internal recruitment ranged from: 1 = 'Largely internal' to 5 = 'Largely external'.

Training: This scale measures one level that is an important method of training to junior management. The response scale for training ranged 1 = 'Not important' to 5 = 'Very important' across six elements.

Incentives and Rewards: This scale measures five levels as salary differentials in firms, retaining staff, social benefits, rewards influence and attitude. All five levels used the Likert Scale response, ranging 1 = 'Not important' to 5 = 'Very important'. The total elements of incentives and rewards comprised 19 elements.

Appraisal: This scale measures three levels with ordinal and categorical data. The first level was ordinal data, using an interval of time scale to measure the frequency of appraisals: once in 3 months, once in 6 months, once a year, once in two years, and never, as coded to 1, 2, 3, 4 and 5, respectively. The second level was 'appraisals conducted' with a binominal scale: Line manager or HR director, which codes as '0' and '1', respectively. The third element was feedback of appraisal: Within 1 week, within 2 weeks, within one month, within 2 months, after 3 months, and no feedback, coded as 1, 2, 3, 4, 5 and 6, respectively.

5.5.16 Independent Variables (Control Variable):

The control variables were classified into two groups: the traits of HR director and the characteristic of firms. The Attribute of HR directors has three elements: Gender (DV1), Age group (DV2), and Experience (DV3). The 'traits' variable of firms have ten cases: Year Established (DV4), total employees (DV5), Company sales revenue (DV6), Operation level (DV7), Percentage of labour force is local (DV8), Type of industry (DV9), Location of the firm (DV10), Firm structure method (DV11), the best structure of the firm (DV12), Percentage of foreign ownership (DV13) and Rate of turnover (DV14). The majority of HR directors were male due to females being limited in terms of working in firms. The age variable was assumed as a binary value, '1' for the elder age group of

participants (age >40), and otherwise '0'. The experience variable is also a dummy assuming '1' for participants with 16 or more years' experience and '0' otherwise. The 'firm'-related variables have three binary variables: for older firms (established for more than 15 years), firms of larger size (with more than 500 employees) and those firms with a low employee turnover rate (1%–6% each year), sales revenue (sold for more than 300m last year), the type of industry (type industry is Oil, Gas & Petrochemical), organisation structure (firm structure is foreign ownership), operation level is MNSs, all assuming a value of '1' and '0' otherwise.

5.6 Hypotheses Testing

This part tested the hypotheses that were designed from previous theories in the literature review. The numerical results from SPSS were translated to the comments, with these comments then compared with theories and concepts in the literature. The findings were confirmed with the agreement of hypotheses, partial agreement, and total disagreement, as shown below. The first question was undertaken with two approaches of data analysis are independent t-test and multivariate regression. The extension results with advanced test such as multivariate regression will be added more strengthen to the finding and results.

5.6.1 Comparative testing of Recruitment and Selection

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 to measure REC1, REC2, REC3, REC4 and REC6 that belong to the qualifications. Also, the questions posed to the HR managers engaged personal characters in hiring new employees (REC7, REC8, REC9, REC10, REC11, REC12). In addition, three questions (REC13, REC14 and REC15) were posed to HR managers about the importance of internal and external recruitment to various positions. The current researcher used an independent T-Test, as Fajriyah (2015) recommended, to test for two normality distribution groups. In this case, the data collected from two independent groups were DEs and MNEs.

Table 5.10 demonstrates the differences in the mean of the independent t-test to DEs vs MNEs. Figure 5.1 shows that multinational subsidiaries direct more attention to professional qualifications

and languages of employees. In regards personal characteristics, the six elements in Table 5.10 (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 were 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.

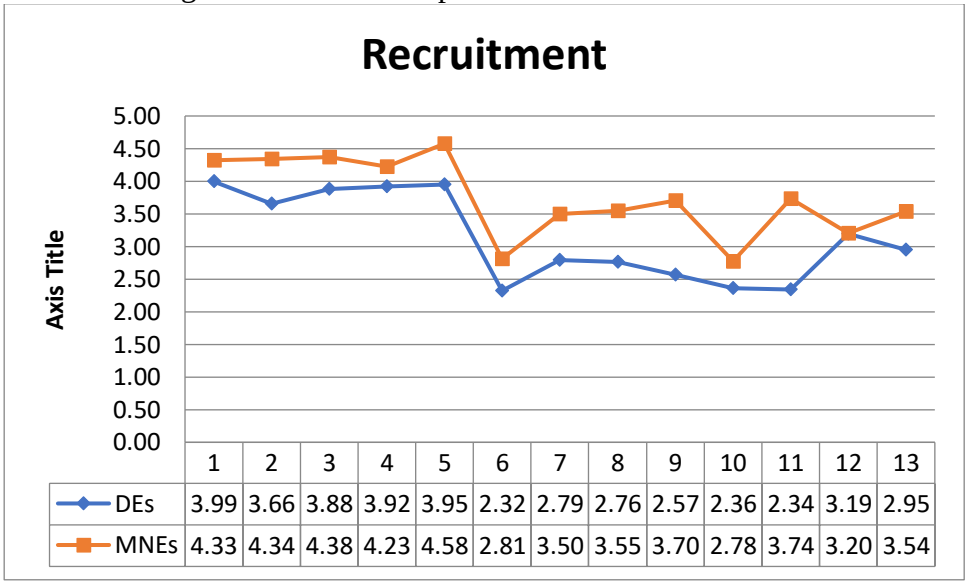
Table 5.10: T-Test Statistic of Recruitment and selection

Elements	OL	Mean	t	Mean D
REC1 School and university qualifications	DEs	3.99	–2.2**	–.331
	MNEs	4.33		
REC2 Professional qualifications	DEs	3.66	–4.2***	–.680
	MNEs	4.34		
REC3 Previous experience of a similar job	DEs	3.88	–3.2***	–.495
	MNEs	4.38		
REC4 A wide range of work experience	DEs	3.92	–2.0**	–.305
	MNEs	4.23		
REC6 Command of languages	DEs	3.95	–4.6***	–.626
	MNEs	4.58		
REC7 Willingness to travel	DEs	2.32	–5.5***	–.491
	MNEs	2.81		
REC8 Period of Experience in other countries	DEs	2.79	–5.3***	–.711
	MNEs	3.50		
REC9 Self-motivation	DEs	2.76	–5.6***	–.790
	MNEs	3.55		
REC10 Potential to grow with the job	DEs	2.57	–8.9***	–1.129
	MNEs	3.70		
REC11 Independent judgment	DEs	2.36	–3.9***	–.415
	MNEs	2.78		
REC12 Junior manager supervising operatives	DEs	2.34	–14.1***	–1.400
	MNEs	3.74		
REC14 Commitment to the company	DEs	3.19	–0.049	–.006
	MNEs	3.20		
REC15 Professional specialist	DEs	2.95	–4.5***	–.589

	MNEs	3.54		

Source: Author's analysis of data
*Significant at the 0.10 level. ** Significant at the 0.05 level. *** Significant at the 0.01 level.

Figure 5.1: Mean compared of recruitment and selection



	1	2	3	4	5	6	7	8	9	10	11	12	13
DEs	3.99	3.66	3.88	3.92	3.95	2.32	2.79	2.76	2.57	2.36	2.34	3.19	2.95
MNEs	4.33	4.34	4.38	4.23	4.58	2.81	3.50	3.55	3.70	2.78	3.74	3.20	3.54

Source: Author's analysis of data

Note: 1. School and university qualifications, 2. Professional qualifications, 3. Previous experience of a similar job, 4. A 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. Junior manager supervising operatives, 12 Commitment to the company, 13. Professional specialists.

5.6.2 Comparative Testing of Training

The training system has one part that asked the question 'What are the most applicable methods of training new employees in junior management?' that divided to six methods were coded on a 5-point Likert scale with '1' not important and '5' very important. The independent T-Test was used to test comparisons between two independent groups due to training variables was meet the normality distribution.

Table 5.11 shows the significant differences between MNEs vs DEs, with MNEs subsidiaries also utilising more sophisticated training practice. The multinational subsidiaries place more emphasis on all six methods: 'Formal instruction within the organisation ($t = -13.674$, $MD = -1.706$, $p<0.001$), 'Learning by doing on your own ($t = -3.472$, $MD = –2.012$, $p<0.001$), 'Training provided by a third party organisation TR2' ($t = –12.098$, $MD = –1.768$, $p<0.001$), 'Induction into a group to learn by socialisation –TR4' ($t = –10.56$, $MD = –1.637$, $p< 0.01$), Work replacement with strategic partners'

(t = –15.082, MD = –2.21., p< 0.001), 'Informal apprenticeship to an experienced TR3' (t = –8.354, t = –1.647, p<0.01). Figure 5.2 shows the weight of the mean of MNEs is higher than in DEs with all six attributes. Thus, the results indicate MNEs as being good with performance in training when compared with DEs. H2 was significantly correct in that the training in MNEs is higher than in DEs in Saudi Arabia.

Table 5.11: T-Test of training

Case	OL	N	Mean	T-Test	Mean D
Formal instruction within the organisation	DEs	175	2.27	-13.674***	
	MNEs	80	3.98		-1.706
Training provided by a third-party organisation	DEs	175	2.32	-12.098***	
	MNEs	80	4.09		-1.768
Informal apprenticeship to an experienced member of the organisation	DEs	175	2.58	-8.354***	
	MNEs	80	3.94		-1.355
Induction into a group to learn by socialisation and imitation	DEs	175	2.50	-10.56***	
	MNEs	80	4.15		-1.647
Learning by doing on your own	DEs	175	2.26	-13.472***	
	MNEs	80	4.28		-2.012
Work replacement with strategic partners	DEs	175	2.18	-15.028***	
	MNEs	80	4.39		-2.21

Source: Author's analysis of data
*Significant at the 0.10 level. ** Significant at the 0.05 level. *** Significant at the 0.01 level.

Figure 5.2: Mean compared of training between MNEs vs DEs

Source: Author's analysis of data

Note: 1. Formal instruction within the organisation, 2. Training provided by a third-party organisation, 3. Informal apprenticeship to an experienced member of the organisation, 4. Induction into a group to learn by socialisation and imitation, 5. Learning by doing on your own, 6. Work replacement with strategic partners.

*Significant at the 0.10 level. ** Significant at the 0.05 level. *** Significant at the 0.01 level.

5.6.3 Comparative testing Performance Appraisals

The previous chapter confirmed that variables of appraisal were not distributed in normality. The chi-square test was used to find a proportion between two binary outcomes in Question Two. The first and third questions were tested with the use of frequency distribution.

The appraisal was tested with three questions posed to the HR manager, notably pertaining to the frequency of appraisals, conductor of appraisal and appraisal feedback. The first and third questions used frequency distribution. The second question was chi square, which was applied due to the discrete and binary outcome (Hair *et al.*, 2010).

Table 5.12 shows that MNEs' frequency of appraisal of every three months (58.8%) was higher than that of DEs (5%). The appraisal feedback 'within 1 week' was two times faster in MNEs (40%) than DEs (23.4%) in regards giving feedback to employees. The direct second question, 'How are appraisals conducted?' used the chi-square test due to the discrete nominal of the output in Table 5.13. The difference in the manager who conducted an appraisal between MNEs and DEs was statistically significant ($X2 = 16.441$, $df = 1$, $p<0.01$). The DEs HR director reported that more than

60% of employees were apprised by the HR director. However, the HR director of MNEs reported that 35.0% of employees were assessed by the HR director. This difference in the assessment of employees is recognised as being due to the Line manager being very close to employees in MNEs more so than in DEs. In the discussion chapter, Chapter Six, the researcher shared his experience by justifying differences between the HR director and other senior management (Functional manager, Project manager and Line manager). Thus, the results show that H3 was correct.

Table 5.13: Chi-square test of appraisals conducted

How frequently are appraisals conducted?		Frequency	Percent	Valid Percent	Cumulative Percent
DEs	Once in 3 months	10	5.7	5.7	5.7
	Once in 6 months	76	43.4	43.4	49.1
	Once a year	74	42.3	42.3	91.4
	Once every two years	14	8	8	99.4
	Never	1	0.6	0.6	100
MNEs	Once in 3 months	47	58.8	58.8	58.8
	Once in 6 months	26	32.5	32.5	91.3
	Once a year	5	6.3	6.3	97.5
	Once every two years	1	1.3	1.3	98.8
	Never	1	1.3	1.3	100
After the appraisal, when is feedback given to employees?					
DEs	One week	41	23.4	23.4	23.4
	Within 2 weeks	60	34.3	34.3	57.7
	Within 1 month	32	18.3	18.3	76
	Within 2 months	23	13.1	13.1	89.1
	After three months	16	9.1	9.1	98.3
	No feedback	3	1.7	1.7	100
	Total	175	100	100	
MNEs	Within 1 week	32	40	40	40

	Within 2 weeks	33	41.3	41.3	81.3
	Within 1 month	15	18.8	18.8	100
	Total	80	100	100	

Source: Author's analysis of data

Table 5.13: Chi-square test of appraisals conducted

Operation level		Appraisals conducted		Total
		Line managers	HR director	
MNEs		109 (62.3%)	66(37.7%)	175
DEs		28(35.0%)	52(65.0%)	80
Total		137(53.7%)	118(46.3%)	255
Chi-Square	16.44, sig = 0.000			

Source: Author's analysis of data

5.6.4 Comparative Testing of Incentive and Reward

The first group (DEs) showed an abnormal distribution whilst the second group showed a normal distribution. The transformation logarithm (Log10) was used to transfer incentive and reward from abnormal distribution to normal disruption. In this case, an independent T-Test was used due to both groups demonstrating Gaussian disruption.

The incentives and rewards are measured across 5 questions in Section C of the current questionnaire in Appendix 1. The first question 'How would you explain salary differential in your company to an employee?' had five elements (INC1, INC2, INC3, INC4 and INC5) were coded across a 5-point Likert scale with highest value 5 'Very important'. In addition, the second question, 'How important were different reward systems in retaining key staff?', had five elements (INC6, INC7, INC8, INC9, INC10) coded across a 5-point Likert scale. The third question, 'What did you consider to be the most important social and psychological benefits to a manager working for your company?' was posed to the HR director and encompassed four elements (IN12, INC13, INC14 and

INC15), coded across a 5-point Likert scale. The fourth question, 'To what extent are rewarded schemes in your company influenced?' contained two elements (INC16 and INC18), each across a 5-point Likert scale. The fifth question, 'Please indicate your attitude to the following statement by ticking the appropriate number' had three elements (INC21, INC22 and INC23). Figure 5.3 lists the mean of MNEs as being higher than DEs to 23 elements. In the MNEs, the employees are more satisfying in their income salary in compared by DEs have operated in the country of Saudi Arabia as INC3 in Table 5.14 shows (MD = -2.175, t = -12.919, $p<0.001$), followed by INC2 revealed that the difference in salary between employees depends on the performance of employees (MD = -1.64, t = -17.3, $p<0.001$). The motivation of staff key to retain in the company was likely to be higher in MNEs due to six responded factors have high mean in DEs and all six factors were significant with the following p-values are listed in Table 5.14 INC6 ($p<0.001$), INC 7 ($p<0.05$), INC8 ($p<0.009$), INC9 ($p<0.002$), INC10 ($p<0.064$), INC11 ($p<0.015$). The elements (INC12–INC15) are likely to be higher in MNEs because the mean value was higher and p-value was significant in Table 5.14. The five elements (INC16–INC20) belong to the fourth question that revealed the new technologies used in the workplace and how they will result in motivation amongst employees in MNEs. This motivation may be seen in element INC16 'The availability of computerised data on output and sales '(MD = –0.728, t = –4.7, $p<0.001$). The response in the last INC22 (MD = –0.299, $p>0.001$) interpreted that MNEs are more likely to do the work as a team. In contrast, the responses to INC21 (MD = 1.4, t = –9.03, $p>0.001$) and INC23 (MD = 0.799, t = –4. $p>0.001$) explained MNEs as being more likely to be higher in individual work. Thus, the results support H4 that there are differences in appraisal amongst MNEs vs DEs in Saudi Arabia.

Table 5.14: T-Test Statistic of Incentives and rewards

Incentives and rewards	OL	N	Mean	T–Test	Mean D
INC1	DEs	175	1.49	–26***	–1.877
	MNEs	80	3.36		
INC2	DEs	175	2.29	–17.3***	–1.764
	MNEs	80	4.05		
INC3	DEs	175	1.86	–12.7***	–2.137
	MNEs	80	4.00		
INC4	DEs	175	2.50	–7.7***	–.672
	MNEs	80	3.18		

INC5	DEs	175	1.58	–17.3***	–1.410
	MNEs	80	2.99		
INC6	DEs	175	2.26	–8.4***	–1.325
	MNEs	80	3.59		
INC7	DEs	175	2.28	–7.26***	–1.120
	MNEs	80	3.40		
INC8	DEs	175	2.15	–8.5***	–1.239
	MNEs	80	3.39		
INC9	DEs	175	2.18	–3.5***	–.610
	MNEs	80	2.79		
INC12	DEs	175	3.42	–3.4***	–.627
	MNEs	80	4.05		
INC13	DEs	175	3.37	–1.140	–.179
	MNEs	80	3.55		
INC14	DEs	175	3.38	–1.6*	–.267
	MNEs	80	3.65		
INC15	DEs	175	3.42	–2.2**	–.390
	MNEs	80	3.81		
INC16	DEs	175	2.43	–4.75***	–.728
	MNEs	80	3.16		
INC18	DEs	175	2.07	–11.2***	–1.126
	MNEs	80	3.20		
INC21	DEs	175	2.50	–9.03***	–1.410
	MNEs	80	3.91		
INC22	DEs	175	3.33	–1.8*	–.299
	MNEs	80	3.63		
INC23	DEs	175	3.33	–4.59***	–.799
	MNEs	80	4.13		

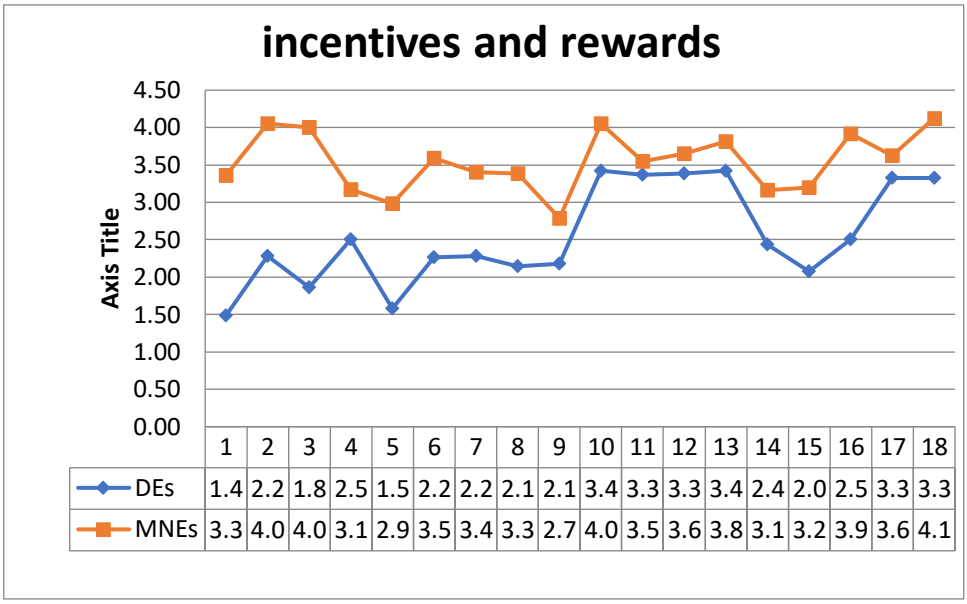
Source: Author's analysis of data

*Significant at the 0.010 level. **Significant at the 0.05 level. ***Significant at the 0.01

INC1: They simply reflect external market conditions, INC2: They reflect the firm's own evaluation of the Job people perform, INC3: Thy are fair in the context of the Company's system of values,

INC4: Management must be free to reward people in Whatever way best serves the company's Interests, INC5: Personal perception plays role, INC6: Basic pay above the industry norm, INC7: Basic pay above the local norm in the area, INC8: Valuable fringes benefits, INC9: The opportunity to earn large bonuses through greater efforts, INC10: Annual salary increment above the rate of inflation, INC12: Interesting and challenging work, INC13: Friendly and supportive colleagues, INC14: Job security, INC15: The prestige of working for one of the top firms in the industry, INC16: The availability of computerised data on Output and sales, INC18: Use of cellular manufacturing system, INC21: Individual employees need to complete against their peers in order to give of their best, INC22: Competition between individual is socially divisive but competition between teams is healthy, INC23: Completion is not the best way of motivating effort, building a sense of group solidarity is usually better.

Figure 5.3: Mean compared of incentives and rewards



	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
DEs	1.4	2.2	1.8	2.5	1.5	2.2	2.2	2.1	2.1	3.4	3.3	3.3	3.4	2.4	2.0	2.5	3.3	3.3
MNEs	3.3	4.0	4.0	3.1	2.9	3.5	3.4	3.3	2.7	4.0	3.5	3.6	3.8	3.1	3.2	3.9	3.6	4.1

Source: Author's analysis of data

5.7 Extension of Basic Results: Multivariate Analysis (MANOVA)

This part centres on the extension test in supporting a finding of the first question that observation of the differences between MNEs and DEs and linkage between variables. The MANOVA test will be added for more strength and additional elaboration in regards these outputs. Additionally, the MANOVA test will be more advanced than the independent t-test due to the linkage between dependent and independent variables.

5.7.1 Recruitment and Selection

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 5.15 shows the multivariate analysis, which determines the influence these control variables on recruitment practice in MNEs and DEs.

Table 5.15 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 5.15 shows that the qualifications for employees are more interesting to MNEs than DEs. Table 5.15 confirms that recruitment criteria, such as school and university qualifications ($\beta= 0.17$, $p< 0.1$), professional qualifications ($\beta= 0.427$, $p< 0.01$), previous experience of a similar job ($\beta= 0.3$, $p< 0.1$), wide range of work experience ($\beta= 0.231$, $p< 0.05$) and command of languages ($\beta= 0.231$, $p< 0.05$) 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 ($\beta= 0.42$, $p< 0.01$); Model 7 ($\beta= 0.32$, $p< 0.01$); Model 8 ($\beta= 0.394$, $p< 0.05$); Model 9 ($\beta= 0.95$, $p< 0.01$); and Model 11 ($\beta= 1.098$, $p< 0.01$). 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 labour force in row 6 has a manner on internal/external recruitment, with the big size of local labour firms emphasising of external appointments in case looking for senior management posts. This behaviour of large size local labour 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 5.15: MANOVA results on the Recruitment and Selection Practice

Predictors	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9	Model 10	Model 11	Model 12	Model 13
	Recruitment – Qualifications					Recruitment – Personal Characteristics						Internal/External	
Employee Age	0.245	0.255	0.293*	0.38**	0.327**	-0.19**	-0.72***	-0.66***	-0.58***	-0.49***	-0.686	-0.206*	-0.33**
Employee Experience	-0.571***	-0.717***	-0.608***	-0.55***	-0.35**	0.092	-0.4***	-0.315	-0.207	-0.123	-0.270	0.140	0.001
Firm Age	-0.138	-0.104	-0.139	-0.141	0.018	0.026	0.226	0.177	0.190	0.099	-0.037	-0.279	-0.192
Firm Size	0.054	0.104	0.096	0.070	0.086	0.19068**	0.26**	0.199	-0.043	0.176	0.2214**	0.030	0.070
Sales Revenue	-0.113	0.093	0.024	0.077	-0.146	-0.086	-0.222	-0.225	-0.011	-0.191	-0.130	0.23***	-0.100
local labor force	0.149	0.011	0.004	0.015	0.113	-0.035	-0.008	-0.224	0.101	-0.21***	-0.147	-0.54***	-0.58***
OL	0.17*	0.427**	0.3*	0.231**	-0.568***	0.42***	0.32***	0.394**	0.95***	0.116	1.068***	0.201	0.275*
Industry	0.010	-0.132	-0.088	-0.163	-0.100	-0.008	0.201	-0.060	0.121	-0.031	0.098	0.105	0.138
method structured	-0.123	-0.223	-0.109	-0.177	-0.177	0.175	-0.003	-0.043	0.078	-0.199*	0.029	-0.147	-0.093
organization structured	-0.211	-0.176	-0.154	0.021	-0.073	0.076	-0.127	0.045	-0.011	0.038	0.002	0.145	-0.006
Location	-0.209	-0.077	0.016	-0.014	-0.083	0.019	-0.150	-0.124	-0.125	-0.062	0.006	-0.146	-0.207
Turnover	0.072	0.068	0.066	0.041	0.014	0.055	0.299	0.070	0.008	0.106	0.065	-0.186	0.096
F-Value	2.404***	3.755***	2.635***	2.168**	3.024***	4.247***	8.634***	6.495***	9.192***	5.309***	26.499***	4.247***	4.745***

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 judgement 11. Commitment to the company; 12. Junior manager supervising operatives; 13. Professional specialist.

The 12 control variables in column of predictors are as follows: 1. Age of HR Director; 2. Experience of HR Director; 3. Firm age; 4. Firm size; 5. Sales Revenue; 6. Local labour; 7. Operation level MNEs or DEs; 8. Industry 9. Method Structured; 10. Organisation Structured; 11. Firm Location; 12. Turnover.

5.7.2 Training

Training practice was defined by six elements regarding the most applicable methods of training new employees in junior management. Table 5.16 describes the six models: formal instructions within the company; training provided by a third-party organisation, but tailored to company needs; informal apprenticeship to an experienced member of the organisation; induction into a group by socialisation and imitation; learning by doing on your own; work placement with strategic partners. Additionally, 12 control variables in the table column one of Table 5.16 were described in the footnotes.

In order to conduct multivariate analysis for training, we defined six individual footnotes. The six models were eligible to describe the relation between dependant variables and independent variables as Table 5.16 in the last row defines the F-value as being statistically significant to all six models at level 0.01.

The first result observed from Table 5.16 suggested that industrial firms are working in the oil and chemical sector, and that these have not influenced the training: as shown, there is no statistical significance in row 8. This result indicates that the oil sector may not care about training employees due to firms being likely to recruit experienced employees during recruitment and selecting method to junior management. Additionally, Table 5.16 in row 7 shows that formal instructions within the company ($\beta= 1.58$, $p< 0.01$); training provided by a third-party organisation, but tailored to company needs ($\beta= 1.45$, $p< 0.01$); informal apprenticeship to an experienced member of the organisation ($\beta= 1.148$, $p< 0.01$); induction into a group by socialisation and imitation ($\beta= 1.28$, $p< 0.01$); learning by doing on your own ($\beta= 1.17$, $p< 0.01$) and work placement with strategic partners ($\beta= 2.13$, $p< 0.01$) were statistically significant. This result indicates that firms, at operation level MNEs, are stronger than DEs in terms of in-training methods. This difference in training practice supports Hypothesis 2 (H2), which suggested that important differences of formal training systems will be noted between DEs and MNEs.

Table 5.16: Regression Results on the Training Practice

Predictors	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Employee Age	0.365***	0.466***	0.6859***	0.576804***	–0.132	–0.158
Employee Experience	–0.102	0.25**	0.373**	0.305*	0.038	–0.126
Firm Age	0.040	0.251*	0.249	–0.097	0.041	–0.007
Firm Size	0.172	0.100	0.301*	0.446***	–0.048	0.26*
Sales Revenue	0.063	0.021	–0.271	0.37*	0.199	–0.006
local labour force	0.309**	–0.165	0.167	–0.035	0.551***	–0.123
OL	1.58***	1.45***	1.148***	1.286***	1.710***	2.13***
Industry	0.032	0.075	0.309	0.181	–0.199	0.309
M structured	–0.083	–0.156	–0.055	–0.094	–0.021	–0.042
Organisation structured	0.157	–0.141	–0.127	–0.066	–0.164	0.086
Foreign ownership	–0.093	–0.134	0.032	0.037	0.086	–0.204
Location	–0.164	–0.115	–0.199	–0.218	–0.175	0.141
Turnover	–0.100	–0.072	0.327*	0.196	–0.080	0.38**
F-Value	21.133***	15.67***	11.062***	12.625***	16.195***	22.858***

Source: Author's analysis of data
*** significant at 0.01 level; ** significant at 0.05 level; * significant at 0.10 level.

Note: Models 1–6 are responses to the question: 'What are the most applicable methods of training new employees in junior management?' (variables 1-6).

The 6 replies read as follows: 1. Formal instructions within the company; 2. Training provided by a third-party organisation but tailored to company needs; 3. Informal apprenticeship to an experienced member of the organisation; 4. Induction into a group by socialisation and imitation; 5. Learning by doing on your own; 6. Work placement with strategic partners.

The 12 control variables in column of predictors are as follows: 1. Age of HR Director; 2. Experience of HR Director; 3. Firm age; 4. Firm size; 5. Sales Revenue; 6. Local labour; 7. Operation level MNE or DE; 8. Industry 9. Method Structured; 10. Organisation Structured; 11. Firm Location; 12. Turnover.

5.7.3 Incentives and Rewards

This is the last part of the multivariate analysis of the human resources practice of rewards and incentives. Table 5.17 defines 17 models: the first four models for salary differentials, four models belonging to rewards used for retaining employees, four models for psychological and social rewards, two models for reward schemes and two models for attitude and competition. The control variables were defined as: age of HR director; experience of HR director; firm age; firm size; sales revenue; local labour; operation level MNEs or DEs; industry, method Structured; organisation structured; firm location and turnover.

In terms of retaining key employees in Model 8 ($\beta= 0.59$, $p< 0.01$), MNEs were most likely to earn large bonuses through greater efforts in oil firm's industry. Also, Model 9 explains that the oil firm industry believes that additional compensation will be employees to remain with their firms ($\beta= 0.706$, $p< 0.01$). This positively significant was happened due to may be oil field is hard work as the staff sometimes require working in an outdoor area. MNEs also consider that the most important social and psychological benefits to a manager working for firms is the prestige of working, Model 13 ($\beta= 0.706$, $p< 0.05$). Furthermore, row 7 (operational level) in Table 5.17 shows that the majority of incentive and reward criteria were statistically significant, such Model 1 ($\beta= 1.84$, $p< 0.01$), Model 2 ($\beta= 1.6559$, $p< 0.01$), Model 3 ($\beta= 1.96$, $p< 0.01$), Model 4 ($\beta= 0.693$, $p< 0.01$) and Model 5 ($\beta= 1.214$, $p< 0.01$) for reward salary were statistically significant. Also, Model 6 ($\beta= 0.92$, $p< 0.01$), Model 7 ($\beta= 0.66$, $p< 0.01$) and Model 8 ($\beta= 0.996$, $p< 0.01$) for rewards staff retention were statistically significant. Furthermore, Model 10 ($\beta= 0.51$, $p< 0.05$), model 14 ($\beta= 0.36$, $p< 0.1$), Model 15 ($\beta= 0.658$, $p< 0.01$), Model 16 ($\beta= 0.4386$, $p< 0.05$) and Model 17 ($\beta= 0.951$, $p< 0.01$) for reward scheme and attitude were statistically significant. These results tell us that MNEs were more interested in incentives and rewards practice than DEs. Furthermore, the results support hypothesis three (H3), which states that there will be important differences witnessed in regards the incentives and rewards between MNSs and DEs.

Table 5.17: Regression results for Incentives and Rewards

Predictors	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9	Model 10	Model 11	Model 12	Model 13	Model 14	Model 15	Model 16	Model 17
	Reward Salary					Rewards for Staff Retention				Social Benefits				Reward Schemes		Attitude	
Employee Age	-0.028	0.22**	0.204	-0.067	-0.027	0.51***	-0.150	0.355**	0.339**	0.065	0.145	0.080	0.086	0.020	-0.007	0.75*	0.2309**
Employee Experience	0.085	0.177*	-0.069	-0.081	0.227***	0.35**	-0.216	0.038	-0.026	0.143	0.164	-0.108	0.018	0.3123*	-0.076	0.37***	0.18*
Firm Age	-0.085	-0.025	-0.163	-0.071	0.088	0.403***	-0.108	0.104	0.124	0.255	0.604***	-0.214	0.063	0.29*	-0.301	0.26*	0.078
Firm Size	0.166**	-0.042	-0.198	0.075	0.013	0.150	0.248	-0.030	0.017	0.102	0.466***	-0.021	0.211	0.132	-0.068	0.33**	0.27**
Sales Revenue	-0.032	0.229*	0.362	-0.030	-0.080	-0.160	0.069	0.236	0.046	-0.003	-0.032	0.158	0.031	0.49**	0.231	0.4281**	-0.032
Local labor force	0.130*	0.321***	0.53***	0.077	0.036	-0.231	0.476v	-0.095	-0.136	-0.196	0.163	-0.276	-0.143	0.276	0.011	-0.023	-0.092
OL	1.84***	1.6559***	1.96***	0.693***	1.214***	0.92***	0.66***	0.996***	-0.261	0.510**	-0.234	-0.132	-0.234	0.36*	0.658***	0.4386**	0.951***
Industry	-0.001	0.029	-0.238	-0.151	-0.191	-0.193	-0.344	0.59***	0.706***	-0.339	0.121	0.085	0.536**	-0.382	0.130	0.090	-0.043
Method Structured	0.010	-0.040	-0.178	0.073	-0.045	-0.216	0.3**	0.27*	0.48***	-0.008	-0.004	-0.034	-0.185	-0.072	-0.010	0.081	0.025
Organization Structured	0.18**	0.057	-0.222	0.173*	0.28***	0.046	0.070	0.134	0.150	0.342*	0.063	-0.186	-0.174	0.047	-0.282	0.098	0.063
Foreign ownership	0.086	0.060	0.038	0.058	0.158**	0.23*	-0.014	-0.125	-0.013	-0.066	-0.020	-0.112	-0.072	0.072	-0.154	-0.099	-0.006
Location	0.032	-0.138	0.152	-0.055	0.038	-0.092	0.290*	-0.148	-0.168	0.178	-0.011	0.228	0.141	0.018	0.039	-0.077	-0.074
Turnover	0.142*	-0.166	0.156	-0.023	0.030	-0.050	-0.216	0.291*	0.37**	0.035	-0.044	-0.114	-0.023	-0.229	-0.294	0.2877*	0.092
F-Value	4.605**	4.655**	8.522**	3.102*	8.58***	11.202***	3.05*	5.98**	4.082**	5.6**	14.292***	1.082	4.302**	3.803*	9.11***	6.4***	11.7***

Source: Author's analysis of data

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

Note: Models 1–17 are responses to the 5 questions: 'How would you explain salary differentials in your company to an employee?' (Models 1-5), 'How important are the following rewards in retaining the key staff' (Models 6-11), 'What do you consider to be the most important social and psychological benefits to a manager working for your company?' (Models 12-15), and 'Please indicate your attitude to the following statements' (Models 16-18).

The 17 replies were represented: 1. They simply reflect the external market conditions; 2. They reflect the firm's own evaluation of the jobs people perform; 3. They are fair in the context of the company's system of values; 4. Management must be free to reward people in whatever way best serves the company's interest; 5. Personal perception plays a role; 6. Basic pay above the industry level; 7. Basic pay above the local level in the area; 8. Valuable fringe benefits; 9. The opportunity to earn large bonuses through greater efforts; 10. Interesting and challenging work; 11. Friendly and supportive colleagues; 12. Job security; 13. The prestige of working for one of the top firms in the industry; 14. The availability of computerised data on Output and sales; 15. Use of cellular manufacturing system; 16. Individual employees need to complete against their peers in order to give of their best; 17. Completion is not the best way of motivating effort, building a sense of group solidarity is usually better

The 12 control variables in column of predictors are as follows: 1. Age of HR Director; 2. Experience of HR Director; 3. Firm age; 4. Firm size; 5. Sales Revenue; 6. Local labour; 7. Operation level MNE or DE; 8. Industry 9. Method Structured; 10. Organisation Structured; 11. Firm Location; 12. Turnover.

5.8 Bivariate Correlation

Table 5.18 presents a bivariate correlation matrix of 12 dependents and 12 independent variables in order to find the strengths of association between two variables in DEs. The correlation matrix interpreted some important meaning. The dependent variables were represented in columns (13-24). Column 14 shows that employee personality recruitment positively correlated with resourcing employee's recruitment ($r = 0.161$, $p < 0.05$), training ($r = 0.552$, $p < 0.01$), incentive retaining ($r = 0.407$, $p < 0.01$), attitude reward ($r = 0.474$, $p < 0.01$), appraisal feedback ($r = 0.221$, $p < 0.01$). These positively relation confirmed that when the personalities of the applicant such as: willing to travel, motivation and commitment to firm were considered in recruitment process, then other HRM practices (training, incentive and reward and appraisal) will be more interested to employees and firms. In addition, Table 5.18 shows that lower turnover negatively significant with incentive salary ($r = –0.166$ $p < 0.05$). However, Table 5.18, in Row 23 and Column 12, shows a lower turnover as correlating positively and significantly with the frequency of appraisal ($r = 0.177$, $p < 0.05$). This positive correlation indicated that the employees receiving appraisal feedback quickly were more likely to continue working in DEs.

On the other hand, Table 5.19 presents a bivariate correlation matrix for MNEs. The selection of employees, in consideration to their qualifications, as shown in Column 13, positively correlated with incentive salary ($r = 0.364$, $p < 0.01$) and reward sociality ($r = 0.310$, $p < 0.01$). This correlation indicated that the selection of qualified applicants from high education, with more experience and a more extensive knowledge of languages achieves a fair salary and will be rewarded for staying in MNEs. Furthermore, Column 12 shows that a lower turnover positively correlated with the recruitment of external resourcing ($r = 0.238$, $p < 0.05$), training ($r = 0.351$, $p < 0.01$), incentive salary ($r = 0.235$, $p < 0.05$), incentive retaining ($r = 0.245$, $p < 0.05$), reward scheme ($r = 0.251$, $p < 0.01$). Thus, the results have pointed out the recruitment of external resourcing minimises turnover due to new professional employees being added to MNEs. Furthermore, the more training employees receive, the better able MNEs are to retain their staff.

Table 5.184: Bivariate correlation of DEs

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
1	1																							
2	0.108	1																						
3	-0.142	-0.147	1																					
4	-.250**	0.091	.376**	1																				
5	-0.042	0.101	0.097	.228**	1																			
6	0.033	-0.036	0.144	.248**	.194*	1																		
7	-0.055	-0.021	-0.026	-0.020	.191*	-0.066	1																	
8	0.071	0.048	0.021	0.096	0.132	0.140	-0.075	1																
9	0.020	0.032	-0.006	0.062	-0.013	-0.098	.186*	-0.079	1															
10	0.094	0.015	-.199**	-0.033	-.177*	-0.039	0.083	0.000	-0.031	1														
11	-0.041	-0.018	-0.019	0.052	.222**	0.050	-.170*	0.078	-0.039	-0.070	1													
12	0.085	0.098	.158*	-0.007	.540**	0.087	0.077	-0.047	0.014	-0.026	0.098	1												
13	-0.133	0.058	-0.004	0.010	-0.031	-0.077	0.008	0.080	0.123	0.019	0.028	-0.072	1											
14	.514**	0.132	-.155*	-0.108	0.146	0.025	0.004	0.145	-0.043	-0.007	0.047	-0.036	-0.054	1										
15	.177*	-.151*	0.105	0.021	0.015	0.082	-.157*	.149*	-0.137	0.089	.184*	0.031	0.024	.161*	1									
16	.374**	.164*	-.163*	-.150*	0.091	0.107	-0.097	0.144	-0.016	0.025	0.082	0.084	-0.055	.552**	0.015	1								
17	-0.132	-0.032	0.041	0.068	-0.068	0.096	0.027	0.012	0.066	-0.061	-0.118	-.166*	-0.003	-0.023	-0.071	-0.035	1							
18	.307**	.154*	-0.137	-0.123	0.034	0.120	0.095	0.065	-0.042	0.095	0.064	0.144	-0.045	.407**	-0.004	.457**	0.021	1						
19	-0.026	-0.122	0.019	-0.079	-0.017	-0.042	0.076	0.029	0.042	0.053	-0.084	-0.008	0.120	-0.069	-0.031	-0.022	0.145	-0.012	1					
20	0.017	-0.118	0.099	-0.028	-0.074	-.194**	-0.007	0.039	0.063	0.059	-0.034	-0.014	0.027	-0.034	0.017	0.034	.253**	-0.059	.201**	1				
21	.382**	.169*	-.250**	-.244**	-0.027	-0.026	-0.088	0.037	-0.055	0.062	0.090	-0.009	-0.074	.474**	0.069	.534**	-0.017	.315**	0.141	0.036	1			
22	0.098	0.013	-0.126	-.265**	-0.110	-0.145	-0.031	0.044	0.048	.167*	-0.145	0.025	0.127	0.035	-0.035	0.075	0.122	.310**	0.127	0.123	0.047	1		
23	0.096	0.071	-0.076	-0.141	0.019	0.010	-0.032	0.110	0.004	.189*	-0.009	.177*	0.075	0.084	0.080	0.056	0.032	.407**	0.057	0.067	0.023	.669**	1	
24	.165*	-0.055	-.154*	-.154*	-0.035	0.084	-0.112	0.002	-0.092	0.147	.177*	-0.057	0.008	.221**	0.058	.491**	-0.041	.280**	-0.080	-0.005	0.067	0.090	0.108	1

Source: Author's analysis of data

**. Correlation is significant at the 0.01 level (2-tailed). *. Correlation is significant at the 0.05 level (2-tailed).

Note: Variables 1–12 (control and Independent variables): 1. Age, 2. Experience, 3. Firm age, 4. Firm size, 5. Sales, 6. Local labour, 7. Industry, 8. Company structured, 9. organisation ownership, 10. Foreign ownership, 11. Location, 12. Turnover.

Variables 13–24 in the table are dependent variables and stand for '13. Employee qualification, 14. Employee personality, 15. resourcing employees, 16. Training, 17. Incentive salary, 18. Incentive retaining, 19. Reward sociality, 20. Rewards, 21. Attitude Reward, 22. Appraisal frequency, 23. Appraisal conducted, 24 Appraisal feedbacks.

Table 5.5: Bivariate correlation of ENEs

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
1	1																							
2	-0.007	1																						
3	0.046	.253*	1																					
4	0.074	0.096	.262*	1																				
5	0.089	0.150	0.024	.292**	1																			
6	0.120	0.142	0.142	0.072	0.188	1																		
7	0.207	0.017	0.085	0.032	0.002	-.221*	1																	
8	0.170	.297**	-0.013	-0.088	0.127	0.148	0.175	1																
9	0.035	0.046	0.046	-0.034	-0.219	0.019	0.075	0.120	1															
10	-0.038	-0.078	.234*	.252*	0.040	0.045	0.020	-0.106	-0.038	1														
11	-0.105	0.091	-0.077	-0.166	0.087	0.061	-.328**	0.115	-0.214	0.041	1													
12	0.183	.375**	-0.039	-0.179	-0.005	.303**	-0.043	.353**	0.032	-0.096	0.155	1												
13	-0.093	.726**	0.135	0.079	0.157	0.098	0.057	0.119	-0.061	-0.010	0.045	0.220	1											
14	0.110	0.176	0.209	0.129	0.125	.296**	0.168	0.047	0.045	-0.091	-0.036	.250*	.286*	1										
15	0.152	.247*	.233*	0.072	0.128	.757**	-0.024	0.098	0.054	-0.063	0.007	.238*	.301**	.459**	1									
16	-0.004	0.115	0.192	-.231*	-.241*	.246*	0.069	-0.022	0.131	0.030	.245*	.351**	0.087	.267*	.272*	1								
17	0.060	.364**	0.172	0.001	-0.011	0.150	0.122	0.150	0.201	-0.179	0.105	.235*	.346**	0.160	.359**	.416**	1							
18	0.077	0.055	0.043	0.024	0.185	0.139	0.171	.493**	-0.014	-0.019	0.117	.245*	0.125	.346**	0.183	0.135	0.089	1						
19	-0.009	.282*	0.176	-0.032	-0.127	.279*	0.122	-0.007	.244*	-0.055	-0.141	0.122	.310**	0.216	.385**	.306**	.395**	0.051	1					
20	-0.040	0.141	0.200	-0.008	-.224*	.266*	0.160	-0.122	0.090	-0.086	-0.081	.251*	0.216	.454**	.453**	.385**	.330**	0.141	.588**	1				
21	-0.008	0.073	0.099	0.041	.386**	0.142	.257*	-0.030	-0.057	-0.098	-0.158	0.055	0.158	.347**	.259*	0.050	0.214	.228*	.226*	.475**	1			
22	0.133	-0.004	-0.069	-0.088	-.271*	.232*	-0.077	0.012	0.069	0.008	-0.015	.271*	0.022	0.119	0.196	0.166	-0.006	-0.022	0.048	0.155	0.018	1		
23	0.040	0.081	0.189	0.006	-0.195	0.142	0.062	-0.016	0.145	0.074	0.071	0.068	-0.025	0.186	0.098	.359**	0.172	0.079	0.129	0.180	-0.074	0.189	1	
24	-0.018	-0.036	0.036	-0.082	0.133	-.259*	0.101	0.021	0.123	-0.099	-0.057	-0.161	-0.080	-0.080	-0.120	-0.063	0.096	-0.034	-0.068	-0.080	0.081	-.759**	-0.088	1

Source: Author's analysis of data

**. Correlation is significant at the 0.01 level (2-tailed). *. Correlation is significant at the 0.05 level (2-tailed).

Variables 1–11 (control and Independent variables):1. Age, 2. Experience, 3. Firm age, 4. Firm size, 5. Sales, 6. Local labour, 7. Industry, 8. Company structured, 9. organisation ownership, 10. Foreign ownership, 11. Location, 12. Turnover.

Variables 13–24 in the table are dependent variables and stand for '13. Employee qualification, 14. Employee personality, 15. resourcing employees, 16. Training, 17. Incentive salary, 18. Incentive retaining, 19. Reward sociality, 20. Rewards, 21. Attitude Reward, 22. Appraisal frequency, 23. Appraisal conducted, 24 Appraisal feedbacks.

5.9 Models Testing

In the previous section, hypotheses 1–4 were empirically tested via the proper test to compare 'means' between DEs vs MNEs. The second question of the research is concerned with predicting the impact of independent variables on the dependent variables. The mutable linear regression, binary logistic regression and ordinal logistic regression were used to identify the overall effectiveness of firm features on HR practices and the activities of the HR Director. A series of multiple regression models were presented for the purpose of identifying the significant factors. In addition, the regression models were used to indicate the various associations of each model's independent and dependent variables.

In the case of the binary logistic regression, the following indicators were analysed so as to explain the dependent variable (appraisal conducted). In this regression model, the following indicators were analysed to explain the model: estimated probability (p) between 0 and 1; maximum likelihood indicates the hypothesis best supported by the data; Likelihood ratio test is different of '–2 Log Likelihood' between two nested models, which explains the model fits the data as the smaller the '–2 Log Likelihood' statistic, the better the model. The Cox & Snell R2 can explain the variation in the model same as R-square in a multiple regression whilst Nagelkerke can reach the maximum value '1'. Seferoglu *et al.* (2014) reported that the 'likelihood ratio test is used to test effectiveness of these models. Lastly deviation measure, pseudo R2 values, Akaike Information Criteria and Bayesian Information Criteria are used to indicate goodness of fit'.

5.9.1 Ordinal Logistic, Binary Logistic Regression and Multivariate Regression

The appraisal was tested by the implementation of the logistic regression. Peterson & Harrell (1990) agreed that ordinal regression is required to meet parallel proportional odds assumptions. In other words, the relationship between each pair of outcome samples is the same and recognised as a parallel. The parallel line assumption was recommended for testing through the use of the Wald Chi-Square or Likelihood Ratio Test (Agresti, 2002). Bender & Grouven (1998) commented that the Proportional Odds Models was satisfied when dependent variables were identified in parallel lines.

Adeleke & Adepoju (2010) added that there are various options if the proportional odds assumption was not met, such as using bivariate ordinal logistic analyses, using multinomial logistic regression or omit two or more levels. If the requirement of proportional odds was not met, the binary logistic regression models were then used (Bender & Grouven, 1998). Also, Fu (1998) suggested that, when the Non-Proportional Odds Model was achieved, the cumulative logit was used in regression. However, the Partial Proportional Odds Model was used in the case that the parallel lines assumption accrues (Peterson & Harrell, 1990).

Table 5.20 shows dependent variables violated the test of parallel lines. The variables met the odds assumption when (p>0.05). The binary logistic regression was implemented in line with appraisal feedback, including appraisal frequency, which was regressed through the logit binary regression. These variables were tested using multinomial regression due to the parallel test being absent. Adeleke & Adepoju (2010) recommended the following models for use in binary regression:

Logit (odds) = a1+ β1 (employee Age) + β2 (Experience) + β3 (Firm Age) + β4 (Firm Size) + B5 (Firm sales) + β6 (Local Labour) + β7 (Industry) + β8 (Firm structured) + β9 (Firm ownership) + β10(Foreign ownership) ++β11 (Firm location) + β12 (Turnover) + e1.

$$P(Yi) = \frac{1}{1+e^{-(b_0+b_1X_1+b_2X_2+b_3X3+b_4X4+b5X5+b_6X6+b7X7+b8X8+b_9X9+b10X10+b11X11+b_{12}X12+\varepsilon_i)}}$$

$$P(Yi) = \frac{1}{1+e^{-(b_0+b_1X_1+b_2X_2+b_3X3+b_4X4+b5X5+b_6X6+b7X7+b8X8+b_9X9+b10X10+\varepsilon_i)}}$$

Where:

Y1 = conducted appraisal, with binary outcome

Y2 = appraisal frequently

Y3 = appraisal feedback

Y4 = training

b_0: = Intercept

β i = Parameter

(X1-X10) = predictors

(11-X12) = control variables

X_1 = HR director age (by coding elder age > 40 respondents as 1 and else as 0).

X_2 = experience (by coding 16 or more years as 1 and else as 0),

X_3 = Firm Age (by coding firm established for more than 15 years as 1 and everyone else as 0).

X_4 = Firm size (by coding firm with more than 500 employees as 1 and everyone else as 0).

X_5 = sales revenue (by coding sales for more than 300M last year as 1 and everyone else as 0).

X_6 = Local labour force (by coding local employees more than 30 % as 1 and everyone else as 0).

X_7 = type of industry (coding type industry is Oil, Gas & Petrochemical as 1 and everyone else as 0).

X_8 = method structured (By functional area as 1 and everyone else as 0).

X_9 = organisation structured (by coding Joint venture as 1 and everyone else as 0).

X_{10} = foreign ownership (by percentage more than 49 as 1 and everyone else as 0).

X_{11} = firm location (Riyadh as 1 and everyone else as 0).

X_{12} = lower turnover rate (By (1%–6%) each year as 1 and everyone else as 0).

Table 5.6: Odds assumption of parallel test

	Operation Level		-2 Log Likelihood	Chi-Square	Sig.
Appraisal frequency	DEs	Null Hypothesis	353.226	81.231	.000
		General	271.996		
	MNEs	Null Hypothesis	153.968	15.958	.998
		General	138.01		
Appraisal feedback	DEs	Null Hypothesis	468.739	95.727	.000
		General	373.012		
	MNEs	Null Hypothesis	142.788	24.364	.441
		General	118.423		

Source: Author's analysis of data

Table 5.7: Shapiro-Wilk and Kolmogorov-Smirnov test

Outputs	OL	Skewness	Kurtosis	Shapiro-Wilk	Kolmogorov-Smirnov
	MNEs	1.098	2.1	0.78***	0.34***
	DEs	–0.019	-1.286	0.80***	0.20***
Appraisal conducted	MNEs	-1.202	0.43	0.66***	0.40***
	DEs	0.599	–0.467	0.88***	0.23***
Appraisal feedback	MNEs	1.098	2.1	0.78***	0.34***

Source: Author's analysis of data

***. Shapiro-Wilk is significant at the 0.01 level **. Shapiro-Wilk is significant at the 0.05 level

***. Kolmogorov-Smirnov is significant at the 0.01 level **. Kolmogorov-Smirnov is significant at the 0.05 level

Model 1: The effectiveness and impact of the dummy independent variables (IVs) on the conduction of appraisal were observed. The appraisal conducted by the HR director was coded '1' whilst that conducted by the Line manager was coded '0'; this was tested by estimating the binary logistic regression equation detailed below.

In the methodology chapter, it was explained that the model is improving with decreasing '–2Log likelihood' and increasing 'Cox & Snell R2, Nagelkerke R2' of the variance in the conducted appraisal. The difference in the '–2Log likelihood' between the nested model was indicated in the value of decrease between the old model and the new model. DEs Model 1 was regressed with intercept and employee age (–2Log likelihood = 231.66; Cox & Snell R2 = 0.2, Nagelkerke R2 = 0.2). The M1 was improved by adding employee experience and employee turnover (–2Log likelihood = 230.57; Nagelkerke R2 = 1.00%, Cox & Snell R2 = 0.8). The features of the firm: firm age, firm size, firm sales, local labour and industry were added to the model that was improved. The model was keeping improving with decreasing '–2LL' and increasing in R2 Nagelkerke and Cox & Snell by adding more firm features: firm structure, firm ownership, foreign ownership, firm location (–2Log likelihood = 215.1; Cox & Snell R2 = 4.5, Nagelkerke R2 = 12.40%). Table 5.22 shows the MNEs model was improved by adding control variables and firm features (–2Log likelihood = 215.1; Cox & Snell R2 = 14.9, Nagelkerke R2 = 20%).

According to the statistically significant predictors, the linkage between firm features and appraisal conducted can be surmised in Table 5.22. Table 5.22 shows a negative relationship between sales

revenue and appraisal conducted (B = –1.341, p <.1). However, the local labour force has a positive relationship (B = 1.007, p <.1). The firm with a large number of Saudi employees seem to complete appraisals with the HR director instead of the Senior or Line manager. Also, observations of the organisational structure showed a significant predictor in appraisals (B = 0.89, p <.05), as well as in terms of foreign ownership effect (B = 0.625, p <.1) in DEs. According to MNEs, the Cox & Snell R2 (19.4 %) and Nagelkerke R2 (26.8%) of the variance in the conducted appraisals of MNEs. Table 5.23 shows the logistic regression when adding control variables, where the control variables showed a notable change in enhancing the model. For example, the '–2LL' decreased from –2LL = 216.416 to –2LL = 215.16 in DEs and –2LL = 90.7 in MNEs.

Findings from the relevant logistic regression analysis indicated that some traits of firms were affected in regards the appraisal conducted. Moreover, there was evidence to suggest that there were observations in relation to the association between the appraisal conducted and firm features. This finding, therefore, validated the hypothesis H4a: 'The appraisal conducted affects DEs and MNEs due to there being some part of factors affecting the appraisals conducted'.

Model 2: The dependent variable was the frequency of appraisals conducted amongst employees. For this question, an interval scale was designed ranging 'once a month appraised' to 'never appraised'. The normality of this scale was absent, with the variables continuous due to both 'Kolmogorov-Smirnov (p = 0.000)' and 'Shapiro-Wilk (p = 0.000)' < 0.05 in Table 5.21. The odds assumption did not meet the ordinal regression. The assumption results indicated the use of logit binary regression.

The scale spanned once every 3 months, once every 6 months, once a year, once every 2 years, and never on a binary scale. The scale combined once a month and once every 6 months to 1 ('more') and once a year, once every 2 years, and never to 0 ('less'). The logistic binary regression implemented Model 2. The important parameters of logistic regression: the model fitting explained the improved ability of the model to predict outcomes by comparing the models with a constant only. This comparison included (–2 log-likelihood) and the statistical significance of the chi-square. In addition, the Negleckt and Coax were found to predict the variance of the outcome. The parameter estimates explained the relationship between predictor variables and the outcome. The parameter estimates of betas and corresponding p-value (P significance) are also important indicators in the logistic regression analyses. The parameter estimate provides a useful interpretation of the relation between independent and dependent variables. Moreover, this may be either positive

or negative, which indicates the amount of increase or decrease in the dependent variable for one unit of difference in the independent variable. Six results were made by the researcher as a result of the logistic regression. Table 5.22 shows a statistical significant amongst large firm size (B = –1.2, p<0.1) and a high sales revenue (B = –1.3, p<0.1) of MNEs. In addition, there was a statistical significance in the method in regards firm structured by functional area (B = 1.04, p< 0.1), foreigner ownership (B = 1.98, p<0.05) and the lowest turnover rate (B = 1.43, p<0.05) in DEs. Table 5.23 shows that the control variable does not change the linkage between firm features and the frequency of appraisal. Thus, the results indicated that H4b is accepted due to the impact of various firm features on appraisal frequency.

Model 3: The dependent variable was appraisal feedback to employees. For this question, an interval scale was designed spanning within 1 week, within 2 weeks, within 1 month, within 2 months, after 3 months, and no feedback provided. The logit logistic regression was used due to the assumptions of ordinal requirements not being met. The scale was transformed from interval to a binary scale, which the researcher combined in regards Within 1 week, within 2 weeks and within 1 month to 1 ‘very fast’. Further, the researcher combined Within 2 months, after 3 months and no feedback to 0 ‘very slow’. Table 5.22 shows firm age (B = –1.1), firm size (B = 0.91) and a local labour force (B = 1.02) as being statistically significant amongst MMEs at the 0.05 and 0.1 levels. Additionally, industry (0.98) and organisational structure (–2.24) amongst DEs at the 0.05 level. The control variables were found to have a significant impact on the significance of the model. For example, Table 5.23 shows that DEs’ firm size was negatively significant (B = –0.86, p<0.1) and a local labour force was negatively significant (B = –2.38, p<0.05). Thus, the results confirm that various characteristics of firm’s impact appraisal feedback, meaning H4c were validated.

Table 5.22: logistic regression analysis of HR Appraisal. Without control variables.

Predictor ↓	OL	Model 1		Model 2		Model 3	
		B	EX(B)	B	EX(B)	B	EX(B)
Firm Age	DEs	0.298	1.347	-0.180	0.835	-0.200	0.662
	MNEs	0.735	2.085	0.290	1.336	-1.1**	0.027
Firm Size	DEs	0.210	1.234	-1.064	0.345	0.401	0.553
	MNEs	0.264	1.303	-1.21*	0.296	0.91*	0.062
Sales Revenue	DEs	0.753	2.123	0.167	1.182	-1.348	0.243
	MNEs	-1.341*	0.262	-1.37*	0.252	-0.136	0.752
local labour force	DEs	-0.048	0.953	0.545	1.724	-0.386	0.535
	MNEs	1.007*	2.739	0.091	1.095	1.02**	0.033
Industry	DEs	-0.129	0.879	-1.379	0.252	0.98**	0.023
	MNEs	1.189	3.283	1.995	7.353	-0.586	0.294
method structured	DEs	-0.237	0.789	1.04*	2.832	1.071	0.217
	MNEs	-0.396	0.673	-0.142	0.867	-1.111	0.189
organization structured	DEs	0.890**	2.437	0.533	1.705	2.7**	0.045
	MNEs	0.631	1.880	-0.178	0.837	-2.24**	0.026
Foreign ownership	DEs	0.625*	1.870	1.98**	7.265	0.287	0.822
	MNEs	0.106	1.112	0.013	1.013	-0.136	0.875
Location	DEs	0.750**	2.119	0.034	1.035	1.398*	0.092
	MNEs	1.065	2.899	0.460	1.584	-0.815	0.332
Turnover	DEs	-0.602	0.547	1.43**	4.198	-0.187	0.826
	MNEs	0.131	1.140	-0.299	0.742	-0.685	0.406
Fitting Statistics & Cross tabulation							
-2 log likelihood	DEs	216.416		91.6		160.03	
	MNEs	90.931b		68.239		51.1	
Chi-square	DES	15.5(0.11		20.4(0.026)		23.1 (0.01)	
	MNEs	12.6(0.2)		11.8(0.29)		16.4(0.087)	
R: Nagelkerke	DES	.116		0.23		0.19	
	MNEs	.202		0.217		0.326	
R: Cox & Snell	DEs	.085		0.11		0.124	
	MNEs	.146		0.13		0.186	

Source: Author's analysis of data

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

Table 5. 23: logistic regression analysis of HR Appraisal with control variables

Predictor ↓	OL	Model 1		Model 2		Model 3	
		B	EX(B)	B	EX(B)	B	EX(B)
Employee Age	DEs	-0.003	0.997	-0.003	0.997	0.749	2.115
	MNEs	-0.132	0.876	1.078	2.938	0.129	1.138
Employee Experience	DEs	-0.399	0.671	0.557	1.746	-0.466	0.628
	MNEs	2.33**	10.363	0.194	1.214	-0.455	0.634
Firm Age	DEs	0.207	1.23	-0.144	0.866	-0.24	0.787
	MNEs	1.46**	4.311	0.259	1.295	1.275	3.58
Firm Size	DEs	0.28	1.323	-1.171	0.31	-0.86*	0.421
	MNEs	0.632	1.881	-1.4*	0.237	-1.122	0.325
Sales Revenue	DEs	0.769	2.157	0.047	1.048	0.362	1.437
	MNEs	-1.6**	0.192	-1.6*	0.196	2.8**	17.797
local labor force	DEs	-0.072	0.93	0.612	1.844	0.88*	2.421
	MNEs	-0.588	0.555	-0.017	0.983	-2.38**	0.092
Industry	DEs	-0.183	0.833	-1.239	0.29	-1.464	0.231
	MNEs	0.698	2.01	1.932	6.903	0.158	1.171
method structured	DEs	-0.21	0.81	1.02*	2.787	-0.19	0.827
	MNEs	0.221	1.247	-0.165	0.848	-0.085	0.919
organization structured	DEs	0.915**	2.499	0.475	1.609	-0.467	0.627
	MNEs	0.739	2.095	-0.417	0.659	1.374	3.951
Foreign ownership	DEs	0.63***	1.887	1.91**	6.786	0.99**	2.7
	MNEs	-0.335	0.715	0.086	1.09	-0.918	0.399
Location	DEs	0.737**	2.09	0.037	1.037	1.02**	2.786
	MNEs	0.787	2.198	0.042	1.472	-0.184	0.832
Turnover	DEs	-0.538	0.584	1.5**	4.486	-0.609	0.544
	MNEs	-0.41	0.664	-0.563	0.569	-0.558	0.572
Fitting Statistics & Cross tabulation							
-2 log likelihood	DEs	215.162[a]		90		156.6	
	MNEs	90.727[b]		67		50	
Chi-square	DES	16.7(0.159)		21.3(0.046)		26.4 (0.009)	
	MNEs	12.8(0.379		7.5(0.47)		16.7(0.518)	
R: Nagelkerke	DES	.124		0.2		0.2	
	MNEs	.205		0.18		0.331468	
R: Cox & Snell	DEs	.091		0.1		0.14	
	MNEs	.149		0.11		0.18	

Source: Author's analysis of data

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

Model 1: conducted of appraisal, model 2: appraisal frequently conducted to employees and Model 3: appraisal feedback to employees.

5.9.2 Multivariate Regression

Multivariate regression analysis was used in line with incentives and recruitment 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 dependant variables.

In each of these regression models, the following indicators were analysed in an effort to explain the variation in the dependent variables: the coefficient of determination R square (R2); and the F value as a principle to evaluate the overall usefulness of the regression model in analysing, predicting or explaining the variation in the dependent variables. In this study, the model is statistically significant if the value of F is larger than 0.05 (Prob>F), which is the level of significance. However, some variables were considered significant, even if the value of F is (0.1) because of the nature of the research.

The parameter estimates of 'β' and corresponding p-value significance are also important indicators in the multiple linear regression analysis. The parameter estimate of beta (β) provides a useful interpretation of the relation between independent and dependent variables. The (β) value, which may be either positive or negative, indicates the amount of increase or decrease in the dependant variable for one unit of difference in the independent variables.

These models have been estimated to test the remaining hypotheses in this part of the study. 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 second practice was violated of linearity, as shown in the previous chapter. However, the transformation from abnormal to Gaussian distributions was significant. Furthermore, incentives and reward were divided into salary, retaining, sociality, rewards and attitude. Additionally, the training practice met the multilinear regression. The mathematical

representation of the hypothesised relationship between the dependent and independent variables in the following models:

Model 4: Y4 = a1+ β1x1+ β2X2 + β3x1+ β4X4+ β5x5+ β6x6 + β7x7+ β8x8+ β9 x9+ β10x10 + β 11x11+ β12x12

Model 5: Y5 = a1+ β1x1+ β2X2 + β3x1+ β4X4+ β5x5+ β6x6 + β7x7+ β8x8+ β9 x9+ β10x10 + β 11x11+ β12x12

Model 6: Y6 = a1+ β1x1+ β2X2 + β3x1+ β4X4+ β5x5+ β6x6 + β7x7+ β8x8+ β9 x9+ β10x10 + β 11x11+ β12x12

Model 7: Y7 = a1+ β1x1+ β2X2 + β3x1+ β4X4+ β5x5+ β6x6 + β7x7+ β8x8+ β9 x9+ β10x10 + β 11x11+ β12x12

Model 8: Y8 = a1+ β1x1+ β2X2 + β3x1+ β4X4+ β5x5+ β6x6 + β7x7+ β8x8+ β9 x9+ β10x10 + β 11x11+ β12x12

Model 9: Y9 = a1+ β1x1+ β2X2 + β3x1+ β4X4+ β5x5+ β6x6 + β7x7+ β8x8+ β9 x9+ β10x10 + β 11x11+ β12x12

Model 10: Y10 = a1+ β1x1+ β2X2 + β3x1+ β4X4+ β5x5+ β6x6 + β7x7+ β8x8+ β9 x9+ β10x10 + β 11x11+ β12x12

Model 11: Y11 = a1+ β1x1+ β2X2 + β3x1+ β4X4+ β5x5+ β6x6 + β7x7+ β8x8+ β9 x9+ β10x10 + β 11x11+ β12x12

Model 12: Y12 = a1+ β1x1+ β2X2 + β3x1+ β4X4+ β5x5+ β6x6 + β7x7+ β8x8+ β9 x9+ β10x10 + β 11x11+ β12x12

Where:

(X1–X12) already defined in Model 1. Y4 (Training), Y5–Y7 (belong to Recruitment and selection), Y5 = employee qualifications; Y6 = personal characteristic; Y7 = position recruitment; (Incentive: Y8-Y12), Y8 = Salary; Y9 = retaining; Y10 = society; Y11 = rewards; Y12 = Attitude.

Model 4: This model used training practice as dependent variable whilst the multitier linear regression (MLR) prediction was suggested as regressing this model. The main reason behind the MLR use was due to the assumption of normality distribution being met. Table 5.24 in Model 4

shows the mutable regression of the Model 4 without the addition of control variables. The model is statistically significant as F-statistics are less than the 0.1 level for both MNEs and DEs.

However, the control variables (employee age and experience) were incorporated within an enhanced model, as shown, with the F-statistics found to be less than the 0.05 level for both MNEs and DEs. Moreover, the R-squire is more improved with the control variables (R2 = 21%), as shown in Table 5.25. Table 5.24 shows in term of the linkage between firm treaties and the training. The statistically significant were the flowing: firm size ($\beta = -0.168$, $p < 0.05$), company structured ($\beta = -0.25$, $p < 0.05$) in DEs. In terms of MNEs, Table 5.24 shows the firm age revenue ($\beta = 0.269$, $p < 0.05$), industry ($\beta = 1.23$, $p < 0.01$), company structured ($\beta = -0.25$, $p < 0.05$) and turnover ($\beta = 0.296$, $p < 0.05$) as being statistically significant. The H2a was fully true and it in same line forward with literature.

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 5.24 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 5.25, where the DEs professional director having high experience was found to be statistically significant ($\beta = 0.78$, $p < 0.01$), 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 ($\beta = -0.1$, $p < 0.1$), which informs that directors of an older age are not interested in the qualifications of employees throughout the selection process. Table 5.25 shows that JV DEs firms were more concerned with employee qualifications ($\beta = 0.13$, $p < 0.1$). 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 5.24 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 5.25 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 5.24. Firstly, the lower turnover was seen to be significant with a negative beta coefficient in DEs ($\beta = –0.15$, $p< 0.1$), which reports that turnover increased employee recruitment. MNEs' lower turnover was statistically significant with a positive beta coefficient ($\beta = 0.23$, $p< 0.1$), 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 ($\beta = 0.26$, $p< 0.05$); 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 ($\beta = –0.14$, $p< 0.1$), where DEs were found to disregard personal characteristics during the selection and recruitment processes. The DEs high sales revenue was significantly statistics ($\beta = 0.26$, $p< 0.05$). Moreover, the MNEs' high local labour force was found to be statistically significant ($\beta = 0.26$, $p< 0.05$). However, with the addition of control variables, the DEs' older firms showed statistical significance with negative ($\beta = –0.15$, $p< 0.05$), as shown in Table 5.25 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 organisation and whether they would be internal or external. A Likert scale was adopted, ranging 1 ('largely internally) to 5 ('largely externally'). In Table 5.24, 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 5.25 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 5.24 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 labour force was statistically significant ($\beta = 0.26$, $p< 0.05$), 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 ($\beta = 0.26$, $p < 0.05$), 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 H1c.

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 5.24, 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 5.25 showing the F-statistic (0.34) as greater than significant level (0.01). Finding results directly stand out in Table 5.24: MNEs industry ($\beta = 0.2$, $p< 0. 1$), MNEs organisation ownership ($\beta = 0.21$, $p< 0. 1$) Were statistically significant with the positive beta coefficient in MNEs' and DEs' turnover ($\beta = 0.0177$, $p< 0. 1$), which were statistically significant with a negative beta coefficient. These statistical tests confirmed the acceptance of H3a as partially true.

Model 9: This model included rewards in retaining employees (Y9) as a dependent variable and features of firm as the independent variable in determining the effectiveness of predictors in employee rewards in both DEs and MNEs. In Model 9 of Table 5.24 shows that the model was statistically significant in predicting rewards in retaining employees in MNEs ($F = 2.7$, $p<0.01$) with $R2 = 28\%$ and DEs ($F = 1.8$, $p<0.01$) with $R2 = 10\%$ having operated in Saudi Arabia. The findings directly stand out in Table 5.24 in terms of DEs' local employee size ($\beta = 0.158$, $p< 0. 05$) and DEs' employee turnover ($\beta = 0.201$, $p< 0. 05$), which were statistically significant. Table 5.24 shows the findings in term of MNEs: company structure ($\beta = 0.416$, $p< 0. 05$) was statistically significant. On the other hand, Table 5.25 shows the findings with the control variables as demonstrating change in the results output in the DE industry type ($\beta = 0.15$, $p< 0. 01$). These results confirmed that internal and external factors have the ability to affect rewards in retaining employees, meaning Hypothesis H3b was accepted.

Model 10: This model included social benefits (Y10) as a dependent variable and firm features as the independent variable in establishing the impact of predictors in social benefits in both DEs and MNEs. In Model 10 of Table 5.24, the model was statistically significant in predicting the rewards of social benefits in MNEs ($F = 1.9$, $p<0.1$) with $R2 = 21\%$. However, the model was not

statistically significant in DEs (F = 0.4, p>0.1) with R2 = 3% as having operated in Saudi Arabia. Table 5.24 shows MNEs' local employee size (β = 0.326, p< 0. 01) as statistically significant. However, the impact of internal/external factors on social benefits was lacking amongst DEs. Table 5.25 shows the control variables as having a slight impact on the model, with the same results in the model in DEs not significant (F = 0.5, p>0.1). Therefore, the researcher was not correct when assuming H3c and H3c would be partially agreed.

Model 11: This model predicted the effectiveness of independent variables on reward schemes as a dependent variable. The model was able to predict the effectiveness of independent variables to dependent variables due to MNEs' ANOVA test being statistically significant (F = 3.5, p<0.01), R2 = 33% and DEs (F = 1.2, p>0.1), R2 = 7% was not statistically significant. Table 5.24 shows the finding results captured from Model 11. Firstly, DEs' local labour force was statistically significant (β = –0.205 p< 0. 05. Secondly, the DEs' local labour force was statistically significant (β = 0.31 p< 0. 05). Thirdly, MNEs' firm structure (β = –0.2, p< 0. 01). Finally, MNEs' turnover was statistically significant (β = 0.26, p< 0. 05). Additionally, Table 5.25 presented the outputs with the addition of control variables where the model was not affected. Part of the internal/external factors impacted reward schemes, which confirmed Hypothesis H3d as partially accepted.

Model 12: The dependent variable was changed to employee attitude whilst the independent variables were DEs and MNEs. Model 12 was statistically significant in the case of MNEs (F = 3.01, p<0.01), R2 = 20%, and was significant in DEs (F = 2.02, p< 0.05), R2 = 5%, as shown in Table 5.24. The DEs' firm age (β = –0.0176, p< 0. 05), firm size (β = –0.198, p< 0. 05) were negatively significant with employee attitude.

Table 5.24 shows the findings in terms of multinational enterprise: MNEs sales revenue (β = 0.431, p< 0. 01) and MNEs' local industry (β = 0.28, p< 0. 01) were positively significant. The results indicated H3e was accepted.

Table 5.24: Regression result to Models without demographic variables

Predictor ↓	OL	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9	Model 10	Model 11	Model 12
Firm Age	DEs	-0.134	0.022	-0.106	0.14*	0.030	-0.135	0.076	0.158*	-0.176**
	MNEs	0.206**	0.134652	0.166	0.13*	0.189	0.025	0.137	0.165	0.098
Firm Size	DEs	-0.168**	0.001	-0.14*	-0.052	0.027	-0.088	-0.110	-0.038	-0.198**
	MNEs	-0.159	0.061993	0.123	0.020	0.075	0.048	-0.041	0.062	-0.116
Sales Revenue	DEs	0.092	0.009	0.26**	-0.011	0.007	-0.118	0.032	-0.029	0.032
	MNEs	-0.213**	0.124794	0.067	-0.011	-0.018	0.090	-0.114	-0.257**	0.431***
Local labour force	DEs	0.124	-0.077	0.021	0.040	0.110	0.158**	-0.023	-0.205**	0.027
	MNEs	0.251**	-0.00592	0.26**	0.78***	0.109	0.054	0.326**	0.3188**	0.134
Industry	DEs	-0.113	-0.005	-0.030	-0.107	0.022	0.130	0.050	-0.026	-0.086
	MNEs	0.269**	0.062388	0.26**	0.16*	0.20*	0.144	0.184	0.295**	0.28**
Company structured	DEs	0.128*	0.092	0.114	0.120	0.000	0.078	0.048	0.075	0.038
	MNEs	-0.25**	0.017595	-0.148	-0.072	-0.029	0.416**	-0.125	-0.3007**	-0.194*
Organization ownership	DEs	0.039	0.127	-0.012	-0.089	0.068	-0.039	0.042	0.058	-0.018
	MNEs	0.138	-0.04709	0.049	0.031	0.21*	-0.038	0.193*	0.032	-0.002
Foreign ownership	DEs	0.028	0.027	0.012	0.13*	-0.060	0.050	0.061	0.079	0.039
	MNEs	0.007	-0.04206	-0.174	-0.144*	-0.238**	0.001	-0.088	-0.158	-0.129
Location	DEs	0.031	0.036	-0.006	0.16**	-0.107	0.083	-0.069	-0.015	0.073
	MNEs	0.338**	0.029417	0.060	0.046	0.22*	0.094	-0.037	0.048	-0.107
Turnover	DEs	0.055	-0.073	-0.15*	0.013	-0.177*	0.201**	-0.030	0.002	0.001
	MNEs	0.296**	0.227*	0.23*	0.020	0.178	0.084	0.064	0.266**	0.084
ANOVA	DEs	1.9(0.044)	0.59(0.815)	1.6(0.089)	1.9(0.04)	1.1(0.35)	1.8(0.053)	0.4(0.9)	1.24(0.26)	2.02(0.034)
	MNEs	4.9(0.000)	0.78(0.64)	1.8(0.057)	11 (0.000)	2(0.053)	2.7(0.006)	1.9(0.054)	3.5(0.001)	3.01(0.003
R Square	DEs	10%	2%	9.00%	10%	6%	10%	3%	7.00%	5%
	MNEs	42%	3%	24.90%	63%	23%	28%	21%	33%	20.00%

Source: Author's analysis of data

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

Table 5.25: Regression result to Models demographic variables

Predictor ↓	OL	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9	Model 10	Model 11	Model 12
Employee Age	DEs	0.36***	-0.1*	0.56***	0.2***	-0.122	0.25***	-0.041	0.036	0.3***
	MNEs	-0.193	-0.086	-0.02	0.046	0.003	-0.082	-0.055	-0.138	-0.134
Experience	DEs	1.247	0.079	0.15***	-0.16**	0	0.12*	-0.111	-0.115	0.13*
	MNEs	-0.047	0.7***	0.003	0.14	0.26**	-0.2*	0.2**	0.051	-0.026
Firm Age	DEs	-0.921	0.031	-0.15**	0.117	0.022	-0.088	0.047	0.134	-0.123
	MNEs	0.73**	-0.083	0.165	0.099	0.117	0.084	0.054	0.151	0.106
Firm Size	DEs	-1.175	-( )53	-0.14**	0.028	-0.003	-0.048	-0.099	-0.008	-0.14*
	MNEs	-0.548	-0.021	0.124	0	0.045	0.079	-0.071	0.067	-0.102
Sales Revenue	DEs	1.249	0	0.27***	0.002	0.003	-0.114	0.034	-0.023	0.038
	MNEs	-0.85**	0.042	0.068	-0.029	-0.047	0.117	-0.145	-0.2***	0.4***
local labor force	DEs	1.282	-0.056	-0.032	0.009	0.122	0.143***	-0.027	-0.21***	0.007
	MNEs	0.86**	0.047	0.2**	0.7***	0.124	0.05	0.3***	0.31***	0.146
Industry	DEs	-1.517	-0.013	-0.098	-0.101	0.013	0.15**	0.04	-0.03	-0.053
	MNEs	1.23**	0.093	0.2**	0.1*	0.2*	0.156	0.2	0.3***	0.3***
company structured	DEs	1.033	0.103	0.023	0.108	0.011	0.048	0.057	0.078	0.001
	MNEs	-0.819**	-0.104	-0.147	-0.098	-0.072	0.4***	-0.17	-0.2***	-0.181
organization ownership	DEs	0.229	0.13*	-0.023	-0.099	0.076	-0.058	0.047	0.058	-0.041
	MNEs	0.470	-0.08	0.049	0.025	0.2*	-0.029	0.181	0.03	-0.001
Foreign ownership	DEs	0.061	0.04	-0.015	0.114	-0.051	0.032	0.062	0.074	0.016
	MNEs	0.010	0.052	-0.175	-0.125	-0.2*	-0.029	-0.054	-0.157	-0.138
Location	DEs	0.561	0.033	0.081	0.16**	-0.113	0.103	-0.079	-0.021	0.098
	MNEs	1.21**	-0.024	0.059	0.04	0.2*	0.101	-0.059	0.036	-0.114
Turnover	DEs	0.021	-0.065	-0.22***	0.01	-0.16*	0.15*	-0.01	0.013	-0.056
	MNEs	1.042**	-0.028	0.2*	-0.035	0.088	0.169	-0.03	0.2**	0.115
ANOVA	DEs	3.644(0.00)	0.86(0.58)	7.2(.000)	2.5(0.004)	1.1(0.34)	2.9(0.001)	0.5(0.86)	1.2(0.26)	3.9(0.00)
	MNEs	4.083(0.00)	7.3(0.000)	1.8(0.057)	10.1(0.00)	2(0.033)	2.6(0.006)	2.2(0.017)	3.1(0.001)	2.6(0.006)
R Square	DEs	21%	6%	51.00%	16%	8%	18%	4%	8.00%	22%
	MNEs	42%	56.7	24.90%	64%	27%	32%	29%	32%	34.50%

Source: Author's analysis of data

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

5.10 Summary

This chapter continued in line with the previous chapters. It started by monitoring the data, which were collected from the HR director respondents by checking the data as eligible in its ability to provide reasonable outputs. Data screening adopted important methods, such as missing data, correlations, multicollinearity, normality, reliability analysis, outliers, homogeneity, mean and standard deviation, and continuous and discrete data. Factor analyses were used to determine the extraction traits of data analysis. Some traits were removed from the data analysis due to the factor analysis results.

The relationship between the major components of the research was established through the use of bivariate correlations. Furthermore, the reliability of the responding data was determined through the use of Cronbach's Alpha, equal or above 0.6, with all major elements subjected to reliability. Thus, the results indicated that the data are eligible for analysis. Recruitment, incentives and training were used as an independent T-Test, with linear regression due to the assumptions held. However, the appraisal used logit regression due to the assumption requirements of linearity not being met.

This chapter reported the outcome results of analysing the data through the use of SPSS Version 23 package. The first part of this chapter was concerned with answering the first question. Question one considered drawing a comparison between DEs and MNEs. This chapter was initiated by comparing recruitment and selection between DEs and MNEs that have operated in the KSA, with MNEs found to be more likely to use the skills of recruitment and selection practices when compared with DEs. This comparison used a comparison relating to the mean in T-Test statistics due to the data type of such HRM practices being parametric. Furthermore, the alternative hypothesis was statistically significant to these HRM practices, meaning the differences between DEs and MNEs meant that the alternative hypothesis would be accepted. The training practice was statistically tested by comparing the mean of T-Test statistics, where training practice was found to be more important than in DEs. The hypothesis was accepted due to the statistical significance of training practices between MNEs and DEs. Markedly, MNEs' incentive practices were stronger than DEs due to the statistical significance of incentive practices. The T-Test compared the mean and was used to accept the alternative hypothesis. The appraisal practice was statistically tested, with the results noting that MNEs' appraisals were more significant than DEs' appraisals.

The second part aimed to answer the second question, which concerned the overall effectiveness of the features of firms on HRM practices. The first three models (1–3) predicted the impact of

independent variables on appraisal practices in both DEs and MNEs through the use of logistic binary regression. The subsequent nine models (4–12) tested the impact of independent variables on thirteen dependent variables: employee qualifications; personal characteristic; recruitment type; training; salary; rewards in retaining employees; society benefits; reward schemes; employee attitude. The effectiveness of firm features was found to have a significant impact on HRM practices and activities. Table 5.26 shows the summary findings.

Table 5.26: The summary of findings

Model	Dependant variable	Output
1	Appraisal completion	The domestic firms with joint venture are more likely to conduct appraisal by HR director. Additionally, the firms with high foreign ownership will be happy to conduct appraisal by HR director. Also, the older MNEs were enjoyed doing appraisal by HR director. However, MNEs firm with high sales revenue dislike to appease appraisal by HR director.
2	Appraisal frequency amongst employees	The DEs firm was structured by product group was interested to do appraisal every month to employees and the DEs have more percentage to foreign ownership most likely to do appraisal frequently in short time. Additionally, the more employees retain in DEs firm prefer to do frequently appraisal everyone month. The MNEs completed appraisals every month, they enjoy doing it in long period. Also, the MNEs with high sales revenue like to do appraisal every 3 months or 6 months.
3	Appraisal feedback to employees	Appraisal feedback for employees was not an interest of large domestic firms. However, DEs firm with a large number of Saudi employees preferred appraisal feedback to be given quickly. MNEs with high sales revenue were more likely to provide feedback to employees in a short time.
4	Training	The MNEs have huge size of local force were more interested to training. But, MNEs firm with more sales revenue were like to minimise training to employees.
5	Qualifications of the candidate appointed	During interviews for hiring employees, the senior HR director was not care about qualifications of candidate in DEs. The professional HR directors in MEs were preferred to hire new employees with high qualifications.

6	Personal characteristics	The employees have more loyalty to the DEs which having professional HR director. However, the employee of large DEs having shortage in commitment to the company. MNEs with more Saudi employees were noted, the employees have loyalty to the job and commitment to the firm.
7	External and internal recruitment	At the level of older HR directors in DEs, they tend to like to provide outsourcing. However, in terms of DEs with high experience amongst HR directors, the firm preferred external employees. MNEs with more Saudi employees were more interested in outsourcing.
8	Incentive salary	The linkage of the relationship between payment salary and turnover is negative in DEs. Firms working in the Oil and Petrochemical industry pay high salaries to employees in MNEs.
9	Rewards in retaining employees	The financial and non-financial rewards motivated employees to remain in firms. The findings point out that DEs with local manpower motivate their employees through rewarding. The MNEs with functional area are more enjoyed to reward their employees.
10	Social benefits	MNEs with local force more like to provide benefits to employees.
11	Reward schemes	The local fore is negatively significant with rewards in DEs. But, it is positively in MNEs. The turnover was positively significant with reward in MNEs
12	Employee attitude	Large firms are negatively significant in regards employee attitudes in DEs. MNEs in the Oil industry show a positive link with employee attitude.

Source: Designed by author

CHAPTER SIX: SUMMARY, CONCLUSIONS, DISCUSSION AND AVENUES FOR FUTURE WORK

6.1 Introduction

The major aim of this research is to explain HRM practices in the MNEs vs DEs, including the linkage between HR practices and firm features, as explained. The comparative aspects of HRM practices are limited in the literature, with previous researchers not having completed a comparison pertaining to these practices in regards DEs vs MNEs in Saudi Arabia.

The sixteen testable hypotheses are formulated from the literature review, as shown in Table 6.1. The hypotheses considered the practices of MNEs and DEs, with MNEs recognised as being most likely to implement HR practices in a more planned way than that adopted by DEs. Additionally, MNEs' employees are recognised as more interested in HR practices when compared with their counterpart domestic firms. A total of 318 questionnaires were distributed amongst domestic and multinational foreign subsidiaries operating in Saudi Arabia, with 255 (175 DEs and 80 MNEs) found to be eligible for data collection.

6.2 Summary

This study was undertaken in an effort to understand the differences in HR practices between MNEs and DEs, including the linkage between these HR practices and firms' traits. The researcher studied the literature and pointed out the main concepts, such as the problem and the gap in the literature, and then went on to draft hypotheses and design a framework. The research problem can be clarified as firms moving from the home country to a host country, which is still debated, meaning additional work is needed in this area of research. These aspects have not been investigated in-depth in the field of SHRM, and even less so in the IHRM research. The HRM practices moving from the home country to the host country will probably face a number of challenges. The gap in the literature was recognised as showing no empirical study as focusing on comparative HRM practices (recruitment, training, incentives and rewards) between multinational and domestic Saudi companies that have operated in Saudi Arabia. The researcher used the existing framework in the literature, which focused only on a comparative study. The theories in literature help the current researcher to extend the existing framework by contributing to the impact of HR directors and firms on HR practices. The hypotheses of the research were drafted based on a number of different theories and concepts in the literature. The convergence

or similar concepts guided the researcher to understand that no change has been seen in HRM practices when working globally. However, the divergence concept was simplified in that the differences exist when firms move to another country. On the other hand, the duality concept showed that HRM practices could be partially similar, with some HRM practices affecting MNEs when firms move from one place to another. These concepts supported the researcher in drafting part of the hypotheses. Additionally, the strategic theory explained that HRM practices will be affected by different factors when moving to the global level. In contrast, the normative theory informed that HRM practices will not be affected by different factors. These hypotheses helped the researcher to create the subsequent hypotheses.

The analysis of the data collection facilitated the answering of the research questions and investigation of the hypotheses; this resulted in minimising the gap and resolving the problem. This chapter provides the main findings, contributions and recommendations to future work.

This chapter discussed the findings, including part of the data analysis, which agreed with the literature, although part of the results was not aligned with the literature. The discussion confirmed that the findings were far away from normative theory and close to strategic theory. Hendry & Pettigrew (1990) confirmed strategic theory or contingency theory as HRM practices were affected by external and internal factors. However, Guest (1997) considered the normative theory as organisations with a set of best practices, where HRM will achieve greater performance outcomes, regardless of internal and external factors. MNEs were interested in HRM practices due to many different factors, with one important factor that of the Saudi workforce in MNEs.

This paper contributes by addressing the gap in the literature in regards HRM practices and a comparison between DEs and MNEs, which was absent in the Saudi context, including in terms of the linkage between HRM practices and firms. This research has contributed by adding extra weight to existing literature in the Western region, which can be seen to agree with contingency. This finding will expand on the relationship between HRM practices and firms in Saudi Arabia.

Successful MNEs in Saudi Arabia were impacted by many factors: for example, Saudi culture and local Saudi employees were found to have a positive effect on MNEs in Saudi Arabia. Table 6.1 summarises the main findings of the research in an effort to address the gaps in the literature.

Table 6.1: Findings results of hypotheses

Questions	Hypotheses as literature said	Findings	Reasons
Q1. To what extend the differences of HRM practises in multinationals subsidiaries vs domestic firms in the country of Saudi Arabia?	H1: Important differences of recruitment and selection will be observed in between DEs and MNSs	Agreed	differences between MNEs and DEs were significant to all traits and MNEs were much more stringent with regard to recruitment
	H2: Important differences of formal training system will be noted in between DEs and MNEs.	Agreed	differences between MNEs and DEs were significant to and MNEs were more likely to use formal training
	H3: Important differences of the incentives and rewards will be observed in between MNSs and DEs	Agreed	differences between MNEs and DEs were significant to all Traits and MNEs were stronger than DEs in rewards
	H4: Important differences of performance appraisal will be observed in between DEs and MNSs.	Agreed	the differences were statistically significant and MNEs were much more stringent with regard to recruitment.
Q2. To what extent the impact of MNEs and DEs features on the HRM practices?	H1a: Firm's traits influence selecting interviewee's qualifications in both MNEs and DES.	Partially Agreed	JV DEs firms were more concerned of employee's qualification
	H1b: Firms influence selecting interviewee's personal characteristic in both MNEs and DES.	Agreed	1. Turnover was increased during recruitment employees with high personal characteristic in DEs
			2. Turnover was decreased with recruitment high personal characteristic in MNEs
			3. Oil and petrochemical MNEs were more likely to recruit employee with high personality
			4. DEs older directors' interest of recruitment employee with high personal characteristic
			5. DEs professional directors interest of recruitment employee with high personal characteristic

			6. Large sized DEs not care about personal characteristic during selection and recruitment
			7. DEs high sales revenue was positively significantly statistics
			8. DEs older firm was negatively significant
			9. MNEs high local labour force was statistically significant
	H1c: Internal and external recruitment were affected by firms	Agreed	1. elder HR director preferred to recruit external employees in DEs
			2. DEs professional directors not interested to recruitment outsourcing employees
			3. the firms with large size of local manpower are more likely to hire outsourcing employees
			4. oil sector MNEs were more likely to recruit outsourcing manpower employee
	H2a: The linkage is present between firms and director's features and training in MNEs and DEs.	Agreed	elder firm age (MNEs and DEs), large firm size (MNEs and DES), Method structure (functional area in DEs), Lower turnover (DEs)
	H3a: Firm factors reflected on salary reward in the DEs and MNEs.	Partially Agreed	The model in DEs was not significant
	H3b: rewards in retaining the key staff were affected by workplace (MNEs and DEs)	Agreed	DEs director age ($\beta = 0.25$, $p < 0.1$), DEs director experience ($\beta = 0.12$, $p < 0.01$)MNEs director experience ($\beta = -0.2$, $p < 0.01$), DEs local employee sized ($\beta = 0.14$, $p < 0.01$), DEs industry type ($\beta = 0.15$, $p < 0.01$), DEs employee turnover ($\beta = 0.15$, $p < 0.01$) and MNEs company structured ($\beta = 0.46$, $p < 0.01$).
	H3c: The social benefits were affected by traits of MNEs and DEs	partially agreed	MNEs director experience ($\beta = 0.12$, $p < 0.01$), MNEs local employee sized ($\beta = 0.34$, $p < 0.01$), and MNEs industry type ($\beta = 0.19$, $p < 0.1$)

	H3d: The linkage exists between reward structures and features of firms.	partially agreed	DEs age director was statistically significant (β = 0.32, p< 0. 1). Secondly, MNEs director experience (β = 0.13, p< 0. 01). Thirdly, DEs Firm Sized (β = - 0.14, p< 0. 01). Fourthly, MNEs sales revenue (β = 0.44, p< 0. 01). Finally, MNEs industry type (β = 0.31, p< 0. 01)
	H3e: The employee attitude was affected by features of MNEs and DEs.	Agreed	MNEs sales revenue (β = –0.25, p< 0. 05), MNEs local employee sized revenue (β = 0.31, p< 0. 01), MNEs industry type (β = 0.29, p< 0. 05), MNEs company structured (β = –0.3, p< 0. 05) and MNEs turnover type (β = 0.33, p< 0. 01)
	H4a: The appraisal conducted is affected by traits of firms (DEs and MNEs).	agreed	traits of HR directors were not affected on appraisal conducted
	H4b: There is a linkage between appraisal frequently and factors of firms	agreed	traits HR directors was absent.
	H4c: The appraisal feedback is affected by MNEs and DEs.	agreed	HR directors did not impact on appraisal feedback and H4c was rejected.

Source: Author's analysis of data

6.3 Main Findings

The hypotheses were devised in line with various theories, to be summarised 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.

6.3.1 The First 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, DEs are more likely to emphasise 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 recognised between MNEs vs DEs in Saudi Arabia.

6.3.2 The Second Hypothesis

Shiwaku (2014) compared three multinational subsidiaries MNE in Japan vs DEs in Armenia, which found Japan is higher in training than Armenia. Teachers' training programmes' in Armenia is expected to be improved through the application of the essences of teacher training. Additionally, DEs are more likely to participate in employee training than MNEs in Germany (Muller, 1998). However, the differences in training were numerous; US MNSs are more concerned with training (Wong and Brinbaum, 1994). Mohamed *et al.* (2012) added that MNSs are more stringent in their training and rigorous with promotion practices when compared with DEs in Brunei Darussalam. The second hypothesis (H2) was found to be significant, with the results echoed in the literature review. The differences in training between Des vs MNEs were found to exist.

6.3.3 The Third Hypothesis

Sing *et al.* (2013) compared incentives and rewards in MNEs vs DEs in Brunei Darussalam, and indicted that MNSs were more receptive to appraisals, with incentives and rewards systems in MNEs found to be higher than in DEs. However, DEs' managers provided feedback to employees better than MNEs. Yuen & Kee (1993) recognised three countries, notably the US and Japanese MNSs vs Singapore DEs, and commented that rewards system in MNEs in the US are better designed and standardised when compared with DEs in Singapore. In addition, two Asian DEs

(Korea and Taiwan) vs western MNSs (USA and European) were compared, with the researchers commenting that western firms were more likely to use performance-based reward systems than Asian firms. Additionally, American firms tend to have positive, significant views compared to Taiwanese firms for HRM rewards and incentive practices. The survey in the literature aided the researcher in predicting this hypothesis (H3), which states 'there are important differences in the incentives and rewards between MNEs and DEs'. The findings agreed that the differences in incentives between DEs and MNEs were apparent in Saudi Arabia. Accordingly, the data analyses confirmed this hypothesis (H3) as being correct, with the alternative hypothesis accepted and null hypothesis rejected.

6.3.4 The Fourth Hypothesis

The manager in MNEs was found to place more emphasis on the appraisal process due to the low power distance in MNEs of the KSA. However, DEs were found to be less appreciative of appraisal due to the high-power distance (Alhirz & Sajeev, 2015). Huang (2000) compared the appraisal process between MNEs and DEs in Taiwan, establishing that MNEs are more likely to adopt job evaluation than DEs. Amba-Rao *et al.* (2000) compared appraisals between MNEs and DEs in India, and detected MNEs as being more likely to discuss appraisal results with their employees than domestic firms in India. Hayden & Edwards (2001) studied the appraisal process in Sweden, with the scholars pointing out that MNEs have a system of appraisal that may be considered stronger than DEs in Sweden. Additionally, the appraisal process in domestic firms and multinational subsidiaries is connected with culture. Alhirz & Sajeev (2015) studied Hofstede's 5D in the Saudi Arabian context, and observed Saudi culture in enterprise resource planning as encompassing individualism, high power distance and uncertainty avoidance. Macgorine & Rebecca (2012) analysed Hofstede's 5D in terms of its implications in conducting business in the Saudi Arabian context, recognising that Saudi Arabia was in the business only short-term, but was more musicality cultured, with a collective nature, a high level of inequality of power and wealth within society. Saudi Arabia counterparts have respected the religious traditions of five daily prayer times and religious holidays of Ramadan and Hajj (Gorrill, 2007; Macgorine & Rebecca, 2012). HR practices have been affected by the characteristics of organisations in the KSA. Furthermore, appraisal feedback was affected by culture, as noted in the data analysis, as the manager provided feedback within 1 week in MNEs whereas DEs provided feedback within 1–3 months. As such, the statistical results confirmed the hypothesis (H4) as correct and accepted that this could cause differences in performance appraisals, as per that observed between DEs and MNEs.

6.3.5 The Fifth Hypothesis

The second part of this chapter was more focused on the cause and effect between dependent variables and independents variables (selection and recruitment, training, incentives and rewards). According to factor analysis, as completed in Chapter 5, selection and recruitment can be divided into three main factors, namely the candidate selection quality, the personal characteristics of applicants, and external and internal recruitment in firms. The training factor was unitarily biased in terms of factor analysis. Incentives and rewards were divided into five components (salary incentive, retaining employees, social benefits, reward schemes and attitude in reward). The appraisal practice contained three main factors, namely appraisal completion, appraisal frequency and appraisal feedback.

The researcher hypothesised that recruitment practices were affected by features of firms. Tessema & Soeters (2006) found a positive relationship between the traits of employees in the firm, such as competence, and recruitment practice. Kong & Thomson (2009) added that employees' skills have a positive effect in line with recruitment, which resulted in the positive output in HRM performance.

The outputs of this current research seem to be in the same vein of the literature. Table 5.24 shows that employee qualifications, such as school qualifications, professional qualifications, previous experience in a similar role, a wide range of work experience, and a command of languages, all had an impact and significance in terms of professional employee turnover ($\beta = 0.227$, $p< 0. 01$) amongst MNEs, which indicated H1a as being partially significant.

6.3.6 The Sixth Hypothesis

Employee selection influenced financial performance due to employee productivity and low turnover (Huselid, 1995). Gust (1997) commented that the selection of employees and teamwork were high due to low employee turnover. The personal characteristics of selected employees, such as willingness to travel, single-minded dedication to each task, self-motivation, potential to grow within the job, independent judgment, and commitment to the company, were all recognised as very important in MNEs and DEs. For example, the Model 6 in Table 5.24 shows that MNEs have a lower rate of turnover ($\beta = 0.23$, $p< 0. 1$), with such firms considering personal characteristics during the selection process. However, the Model 6 shows DEs as having a lower rate of turnover

(β = –0.15, p< 0. 1), which was negatively significant. The hypothesis (H1b) was statistically significant and therefore fully accepted.

6.3.7 The Seventh Hypothesis

Huang (2000) analysed MNEs as being more likely to recruit internally than externally. The Model 7 in Table 5.24 was seen to disagree with the literature, in which MNEs of a large size of local manpower (β = 0.78, p< 0. 01) and DEs of an older age (β = 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.

6.3.8 The Eight Hypothesis

Forstenlechner (2009) agreed that the large size of local employee demonstrates a positive link with the training systems, and therefore impacted on the high output of profit performance. Snape & Redman (2010) confirmed no evidence to suggest a relationship between training systems and employee behaviour. The current research in Model 4 confirmed the large size of local employees as being connected with the training system.

Table 5.24, Model 4, shows that MNEs with a large size of local employees (β = 0.251, p< 0. 05) are more likely to provide training systems, such as formal instruction within the company, training provided by a third party, induction into a group to learn through socialisation and imitation, learning by doing on your own, and work replacement with strategic partners to their employees. Model 4 in Table 5.25 shows that domestic firms with older HR director employees (β = 0.36, p< 0. 01) were more likely to provide training systems for their employees. This result supported H2a as fully accepted.

6.3.9 The Ninth Hypothesis

Hamil (1984) reported that MNEs with a high employee relationship reflected greater capital investment and wages. Furthermore, Yuen & Keep (1993) added that firms with a greater degree of design and standardisation paid their employees a high salary. Aitken *et al.* (1995) agreed that MNEs' lower turnover reflected in the payment of high salaries to employees. Additionally,

Tessema & Soeters (2006) provided their interpretation of HRM in the Saudi Arabian context, stating that Human Resources in the country tend to have low management in terms of levels of wages. The researcher hypothesised (H3a) that firms' features reflected on salary payments in DEs and MNEs. The suggestion made by the researcher was correct due to part of the features impacting on salary reward, as shown in Model 8 of Table 5.25. The MNEs' professional director employees ($\beta = 0.26$, $p < 0.05$) were recognised as being more likely to reward their employees with high payment. Furthermore, Table 5.23 showed that the industry in which the firm operated had an impact on the payment of salary. These results indicated that H3a could be partially validated.

6.3.10 The Tenth Hypothesis

Shah & Gregar (2013) confirmed that MNEs tend to seek out and implement sufficient strategies for retraining mature workers. The findings in this research were found to be different when related to the literature. For instance, DEs succeed in implementing sufficient strategies in reward retraining ($\beta = 0.25$, $p < 0.01$) of older employees by providing staff with rewards, such as through pay above the industry norm, pay above the local norm in the area, and valuable benefits and opportunities to earn large bonuses through greater efforts, as shown in Table 5.25. These results supported H3b.

6.3.11 The Eleventh Hypothesis

Rodriguez & Ventura (2003) and Sun *et al.* (2007) identified a positive connection between reward society, such as job security and lower turnover. Combs *et al.* (2006) analysed that the relationship between sharing colleagues and firm manufacturing was strongly positive.

The current research in Model 10 found that MNEs' directors with high experience ($\beta = 0.2$, $p < 0.05$) were more interested in implementing social and psychological benefits, such as supportive colleagues and job security. Additionally, MNEs' large size of local employees ($\beta = 0.2$, $p < 0.01$) was found to be more likely to provide social and psychological benefits to their employees, meaning these results provide partial support for Hypothesis H3c.

6.3.12 The Twelfth Hypothesis

Guest (1997) exposed the sales revenue of financial outcome as being connected with quality management. MNSs appear to be more developed in HRM techniques and quality management (Hiltrop, 1999). Table 5.25, Model 11, shows MNEs' high sales revenue (β = 0.2, p< 0. 05) as demonstrating a negative link with quality management. However, MNE's lower turnover rate (β = 0.5, p< 0. 01) was found to be linked with a greater likelihood to use quality management and reward schemes. Furthermore, MNEs' lower rate of turnover was more interested in the implementation of quality management and reward schemes (β = 0.25, p< 0. 05). Hypothesis H3d was found to be partially supported by these results.

6.3.13 The Thirteen Hypothesis

Paik *et al.* (1996) commented that MNEs are interested in teamwork attitude. Additionally, the managers have low experience and low performance as resulting in a shortage of team leadership. The last column of Table 5.25 shows various features of DEs and MNEs as having an impact on the reward. Hypothesis H3e was supported by these results.

To some degree, it was indicated that local labour had a negative influence on organisations. For example, the reputation of Saudi employees is deeply rooted with negative stereotypes of MNEs and DEs (Mellahi & Wood, 2002). The performance in firms, as demonstrated by Saudi employee, is worse than that of foreign employees (Mellahi, 2007; Mellahi & Wood, 2001). This research resulted in a different line of literature, which presents recruitment and selection (β = 0.2, p< 0. 05), recruitment and selection (β = 0.7, p< 0. 01), training (β = 0.2, p< 0. 01), incentives and rewards (β = 0.3, p< aa0. 01) (β = 0.31, p< 0. 01) as being significantly affected by the local labour work.

6.3.14 The Fourteenth, Fifteenth and Sixteenth Hypotheses

The firms with large size were recognised as having the ability to evaluate employees of performance appraisals, as noted in the work of Chen (1997). Senior managers are required to have some skills, such as providing employee feedback and resolving conflict (Evans, 1991 and Begum *et al*. 2015). Kochan *et al.* (1986) commented that employee experience and firm values affect HRM policies. Table 5.22 shows that the results of firm characteristics were affected by appraisal completion, the frequency with which appraisals were carried out, and feedback to employees. All three hypotheses were fully accepted due to DEs and MNEs demonstrating a linkage with appraisals.

6.4 The Finding from Multivariate Analyses

The multiple linear regressions were used in the previous chapter were regressed 9 models as shown in table 5.25 from model 4 to model 12. However, multivariate analyses in table 5.15, table 5.16 and table 5.17 were more explanation to HRM practices due to each equation was regressed individually. The linkage between HRM practices and traits of firms also presented in multivariate analyses.

6.4.1 Recruitment and Selection

1. The recruitment criteria are more important in MNEs than DEs.
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 factor during the recruitment process.
6. MNEs are not worry about command 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

6.4.2 Training Practices

1. Local labour force prefers formal instructions within the company as the most applicable methods of training new employees in junior management.
2. Older firm prefers training by a third-party organisation, but tailored to company needs.
3. Large firm size prefers training staff on informal apprenticeship to an experienced member of the organisation.
4. Firm with high sales revenue was interesting to train employees on induction into a group by socialisation and imitation.
5. Firm with high local labour force utilise that learning by doing on your own in training new employees in junior management.
6. The firms have low turnover prefer to train staff by following work placement with strategic partners.

6.4.3 Incentives and Rewards

1. Firm with large size and low turnover like to differentiate salary to their employees based on external market conditions.
2. Firms with large size of local labour prefer to differentiate salary to staff based on evaluation of the jobs people perform.
3. DEs has oil and chemical industry do not believe that differentiate salary to staff based on personal perception plays a role.
4. Old HR director and professional experience of the HR director has believed that reward the staff by paying above the industry level will be motivated employee to retain in the firms.
5. For decreasing the turnover and retaining employees, MNEs believe that valuable fringe benefits and the opportunity to earn large bonuses through greater efforts.
6. Large labour local employee's firms have no linkage with social and psychological benefits such as interesting and challenging work, friendly and supportive colleagues and job security.

7. Low turnover is linked positively with increasing rewards to staff such as salary, valuable fringe benefits and the opportunity to earn large bonuses through greater efforts.

6.5 General Contribution

This study tested differences in practices and established the link between HR practices and features of MNEs and DEs, including effectiveness of HR directors on HRM practices. The differences in these practices were seen to be caused by many factors, such as external and internal factors. National culture and religion, as external factors, including regulations of the government, are recognised as external factors. The results of these studies are seen to be close to strategic theory, which confirms internal factors as having an effect on practices and organisational performance (Hendry & Pettigrew, 1990). The results were not seen to be aligned with normative theories. Guest (1997) considered the normative theory amongst organisations with a set of best practices of HRM seen to achieve greater performance outcomes, regardless of external or internal factors.

Moreover, HRM practices differences were affected by internal factors, such as firm size and ownership type (Singh *et al.*, 2012a). The two groups of firms had clear differences in recruitment, training, retention, incentive, appraisal and the involvement roles of HR directors. Chen *et al.*, (2005) supported the convergence of organisations, adding the convergence hypothesis. Thus, MNEs are not believed to be influenced by the national institution as a concept of convergence hypothesis. The convergence concept explains that HRM roles and practices have the flexibility to work everywhere, regardless of the different political, cultural and ideological settings (Paauwe & Boselie, 2005).

The private sectors (MNEs and DEs) are looking to achieve continued success in the market through integration. More recently, the market has shown a preference for challenge between enterprises, with firms needing to make the best of human capital if they are to be viable (Singh *et al.*, 2012a; Becker & Huselid, 1998; Pfeffer, 1998; Khandekar & Sharma, 2005; Guest, 2011; Sun & Pan, 2011).

The results indicated that the local labour force was one factor underpinning the implementation and development of the MNEs in Saudi Arabia. Additionally, the strategic roles driven by HR directors and routine HR roles driven by Senior/Line managers, with contributions by HR directors, were identified. Sullivan (2003) commented that cooperation between HR senior management and Line managers will help to solve problems in organisations. This finding is seen to be in line with

the literature, with cooperation between HR senior managers and Line managers recognised as minimising the load on HR directors.

6.5.1 Practical Contribution

The data were collected from Saudi Arabia, with data used in consideration to HRM practices to draw a comparison between MNEs and DEs in Saudi Arabia.

The findings are recognised as being of potential help to Saudi and foreign employers in their efforts to understand the local manpower and their abilities to enhance the performance of firms. Additionally, the findings show that Saudi employers pay a lower salary than multinational employers, with local Saudi employees needing to continue on in the local firm.

The shift of MNEs from their home country to Saudi Arabia has resulted in improvements to the economy in Saudi Arabia. For instance, the large size of annual revenue results in a greater project in Saudi Arabia. Additionally, bigger projects will expand in terms of industrial, marketing and retail factors, thus resulting in Saudi Arabia not having to depend only on the oil sector. The research shows that HRM practices have shifted to develop in Saudi firms.

6.5.2 Theoretical Contribution

HRM practices will be able to identify the shortages of local firms to enhance the performance of domestic organisations, 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 organisation. 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 behaviour of firms and environment. In contrast, normative theory confirmed that the best practices have the ability to generate good performance, regardless of the behaviour of firms or the environment. The results agreed that HRM practices were linked with firm behaviours.

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 utilisation of strong recruitment practices will result in a positive output in terms of organisational 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 recognise 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 recognise 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.

6.6 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) analysed a small size firm as unrecognising 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 recognise 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.

6.7 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 labour 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 labour.

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 recognised 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), Scemince (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 utilise 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.

6.8 Suggestions for Further Research

This study focused on four HRM practices in the Kingdom of Saudi Arabia across two groups of organisation, namely multinational subsidiary and domestic firms. Moreover, the linkage between HRM practices and firm features was funded. Furthermore, the connection between headquarters and their subsidiaries was reviewed in this research. The researcher completed the aims of this study: comparative four practices between two groups investigated the linkage between firm features and HRM practices, identifying the linkage between these practices and firms.

Future studies could use other HR practices in comparison, such as HR planning, staffing, team-building, labour relations and participation. Furthermore, future studies may use the same five practices in different groups, such as public and private sectors. Additionally, the data collection of the firms can be used for new research in the future. The framework can be expanded with the addition of organisational performance, whilst the new researcher can identify the relationship between three elements, namely firm features, HR practices and organisational performance.

The future research could be grouped into two or more HR practices in an effort to determine their linkage with firms. Performance was enhanced with bundled practices of selective recruitment, incentive wage and training (Katou, 2008; Huselid, 1995; Galia, 2006; Gooderham *et al.*, 2008; Stavrou & Brewster, 2005). Ahmad & Schroeder (2003) believe that bundling Human Resource Practices have led to the effective running of a company. MNEs have led the way in terms of bundling Human Resource practices as to achieve greater results (MacDuffie, 1995). Akhtar, Ding & Ge (2008) contend that practices require bundling in order to achieve for competitive advantage and decrease turnover.

6.9 Recommendations

Mustapha (2009) noted that the private sector of DEs and MEs, in some parts of the non-western region, have a shortage of interest in various HR practices. More specifically, there is a shortage of HRM in the Kingdom of Saudi Arabia due to limited study in this area (Anderson, Ahmed & Costa, 2012; Fadhel, 2007; Al-Dosary & Rahman, 2009). Additionally, this research will add value to existing literature in the Saudi context, including in the area of weak recent economy (2016) and the breakdown of medium, small and larger firms in Saudi Arabia, this research affords special importance to MNEs and DEs in maintaining continued improvement in HRM.

Furthermore, the researcher suggested HR directors with long experience as being required to invite new employees to enrol on training course more so than old employees in order to increase their experience and move new employees towards work hard. This opinion was found in the same results of the research that the linkage between professional employees and training practice was against. For example, employees with long experience were found to have been involved in little training in DEs and MNEs.

In addition, the researcher agreed that firms were required to provide customer loyalty by recruiting employees with high qualifications. The observation of results confirmed MNEs as recruiting employees with high qualifications and more experience. Sales revenue was shown to be an indicator of continuation in the market or the termination of the project, notably when sales cannot cover a fixed point (en.wikipedia.org/wiki/Shutdown). Some DEs were found to continue in the market even when sales revenue was negative, as shown by the Mohammad Al Mojil Group (–12.24m), which was bankrupt, as well as the Saudi Kayan Petrochemical Co.(–53.82m), Umm Al-Qura Cement Co (–7.2m) and Bishah Agricultural (–0.02m). The dismantling of firms or a change in the activities of these companies will support the firms to continue on in the market.

Annual rewards made to employees, such as double salaries in the holy month of Ramadan, days off for Christmas, and annual appreciation letters, all positively impact employees. The findings of this research were found to be aligned with the opinions of the researcher. For example, a lower rate of turnover ($b = –0.16$, $p<0.01$) was negatively linked with reward salaries, which suggests that DEs have probably not paid wages equal to the market or otherwise have not provided annual rewards. DEs will need to learn from MNEs in terms of their reward systems if they are to retain their employees.

The literature described Saudi employees as being difficult to control (Atiyyah, 1996). Moreover, the reputation of Saudi employees is deeply seen to be negatively rooted in MNEs (Mellahi & Wood, 2002), with the researcher strongly recommending the selection and recruitment of local employees in MNEs due to Saudi workers having a positive impact in terms of HR practices. The results have confirmed the high performance of Saudi employees. For example, Saudi employees are seen to be willing to travel at any place when the job requires, have self-motivation in work, are dedicated to each task, have the potential to grow with the job, and show commitment to the company. The research did, however, go against some researchers in the literature review in regards Saudi employees' performance in MNEs. However, the current researcher agreed that there was a shortage of Saudi local employees in DEs during the recruitment process, as shown in the findings, with this negative result probably owing to the reward system of employee not existing, such as in

terms of the availability of computerised data and sales and quality management, as shown in Model 12 ($b = –0.21$, $p<0.001$).

The researcher advises domestic firms to invite staff in their firms from multinational enterprises to share their positive knowledge in implementing HRM practices and in delegating HR practices. Furthermore, those workers exchanging between DEs and MNEs will probably be positively impacted in both cases.

6.10 Conclusion

The results of this study confirmed that the behaviour 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 organisations 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 behaviours 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 centred 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 categorised into the differences in culture, government regulation and firms' behaviours (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 organisation. 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 favourable environment to multinational firms. Utilisation 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 practise of MNEs in Saudi Arabia were utilised in duality with more closely aligned to strategic theory rather than normative theory.

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APPENDICES

Appendix 1: The Questionnaire

Nader Seed Alkhater
Brunel Business School,
Brunel University London, Uxbridge
Middlesex, UK
E-mail: nader.alkhater@brunel.ac.uk

Dear Director of HRM,

I write this letter to get your kind help with my PhD programme in Business Management that I am a researcher doing research at Brunel University in the UK. The title of my research is: An empirical study of Human Resources Management Practices in Domestic and Multinational Enterprises in the Kingdom of Saudi Arabia. My pleasant to you to complete this questionnaire as I am aware that your time is extremely valuable. I can only assure you that the results of this study will be useful for organisations presently or planning to operate in Saudi Arabia. I undertake to maintain complete confidentiality and anonymity. In return for your courtesy, I will be very happy to provide you with a summary of my findings. Please feel free to contact me should you have any inquiries. Thank you once again for your help.

Yours sincerely,
Nader Alkhater

SECTION A: BASIC INFORMATION

1. Personal Information: Please select as appropriate

A. Gender: 1) Male ◯ 2) Female ◯

B. Age group 1) 18-29 Y ◯ 2)30-39 Y ◯ 3)40-49 Y ◯ 4)50-59 Y ◯ 5)60+ Y ◯

C. Experience 1)1-4 Y ◯ 2)5-10 Y ◯ 3)11-15 Y ◯ 4)16-20 Y ◯ 5)20+ ◯

2. Organization Information: Please complete the following

A. Organization Name:

B. Year Established:

C. Total Employees:

D. Sales Revenue (Latest Year):

E. Which level does company conduct its operations? Please tick as appropriate.

1. Local ◯ 2. International ◯

F. Approximately what percentage of your labour force is local?

G. Type of Industry 1. Oil, Gas & Petrochem ◯ 2. Education ◯ 3. Media & Communication ◯

4. Financial ◯ 5. Retail Sector ◯ 6. Manufacturing ◯ 7. Travel & Hospitality ◯

8. Wholesale & Distribution ◯ 9. Insurance and Healthcare ◯ 10. Other ◯

H. Which areas are your Organization has operated in Saudi Arabia? Please tick the appropriate market areas.

1. Riyadh ◯ 2. Dammam ◯ 3. Khobar ◯ 4. Jubail ◯ 5. Jeddah ◯ 6 Other ◯

3. Which of the following best describes the way company is structured? Please tick as appropriate

1. By functional area (marketing, finance, etc.) ◯ 2. By product group ◯

3. By geographical area ◯ 4. Matrix ◯ 5. others please specify ◯

4. Which of the following defines your organization structure best? Please tick one

1. Saudi Arabia ownership ◯ 2. Foreign ownership ◯ 3. Joint- Venture ◯ 4. others

5. What is the percentage of total Capital Foreign ownership? ☐

5. On average what percentage of your total employees leave the company voluntarily each y Please take as appropriate.

◯ 1. 1-3% ◯ 2. 4-6% ◯ 3. 7-9% ◯ 4. 10-12% ◯ 5. 13-16% ◯ 6. 17-20% ◯ 7. More than 20

HEADQUARTERS AND SUBSIDIARY RELATIONSHIP

Please answer this question only if you are a subsidiary of a Multinational company with headquarters, outside of Saudi Arabia.

6. Which of the following statement best describes headquarters- subsidiary relation? (Please tick one.)

1 Headquarter give instruction to subsidiaries and subsidiaries report regularly to headquarters.

2 Headquarters determine long term strategy and subsidiaries determine short term tactics. within this framework

3 Headquarters coordinates a network of subsidiaries as 'first among equals'.

4 Subsidiaries decide for themselves how much support they need from headquarters.

SECTION B: RECRUITMENT & SELECTION AND TRAINING

A. RECRUITMENT & SELECTION

1. 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)

	Not Important	Slightly Important	Moderately Important	Important	Very Important
Qualifications:					
a) School and university qualifications	1	2	3	4	5
b) Professional qualifications	1	2	3	4	5
c) Previous experience of a similar job	1	2	3	4	5
d) Wide range of work experience	1	2	3	4	5
e) Experience in other countries	1	2	3	4	5
f) Command of languages	1	2	3	4	5
Personal Characteristics:					
a) Willingness to travel	1	2	3	4	5
b) Single-minded dedication to each task	1	2	3	4	5
c) Self-motivation	1	2	3	4	5
d) Potential to grow with the job	1	2	3	4	5
e) Independent judgment	1	2	3	4	5
f) Commitment to the company	1	2	3	4	5

2. Please identify the relative important of internal and external recruitment to various kinds of posts in your organization. Please tick the appropriate number on the scale (1=Largely internally, 5= Largely externally

Largely internally	Internally	Moderately	Externally	Largely Externally

a) Senior manager reporting to chief executive

1	2	3	4	5

b) Junior manager supervising operatives

1	2	3	4	5

c) Professional specialist

1	2	3	4	5

TRAINING

1. What are the most important methods of training recruits to junior management? (1=Not important ,5= very Important)

Not Important	Slightly Important	Moderately Important	Important	Very Important

a) Formal instruction within company

1	2	3	4	5

b) Training provided by a third-party organization but tailored to company needs.

1	2	3	4	5

c) Informal apprenticeship to an experienced member of the organization.

1	2	3	4	5

d) Induction into a group to learn by socialisation and imitation.

1	2	3	4	5

e) Learning by doing on your own.

1	2	3	4	5

f) Work replacement with strategic partners.

1	2	3	4	5

SECTION C: APPRAISALS, INCENTIVES AND REWARDS

PERFORMANCE APPRAISALS

1. How frequently are appraisals conducted? Please tick one

1. Once in 3 months ◯ 2. Once in 6 months ◯ 3. Once a year ◯ 4. Once in 2 Years ◯ 5. Never ◯

2.How are appraisals conducted? Please tick one.

1.By direct line managers ◯ 2. By subordinates◯ 3. By HR director ◯

3.After the appraisal, when is feedback given to employees?

1. Within 1 week ◯ 2. Within 2 weeks ◯ 3. Within 1 month ◯ 4. Within 2 months ◯
5. After 3 months ◯ 6. No feedback is provided ◯

INCENTIVES AND REWARDS

1.How would you explain salary differential in your company to an employee? Please tick the appropriate number on the scale, (1=Not important ,5= very Important)

Not Important	Slightly Important	Moderately Important	Important	Very Important

a) They simply reflect external market conditions — 1 2 3 4 5

b) They reflect the firm's own evaluation of the Job people perform — 1 2 3 4 5

c) Thy are fair in the context of the Company's system of values — 1 2 3 4 5

d) Management must be free to reward people in whatever way best serves the company's Interests — 1 2 3 4 5

e) Personal perception plays role — 1 2 3 4 5

2.How important are the following rewards in retaining the key staff? Please tick the appropriate number on the scale. (1=Not important ,5= very Important)

Not Important	Slightly Important	Moderately Important	Important	Very Important

a) Basic pay above the industry norm — 1 2 3 4 5

b) Basic pay above the local norm in the area — 1 2 3 4 5

c) Valuable fringes benefits — 1 2 3 4 5

d) The opportunity to earn large bonuses through greater efforts. — 1 2 3 4 5

e) Annual salary increments above the rate of Inflation — 1 2 3 4 5

f) Better career prospects than other firms in the Same industry — 1 2 3 4 5

3.What do you consider to be the most important social and psychological benefits to a manger working for your company? Please tick the appropriate number on the scale. (1=Not important ,5= very Important)

	Not Important	Slightly Important	Moderately Important	Important	Very Important
a) Interesting and challenging work	1	2	3	4	5
b) Friendly and supportive colleagues	1	2	3	4	5
c) Job security	1	2	3	4	5
d) The prestige of working for one of the top firms in the industry of the top firms in the industry	1	2	3	4	5

4.To what extent are reward schemes in your company influenced please tick the appropriate number), (1=Not important ,5= very Important)

	Not Important	Slightly Important	Moderately Important	Important	Very Important
a) Use of profit centre	1	2	3	4	5
b) Use of cellular manufacturing system	1	2	3	4	5
c) Use of total quality management	1	2	3	4	5
d) Desire to encourage initiative and risk-taking in middle management	1	2	3	4	5

5. Please indicate your attitude to the following statement by ticking the appropriate number.

Not Important	Slightly Important	Moderately Important	Important	Very Important

a) Individual employees need to complete against their peers in order to give of their best

1	2	3	4	5

b) Competition between individual is socially divisive but competition between teams is healthy because it stimulates cooperation at the team level

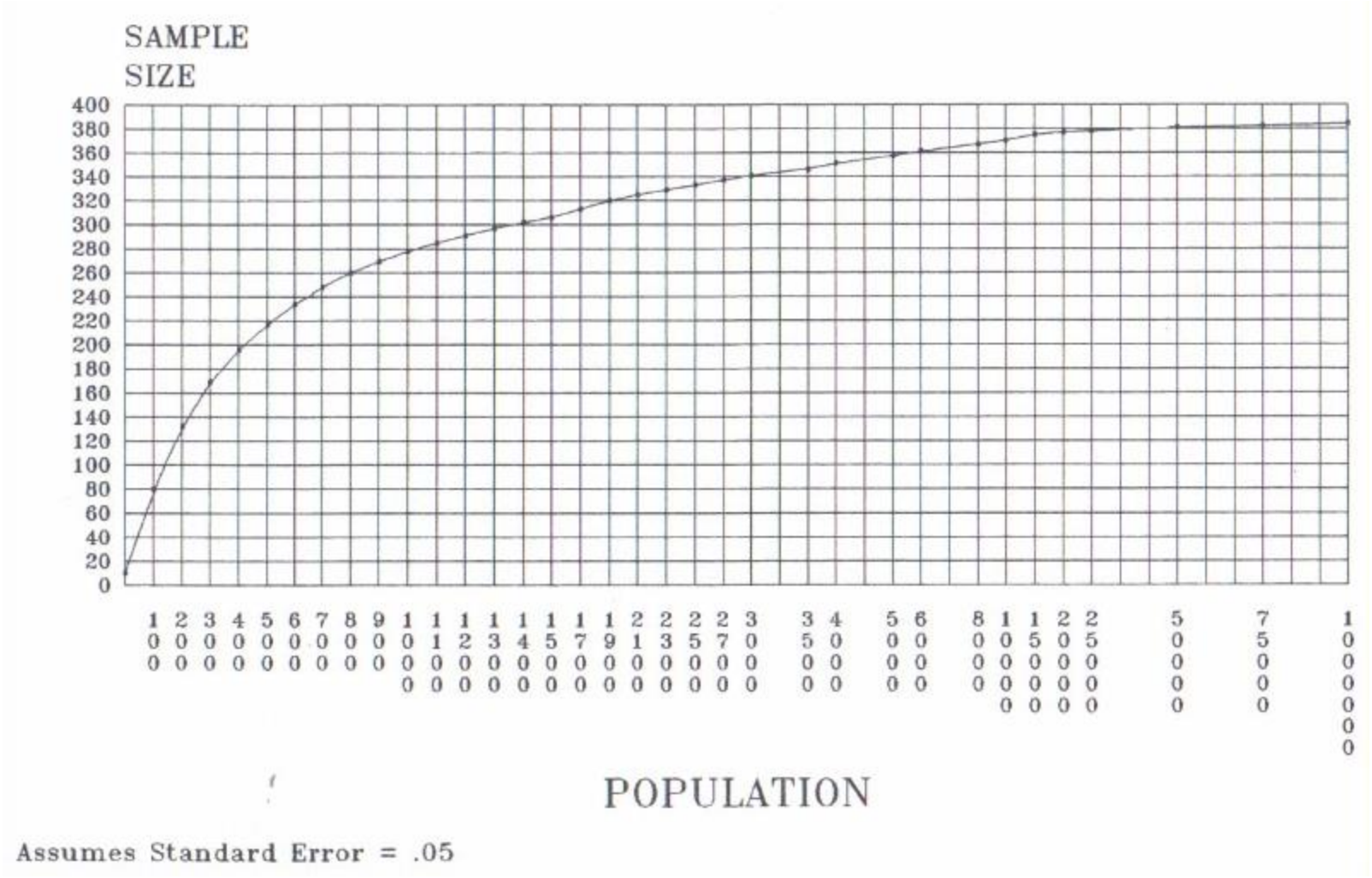
1	2	3	4	5

c) Completion is not the best way of motivating effort building a sense of group solidarity is usually better

1	2	3	4	5

THANK YOU FOR YOUR KIND COOPERATION

Appendix 2: Sample of research



DETERMINING SAMPLE SIZE FOR RESEARCH (SOURCE: KREGCIE & MORGAN, 1970)

N	*S*	*N*	*S*	*N*	*S*
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Note.—*N* is population size.
S is sample size.

DETERMINING SAMPLE SIZE FOR RESEARCH (SOURCE: KREGCIE & MORGAN, 1970)

Required Sample Size								
	Confidence = 95%				Confidence = 99%			
Population Size	Margin of Error				Margin of Error			
	5%	3.5%	2.5%	1%	5%	3.5%	2.5%	1%
10	10	10	10	10	10	10	10	10
20	19	20	20	20	19	20	20	20
30	28	29	29	30	29	29	30	30
50	44	47	48	50	47	48	49	50
75	63	69	72	74	67	71	73	75
100	80	89	94	99	87	93	96	99
150	108	126	137	148	122	135	142	149
200	132	160	177	196	154	174	186	198
250	152	190	215	244	182	211	229	246
300	169	217	251	291	207	246	270	295
400	196	265	318	384	250	309	348	391
500	217	306	377	475	285	365	421	485
600	234	340	432	565	315	416	490	579
700	248	370	481	653	341	462	554	672
800	260	396	526	739	363	503	615	763

STANDARD CONFIDENCE LEVEL

SAMPLE PROBLEM FOR RANDOM SAMPLING USING SLOVIN'S FORMULA

$n = N / (1 + Ne^2)$, $n = N / (1 + N e^2)$

Where,

n = Number of samples,

N = Total population and

e* = Error tolerance

Given:

N = 1544 firms

e = standard confidence level is 90% - 99%. The researchers used a confidence of 95% for a better accuracy, which will give a margin error 0.05 due to this value suitable to management study in table 'Standard Confidence level' appendix 2

Solution:

1. Computation of Confidence Level

100% - 95% = 5 % ≈ 0.05

2. Sample Size

$n = N / (1 + N e^2) = 1, 544 / (1 + 1, 544 * 0.05^2) =$

$= 1544/ 4.86 = 317.7 \approx 318$ firms

Appendix 3: the most significant empirical studies in the field

Topic	Author	source	comments
Importance of HRM in General	Singh all et, 2013	1	HRM has played the most important roles in order to successes and stay enterprise's growth in the market
Importance of HRM in Saudi Arabia	Al Gassim, Barry & McPhail, 2012;	2	unemployed Saudis which it increased gradually, HRM practices is required to be enhanced such as recruitment and selection systems, training and appraisal.
Definition of HRM	Andrews & Chompusri, 2005	1	Process in management of people in work organization
History of HRM	Marchington & Wilkinson 2005;	1	University of Michigan developed the concept of HRM including Harvard Business School implemented the HRM concept in 1980
History of the KSA	Royal Embassy of Saudi Arabia, 2015;	1	modern Saudi Arabian Kingdom by King Abdulaziz Al Saud in the year 1932,
Geography	cia, 2015;	1	Main cities: Riyadh, Dammam and Jeddah
Political Background	CIA, 2015	1	King Abdullah worked to modernize the nation using socio-economic programmes. Saudi Divided into two believes: Sunnis and Shias. There have also been protests by the Shias calling for the release of political prisoners, eradication of discrimination (CIA, 2015),

Population and Economy	UN, 2011;	1	30 million, 40.4 million in the year 2050. Saudi Arabia economy market in 25 largest economics globally and the largest economy in the ME countries
Saudi Labour Market	Sagia.gov.sa, 2016;	1	increased wage inequalities between educated nationals and foreigners, KSA established The Nitaqat programme to increase local employees Saudisation in firms. The markets have local and multinational and joint venture enterprises.
Effectiveness of Organisations	Singh *et al.*, 2013	1	the firms will achieve the outcome, as well as effectiveness will show how the HRM impact on the firms. The outputs of the firms were affected by many factors such as firm sized, firm aged and employee's performance.
HRM Theories	Pfeffer 1998; Singh *et al.*, 2013	1	The strategic and normative theories
Internationalization of business and Globalization	Todaro and Smith 2011	1	enterprises have expanded their work in a more dynamic world of international business
Different cultures between countries	Alhirz & Sajeev 2015;	1	Hofstede 5D cultures (power distance, 2. Individualism vs Collectivism,3. Masculinity vs Femininity, 4. Uncertainty Avoidance: 5. Long-Term Orientation
The Convergence and Divergence in MNEs	Pudelko & Harzing, 2007	1	similarity when firms move from another place or differences or duality
Framework of Human Resource Management Practices	Ulrich *et al.*, 2012;	1	the fame work designed based on literature review and theories to solve the problem. See figure 1
Recruitment and Selection	Jabari, 2012	1	recruitment then second process is selection
Training and Development	Singh, Mohamed & Darwish, 2013	1	Training targets at improving current work skills and behaviour

Rewards and Incentives	Shah & Grega, 2013	1	gift can be financial or non- financial
Formal Appraisal	Singh et al., 2013	1	evaluating that has concerned with how well employees perform their jobs
Problem on the literature	lies, Almhedie, & Baruch, Singh *et al.*, 2013;	1	There are many challenges to firms when converging on global scales due to different culture and different values of countries
Research Design	De Vaus, 2014	1	the outline for accomplishment objectives and resolving research questions
Justification for selecting a quantitative approach	Sing *et al.*, 2013;	1	quantitative approach will support to explain the coloration between the independent and dependent variables.
Data of source	Singh, Mohamed & Darwish, 2013a;	1	This research is a new empirical study was developed in non-western region specialist in the country of Saudi Arabia
Survey	Saunders *et al.*, 2012;	1	survey method supports the large numbers of participants in uniform and standard of information
Questionnaire design	De Vaus, 2014	1	designed from previously existing questionnaires
Scale of questionnaire	Dillman *et al.*, 2014;	1	quantitative research in order to measure the opinion of respondents is Likert scale.

Implementation of Questionnaire	Sauders, Lewis & Thornhill, 2007	1	The current questionnaire met the explanatory as the questionnaire was drafted from defining the hypothesis and literature review.
Validity	Cooper & Schindler, 2013;	1	Validity has referred to what a questionnaire will be measured face validity, the questionnaire was reviewed by supervisors of the current research. It was sent to three academic evaluators who are aware with the country of Saudi Arabia coulter
Sampling	Zikmund *et al.*, 2013	1	1544 enterprises, 373 multinational subsidiaries and the remaining 1171 were domestics and joint venture companies.
Sample Size	Showail et al, 2013	1	Slovin's formula = 400 firms
Ethical Considerations	, Neuman, 2011;	1	ethical approval of the current study was achieved on (7-October-2015) from Business School at Brunel University.
Research Work	Budhwar & Debrah, 2001;	1	contacted with minister of commercial and minister of labour
Statistical Analysis Techniques	Williams *et al.*, 2013	1	used SPSS due to that necessity statistically tests
Data screening	Tabachnick & Fidell, 2007;	1	
Factor Analysis	Hinton *et al.*, 2014;	1	This research was factorized two main elements only due to assumption requirement was met to recruitment and incentive. However, training and appraisal were taken categorical non- normality test.

Appendix 4: Ethical Approval, Minister of Labour ,Minioster of industry and commerce

College of Business, Arts and Social Sciences Research Ethics Committee
Brunel University London
Kingston Lane
Uxbridge
UB8 3PH
United Kingdom

www.brunel.ac.uk

7 October 2015

LETTER OF APPROVAL

Applicant: Mr Nader Alkhater

Project Title: The Effectiveness of HRM on Organisational Performance

Reference: 0230-LR-Oct/2015-87

Dear Mr Nader Alkhater

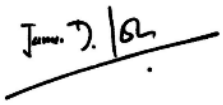
The Research Ethics Committee has considered the above application recently submitted by you.

The Chair, acting under delegated authority, is satisfied that the amendments accord with the decision of the Committee and has agreed that there is no objection on ethical grounds to the proposed study. Approval is given on the understanding that the conditions of approval set out below are followed:

- The agreed protocol must be followed. Any changes to the protocol will require prior approval from the Committee.
- The Brunel logo needs to appear on all correspondence relating to this project.

Please note that:

- Research Participant Information Sheets and (where relevant) flyers, posters, and consent forms should include a clear statement that research ethics approval has been obtained from the relevant Research Ethics Committee.
- The Research Participant Information Sheets should include a clear statement that queries should be directed, in the first instance, to the Supervisor (where relevant), or the researcher. Complaints, on the other hand, should be directed, in the first instance, to the Chair of the relevant Research Ethics Committee
- Approval to proceed with the study is granted subject to receipt by the Committee of satisfactory responses to any conditions that may appear above, in addition to any subsequent changes to the protocol.
- The Research Ethics Committee reserves the right to sample and review documentation, including raw data, relevant to the study.
- You may not undertake any research activity if you are not a registered student of Brunel University or if you cease to become registered, including abeyance or temporary withdrawal. As a deregistered student you would not be insured to undertake research activity. Research activity includes the recruitment of participants, undertaking consent procedures and collection of data. Breach of this requirement constitutes research misconduct and is a disciplinary offence.



Professor James Knowles

Chair

College of Business, Arts and Social Sciences Research Ethics Committee
Brunel University London

From: "Minister Of Labor" <alwazeer@mol.gov.sa>
To: "Nader Alkhater" <Nader.Alkhater@brunel.ac.uk>, "أحمد الحميدان" <aalhumaidan@mol.gov.sa>
Subject: FW: جامعة لندن بحث علمي الشركات.

شكرا لتواصلك أخي نادر، ونسأل الله لك التوفيق.

معالي النائب آمل إكمال اللازم وفق الإجراءات المتبعة.

مع أطيب تحياتي،

مفرج بن سعد الحقباني
وزير العمل
ص.ب 21110، الرياض 11475، المملكة العربية السعودية
هاتف 4609 210 11 966+ فاكس 4509 210 11 966+

From: Tawfig Alrabiah <minister@mci.gov.sa>
Date: 8 November 2015 at 20:25:11 GMT+3
To: Nader Alkhater <Nader.Alkhater@brunel.ac.uk>
Cc: "Tariq A. Al-Naeem" <tnaeem@mci.gov.sa>
Subject: Re: بحث علمي.الشركات

الأخ نادر
اسأل الله لك التوفيق. بالإمكان التواصل مع وكيل الوزارة د. طارق النعيم لمساعدتك.

أخوك توفيق الربيعة

On Nov 8, 2015, at 7:24 PM, Nader Alkhater <Nader.Alkhater@brunel.ac.uk> wrote:

Dear Dr.Tawfiq Al Rabiah

I am doing research studied in the development of enterprises in KSA country in PhD degree. This study required some data from ministry of industrial and commerce , I failed to get this information from e-service on the website of the ministry, including I contacted the recommended person in the ministry, unfortunately there is no response.
Would you recommend in how I can get the required data to support the current study in a PhD program? Brunel London University
The information required is the list of joint stock companies in Saudi Arabia as attached in excel sheet.

Regards//Nader
0504120417

Brunel University London

College of Business, Arts and Social Sciences
Brunel Business School

Brunel University London
Kingston Lane
Uxbridge
UB8 3PH
United Kingdom
www.brunel.ac.uk

12 October 2015

To
The Manger
Ministry of Commerce and Industry
Eastern Province of Saudi Arabia

Dear Sir/Madam,

This is to certify that Mr. Nader Alkhater is a registered doctoral student since October 2013 studying for a PhD degree at the Brunel Business School of this university.

Mr. Alkhater is working under my supervision on the topic of *Impact of Human Resource Practices on the performance of Domestic Vs Multinational Enterprises in the Kingdom of Saudi Arabia.* This is a valuable study which will compare the similarities and differences of domestic and multinational companies in the formulation and application of human resource practices such as recruitment, training, retention, and compensation, and their impact on actual and perceived performance of Saudi and non-Saudi firms.

For Mr Alkhater to complete his studies he needs your assistance in the collection of data. I will be very grateful if you could please issue Mr Alkhater with an appropriate letter for him to be able to approach firms to collect the data that he requires. I am pleased to write that an ethical approval from our side to conduct his study has already been granted (letter attached).

The data collected will be used only for research purposes and I have asked Mr. Alkhater to provide the Ministry of Commerce and Industry, on the completion of his studies, with a complimentary summary of his research.

Please feel free to contact me should you have any queries.

Sincerely,

Satwinder Singh

Dr. Satwinder Singh, PhD
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