

HRM Training Impact on Hosted Firms in Saudi Arabia Country

Nader alkhater¹, Layla Alhalwachi², Malak Eshaq³, Zakeya Shubbar³

¹Alasala University; nader.alkhater@alasala.edu.sa

² Bahrain Polytechnic; layla.alhalwachi@polytechnic.bh

³ Ahlia University; m.j.eshaq@gmail.com and Zakizari@gmail.com

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Abstract - This research set out to investigate Strategic Human Resource Management (SHRM) and the training and development of employees (T&DE) practices in domestic enterprises (DEs) vs multinational enterprises (MNEs), within the Kingdom of Bahrain. The literature showed that T&DE in domestic business environments differ from multinational business environments. Hypotheses (Please refer to Methods section and results regarding both hypotheses) The hypotheses were tested based on primary data collected from 255 firms, two-thirds of them being DEs and one-third MNEs. The data and investigating several interesting findings through the use of parametric and non-parametric statistics. The study concluded that T&DE practices differ between the two types of enterprises. Namely, MNEs exhibited stricter T&DE policies than DEs, while DEs were prone to valuing candidates' formal qualification more than MNEs. Furthermore, institutions hiring staff on the basis of personal characteristics (DEs) had a higher rate of turnover compared to multinational enterprises (MNEs) that reported lower turnover trends. In T&DE, larger DEs did not emphasize personal characteristics, for example. Moreover, oil and petrochemical companies were more likely to train employees with higher dimensionality of personality traits. The results suggested that the turnover of employees in MNEs companies is lower than DE's company, although they share similar working conditions. The findings further indicate MNEs employ more effective T&DE practices compared to DEs. The study is one of the rare ones based in a non-Western context and shows important policy implications as well as

possible future research directions. The findings on normative theory which states that organizations commitment of optimal HRM will achieve superior achieving performance outcome regardless of organization behaviour or the context of host country, points out that behaviours' of firms moving to global market do affect some HRM practices. Moreover, it is also argued in convergence theories that HRM practices would be similar when they transfer from home country to host country. However, the present study identifies certain HRM practices that deviate during this transitional phase owing to various reasons such as rigidity of Bahrain's cultural norms and competition by host country. The findings further align with the convergence theories in that local firms need to adapt to local contexts. MNEs in turn utilize their T&DE tactics to engage with local businesses.

Keywords: non-western environment; multinational enterprises; t-test,

1 Introduction

The focus of this paper is on the training and development policies of two types of companies in the Kingdom; Domestic Enterprises (DEs) and Multinational Enterprises (MNEs). This paper examines the relationship between Human Resources Management Training and Development (HRMT&D) and characteristic tendencies of these firms. HRMT&D is recognized as a significant element that impacts the success of the organization. With firms going global, the organizations must improvise their human resource to stay competitive. As such,

implementation of the organizational goals is closely pegged to Human Resources Management Practices (HRMP) as posited by Price (2004) and thus is a duty for companies with regard to employee activities, which includes training according Rotich (2015).

Human Resource Development has evolved since the industrial revolution (1750–1850) first in Europe and North America and then, to a degree, transplanted to Australia and Asia-Pacific region (Rotich, 2015). By 1970, HR had fully embarked on becoming part of management in the United States and in the 1980s began to reframe around the idea that people were more connected. The Harvard model for HRM was developed in 1984 by the break through concept of Michigan University upon which alternative framework of HRM were developed. Back then, the domain was known primarily as ‘personnel management.’ As a country transitioned from an agrarian economy to an industrial one, new employment could be found in factories of which there were growing numbers. 3Frederick W. Taylor (1857–1911)His principles of scientific management had a significant impact on Human Resource Management. A noteworthy event from history occurred during World War I when the US put in place a recruitment test, which consisted of military personnel (Montana & Charnov, 2014).

1.1 The Problem Statement and the Gap

HRMT&D is one important factor which influences the performance of organizations. While it is undeniably the case that cultural differences and divergent values flourish within nations, the complexity of entering foreign markets creates significant challenges for firms (Locke & Kochan, 1995). Hence, it is important to know the use of HRMT&D in various cultural settings. Prior research in the area of HRMT&D has largely focused on the Western cultures, with a glaring absence of studies investigating Asian countries (Singh et al., 2013). For example, Harry (2007) suggested that several Middle Eastern countries did not have the right skills and work attitudes for effective HRMT&D. Additionally, Mustapha (2009) suggested that the private sectors

of DEs and MNEs in some non-Western territories have little motivation towards HRMT&D. There also exists a noticeable gap in the literature, particularly from the Arab context when it comes to HRM and international business (Iles et al. 2012). There is a lack of HRMT&D research in GCC countries as few studies have been conducted on this topic where there exists the need for more research (Anderson, Ahmed & Costa, 2012; Fadhel, 2007; Al-Dosary & Rahman, 2009). This study explored host country specific HRMT&D approaches of MNEs with different cultural background, specifically focusing on the exploration of the impact of employing in developing economies (DEs) and MNEs towards HRMT practices using a case study context within the Kingdom of Bahrain.

1.2 Aims and Objectives

This study aims to bring attention to the gap in knowledge regarding DEs and MNEs with specific contextual focus on the more recent Eastern context. The research objectives are as follows:

1. Objective: To investigate the differences in Human Resources Management Training and Development between DEs and MNEs in Kingdom of Bahrain.
2. To analyze the effect of firm-specific variables on Training and Development under HRM as well as its impact on organization performance.

2 Literature reference on HR training & development

Theories concerning HRM training and development have been examined by numerous scholars in existing literature. Concepts like convergence, divergence, and duality have provided foundational support for the hypotheses and framework of this paper. Furthermore, previous research has shown that comparisons of training and development across multiple countries are limited.

2.1 Theories of Multinational Enterprises

Several scholars have further explained the notions of convergence, divergence, and duality across different theories. These frameworks

discussed help define the areas of convergence or commonality, divergence or migration as well and duality. Others (Hollingsworth & Streeck, 1994) argue that the concept of divergence is especially important since countries will be affected in terms of regulations, governance and values, including culture and beliefs. Essentially, the Divergence theory focuses on Cultural differences and as per Olie (1995), countries appear to be different from one another in terms of factors leading to change in management of organizations. According to Hofstede (1980), national culture plays a big role in the configuration of an organization's environment. The Foundation of Organizational Values and Decision-Making Process Influence Managerial Attitudes, Behavior, Norms Thus, the differences found in MNC subsidiaries and branches are plausible and expected (Pudelko & Harzing, 2007)

2.2 The Convergence Theory of Multinational

The notion of convergence among Multinational Corporations (MNCs) has been examined by various researchers, including Kerr et al. (1960), who noted that behaviors associated with industrial work tend to resemble one another when companies relocate. Gooderham and Brewster (2003) argue that organizational management will undergo global expansion, while Pugh (1981) posits that MNCs will exhibit similarities in certain areas unaffected by cultural influences, such as technology and industry sectors. Chen et al. (2005) further supported the idea of organizational convergence by introducing the convergence hypothesis, which asserts that MNCs operate independently of national institutions, aligning with the principles of convergence theory. This theory suggests that Human Resource Management (HRM) roles and practices possess the adaptability to function across diverse contexts, irrespective of varying political, cultural, and ideological environments (Paauwe & Boselie, 2005).

Convergence theories can be categorized into two main components: globalization and ethnocentricity. It has been observed that HR

practices tend to align closely among nations with shared origins and similar characteristics.

Globalization indicates that MNCs have facilitated the adoption of optimal HR practices that meet international standards (Sera, 1992). In contrast, ethnocentricity reflects the tendency of MNCs to replicate the HR practices of their home countries and implement them in all locations where they operate.

2.3 The Divergence Theory of Multinational

In contrast, divergence theories classify differences into three distinct categories: coercive, mimetic, and normative. The coercive category describes multinational corporations (MNCs) as adopting particular practices and mimetically communicating the adoption of successful strategies to mitigate issues. Additionally, the normative category entails the adoption of human resource practices deemed suitable for the specific environment (DiMaggio & Powell, 1983).

These theories do not function effectively at either the national or global levels, resulting in negative consequences for MNCs as they navigate the challenges of global integration and local isomorphism (Rosenzweig & Singh, 1991).

2.4 The Duality Theory of Multinational

The duality theory posits that multinational enterprises (MNEs) incorporate a blend of local human resource management (HRM) practices alongside universal international HRM practices (Kostova and Roth, 2002; Evans et al., 2002). According to McGaughey and De Cieri (1999), the results of divergence theory will be integrated at both local and global levels.

Training and Development.

****Training and Development Overview****

Training and development are components of what is commonly referred to as a formal training system. There exists a notable distinction between training and development; training tends to be more specialized compared to development.

Wisternerton (2007) describes training as the process through which employees acquire essential skills to fulfill their roles, with a focus on motivating them to apply these skills within the organization. Additionally, Robbins and DeCenzo (1998) characterize training as a means by which individuals acquire new skills, knowledge, attitudes, and behaviors. In contrast, the processes that concentrate on employee advancement and career progression are classified as development.

Development can be defined as efforts aimed at enhancing current work skills and behaviors, while also preparing individuals for future roles and improving their employability (Waterman et al., 1994). Formal training systems may be supplemented by various methods such as job rotation, supervision, lectures, and simulation exercises (DeCenzo & Robbins, 2005).

Research indicates that training and development generally have a positive influence on employee motivation and performance (Singh, Mohamed & Darwish, 2013). Ayca (2000) suggests that the selection of training topics often relies on recommendations from supervisors. The approach to employee training and development can differ across organizations. For instance, a universal culture might prioritize trainee selection based on performance evaluations, whereas in other organizations, trainee selection may depend more on group affiliations. Countries with workforces possessing limited skills typically emphasize the necessity of training. To maintain competitiveness and attract top talent, organizations increasingly value training and development (Ayca, 2005). Employees with greater experience tend to benefit more from training than their less experienced counterparts, and early training in a job role can lead to improved earnings growth (Booth, 1993). Training encompasses the design and facilitation of learning activities, with the training system recognized as a crucial factor in achieving organizational objectives (Dearden et al., 2006). Consequently, effective training and development initiatives can yield substantial profits for organizations (Kalleberg & Moody, 1994; Harel & Tzafrir, 1999).

Numerous scholars, including Singh et al. (2013), Booth (1993), Kalleberg & Moody (1994), Harel & Tzafrir (1999), Way (2002), Dearden, Reed & Reenen (2006), Brewster & Bournois (1991), and Wilson & Madsen (2008), argue that training and development positively influence employee motivation and overall organizational performance. The formal training system may vary among multinational enterprises (MNEs) and can remain consistent across their operations in host countries. For example, while macro-level factors like functional and technological structures might converge, micro-level factors, particularly human behavior, tend to diverge. Additionally, formal training systems are critical for both expatriates and local employees in MNEs, contributing to their development and enhancing the overall quality of MNE operations in the host country. Research conducted in Germany revealed that local firms generally utilize more on-the-job training systems compared to their counterparts in the UK and USA (Muller, 1998).

Factors influencing training, as noted by Long et al. (2000), include employees' personal attributes (such as age, gender, and ethnicity), organizational characteristics (firm size, industry type, and technological changes), and the economic environment (unemployment rates, legislation, and competition). A recognized relationship exists between the formalization of training and the size of the firm (Ridoutt, 2001). Hayton et al. (1996) found that larger firms are more likely to possess substantial training capacity and adopt more diverse training strategies. They also identified a strong correlation between industry type and training practices. However, Ridoutt et al. (2001) contested this by stating that while a relationship between firm characteristics (size and industry type) and training volume was found, no connection was established between training volume and firm traits. Forstenlechner (2009) supported the idea that a higher number of local employees positively correlates with training systems and contributes to enhanced profit performance. Snape & Redman (2010) found no evidence of a relationship between training systems and employee behavior.

Based on the findings outlined above, the researcher has formulated the following hypotheses:

- H1: Significant differences in formal training systems will be observed between local firms and multinational enterprises operating in Bahrain.
- H2: A relationship exists between firm characteristics and HRM training in both local and multinational firms functioning in Bahrain.

Data collection and sample.

The data was gathered from two nations, Saudi Arabia and Bahrain, because of their shared cultural background. According to Saunders et al. (2012), probability sampling yields more reliable results. The convenience sampling method employed in this study involved participants who were readily available, which is appropriate for the management discipline (Bryman and Bell, 2011). Primary data was obtained from 255 firms, with approximately two-thirds being domestic enterprises (DEs) and one-third being multinational enterprises (MNEs). The analysis, conducted using both parametric and non-parametric tests, uncovered several noteworthy insights.

3 Preliminary Test and Results

The study necessitated the transformation of data into information (Neuman, 2000), with Kerlinger (1986) emphasizing the importance of interpreting the resulting information. Furthermore, the objectives were examined to identify the relationships between the dependent variables, where HRMT&D acted as dependent variables and the independent variables included HRM directors and various firm characteristics (such as the age and experience of HR directors, firm age, size, revenue, local workforce, industry type, organizational structure, foreign ownership, and employee turnover).

3.1 Data Preparation and Screening

The data required monitoring to ensure its accuracy within the population sample. Additionally, several issues—including missing

data, normality, linearity, outliers, multicollinearity, and homoscedasticity—were identified as influencing the variables (Hair et al., 2010). It was anticipated that a portion of the data collected would undergo screening and removal for various reasons. The primary objective of data screening is to pinpoint problematic areas within the data that necessitate correction (Tabachnick & Fidell, 2007). Descriptive statistics may lead to misinterpretations if parameters such as missing data, data validity, and outliers are not addressed before conducting tests. Six assumptions were established: the absence of outliers in the data, a sufficient sample size, no perfect multicollinearity, the non-requirement of homoscedasticity between variables, linearity among variables, and the inapplicability of nominal and ordinal data in factor analysis.

Normality

Various factors must be taken into account during statistical analysis, including the level of data measurement, the independence of observations, and the normality of the data (Field, 2013). According to Tabachnick and Fidell (2007), normality tests are essential when variables exhibit a distribution. Gravetter and Wallnau (2012) noted that data shown in a histogram that follows a normal distribution typically appears bell-shaped, with the highest frequency of scores concentrated in the center. The use of box plots and histograms allows for the assessment of the normality assumption (Ahmad & Sherwani, 2015). Wilk and Gnanadesikan (1968) introduced the quantile-quantile (Q-Q) plot as a method for testing normality. Normality testing can be conducted at both univariate and multivariate levels, where multivariate refers to combined items and univariate pertains to individual score distributions. This study focused on the univariate level to compare data between domestic enterprises (DEs) and multinational firms at the item level.

Shapiro and Wilk developed a robust normality test capable of identifying data skewness or kurtosis (Mendes & Pala, 2003). Initially, Shapiro and Wilk (1965) limited the applicability of their

test to datasets containing fewer than 50 observations. However, Royston (1995) expanded this range ($3 < n < 5000$) by employing the AS R94 algorithm. Razali and Wah (2011) determined that the Shapiro-Wilk test is the most reliable method for assessing data normality, as a histogram alone is insufficient for this purpose. Shapiro and Wilk (Srivastava & Hui, 1987) described the optimal approach for normality testing, noting that a high peak occurs when kurtosis exceeds three (3), indicating positive kurtosis. Conversely, a low peak is observed when kurtosis is below three, indicative of negative kurtosis (DeCarlo, 1997).

In this research, both a histogram and the Shapiro-Wilk test were employed, resulting in a p-value greater than 0.05 (Ghasemi & Zahediasl, 2012). Furthermore, the coefficients of skewness and kurtosis were analyzed (Bachman, 2004). The following equations were represented as follows:

$$\text{Skewness} = \text{mean-median}/\text{SD}$$

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

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

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

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

where n is the sample size

However, certain aspects lacked normality, necessitating the application of appropriate methods, such as the natural logarithm and square root, to achieve a normal distribution. Tabachnick and Fidell (2007) emphasized the importance of various guidelines during this transformation:

- When moderately positive skewness is observed, the Square-Root $\text{SQRT}(X)$ transformation is applied.
- In cases of substantial positive skewness, the Logarithmic $\text{LG10}(X)$ transformation is utilized.
- When significant positive skewness is detected, the recommendation is to use $\text{LG10}(X + C)$.
- For moderately negative skewness, $\text{SQRT}(K - X)$ is advised.
- Substantial negative skewness leads to the necessity of $\text{LG10}(K - X)$.

Ghasemi and Zahediasl (2012) indicated that a Z score exceeding 1.96 or falling below -1.96 is significant at $P < 0.05$. Additionally, Tabachnick and Fidell (2007) and Hair et al. (2010) noted that a Z score greater than 2.58 or less than -2.58 indicates significance at the 0.01 level. The skewness and kurtosis values for training fall within an acceptable range, as outlined in Table 1, which demonstrates that the training and development data exhibit a normal distribution.

Table 1. The skewness and kurtosis value to training and development

Variables	Mean	SD	Variance	Skewness		Kurtosis	
				Statistic	Std. Error	Statistic	Std. Error
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

3.2 Dependent and Independent Variables

The dependent variables examined in this study encompassed HRM practices. ****Training:**** This

metric evaluates a critical aspect of training for junior management. The training response scale varied from 1 = 'Not important' to 5 = 'Very important' across six different components.

The control variables were categorized into two groups: the characteristics of the HR director and the attributes of the firms. The characteristics of HR directors included three factors: Gender (DV1), Age group (DV2), and Experience (DV3). The 'traits' of the firms consisted of ten variables: Year Established (DV4), total number of employees (DV5), Company sales revenue (DV6), Operation level (DV7), Percentage of local labor force (DV8), Type of industry (DV9), Firm location (DV10), Firm structure method (DV11), Optimal structure of the firm (DV12), Percentage of foreign ownership (DV13), and Rate of turnover (DV14). The age variable was treated as binary, with '1' assigned to older participants (age > 40) and '0' assigned otherwise. The experience variable was also binary, where '1' indicated participants with 16 or more years of experience, and '0' indicated less experience.

The firm-related variables included three binary indicators: those for older firms (established for over 15 years), larger firms (with more than 500 employees), and firms with a low employee turnover rate (between 1% and 6% annually), as well as those with sales revenue exceeding 300 million in the previous year, in the Oil, Gas & Petrochemical industry, with a firm structure indicating foreign ownership, and an operational level of MNSs, all coded as '1', while '0' was assigned to other cases..

4 Hypotheses Testing

This section evaluated the hypotheses formulated based on earlier theories discussed in the literature review. The quantitative results generated by SPSS were interpreted into commentary, which was subsequently compared against the theories and concepts presented in the

literature. The outcomes validated the hypotheses through instances of agreement, partial agreement, and complete disagreement, as outlined below.

4.1 Comparative Testing of Training

The training system includes a section that posed the question, "What are the most effective methods for training new employees in junior management?" This section is divided into six methods, which were rated on a 5-point Likert scale, where '1' signifies not important and '5' indicates very important. An independent T-Test was employed to compare two independent groups, as the training variables satisfied the criteria for normal distribution.

Table 2 illustrates the significant differences between multinational enterprises (MNEs) and domestic enterprises (DEs), revealing that MNE subsidiaries tend to implement more advanced training practices. The subsidiaries of multinational companies place greater importance on all six training 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 socialization -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 1 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 2. T-Test of training

Case	OL	N	Mean	T-Test	Mean D
	DEs	175	2.27	-13.674***	-1.706

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

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

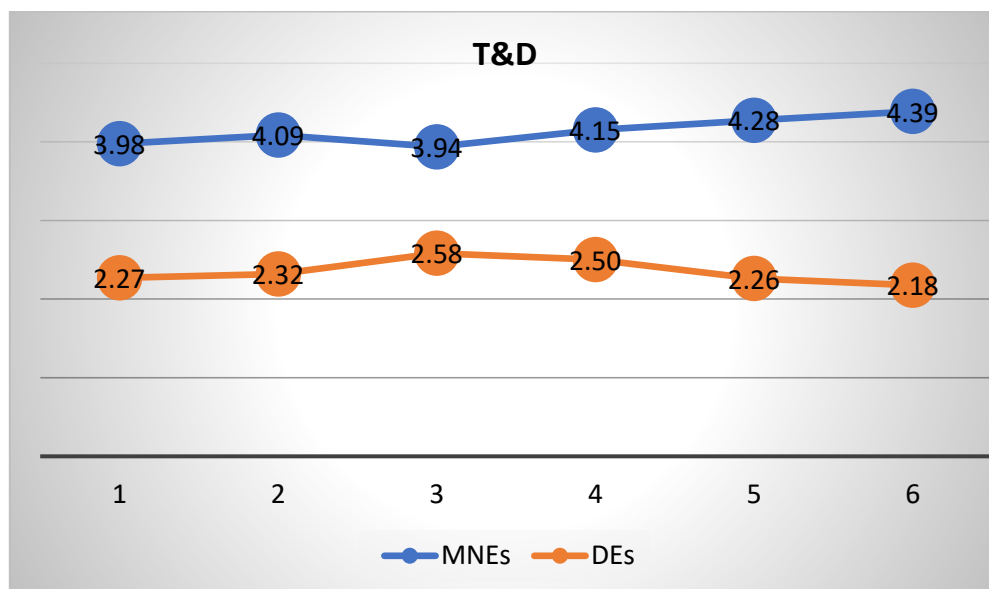


Fig. 1. Mean compared of training between MNEs vs DEs

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 socialization 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 Model

Model 4: $Y_4 = a_1 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_1 + \beta_4 x_4 + \beta_5 x_5 + \beta_6 x_6 + \beta_7 x_7 + \beta_8 x_8 + \beta_9 x_9 + \beta_{10} x_{10} + \beta_{11} x_{11} + \beta_{12} x_{12}$

This model used training practice as dependent variable whilst the multivariate linear regression (MLR) prediction was suggested as regressing this model in the below equation:

$$Y = a_1 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_1 + \beta_4 x_4 + \beta_5 x_5 + \beta_6 x_6 + \beta_7 x_7 + \beta_8 x_8 + \beta_9 x_9 + \beta_{10} x_{10} + \beta_{11} x_{11} + \beta_{12} x_{12}$$

where Y = training, β_i = Parameter, (X_3-X_{12}) = predictors, and (X_1-X_2) = 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).

The main reason behind the MLR use was due to the assumption of normality distribution being met. Table 3 in Model 4 shows the multivariate 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-square is more improved with the control variables ($R^2 = 21\%$), as shown in Table 3. Table 4 shows in term of the linkage between firm treaties and the training. The statistically significant were the following: firm size ($\beta = -0.168, p < 0.05$), company structured ($\beta = -0.25, p < 0.05$) in DEs. In terms of MNEs, Table 3 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 H_{2a} was fully true and it in same line forward with literature.

Table 3. Regression result to Model without demographic variables

Predictor ↓	OL	Model 4
Firm Age	DEs	-0.134
	MNEs	0.206**
Firm Size	DEs	-0.168**
	MNEs	-0.159
Sales Revenue	DEs	0.092
	MNEs	-0.213**
Local labour force	DEs	0.124
	MNEs	0.251**
Industry	DEs	-0.113
	MNEs	0.269**
Company structured	DEs	0.128*
	MNEs	-0.25**
Organization ownership	DEs	0.039
	MNEs	0.138
Foreign ownership	DEs	0.028
	MNEs	0.007
Location	DEs	0.031
	MNEs	0.338**
Turnover	DEs	0.055
	MNEs	0.296**
ANOVA	DEs	1.9(0.044)
	MNEs	4.9(0.000)
R Square	DEs	10%
	MNEs	42%

Table 4. Regression result to Models demographic variables, *** significant at 0.01 level; ** significant at 0.05 level; * significant at 0.10 level

Predictor ↓	OL	Model 4
Employee Age	DEs	3.606***
	MNEs	-0.193
Experience	DEs	1.247
	MNEs	-0.047
Firm Age	DEs	-0.921
	MNEs	0.73**
Firm Size	DEs	-1.175
	MNEs	-0.548
Sales Revenue	DEs	1.249
	MNEs	-0.85**
local labor force	DEs	1.282
	MNEs	0.86**
Industry	DEs	-1.517
	MNEs	1.23**
company structured	DEs	1.033
	MNEs	-0.819**
organization ownership	DEs	0.229
	MNEs	0.470
Foreign ownership	DEs	0.061
	MNEs	0.010
Location	DEs	0.561
	MNEs	1.21**
Turnover	DEs	0.021
	MNEs	1.042**
ANOVA	DEs	3.644(0.00)
	MNEs	4.083(0.00)
R Square	DEs	21%
	MNEs	42%

6 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.

6.1 The First Hypothesis

Shiwaku (2014) conducted a comparison of three multinational subsidiaries (MNEs) in Japan and domestic enterprises (DEs) in Armenia, revealing that Japan exhibits a higher level of training compared to Armenia. It is anticipated that teacher training programs in Armenia will be

enhanced by integrating key elements of effective teacher training. Furthermore, DEs in Germany are more inclined to engage in employee training than MNEs, as noted by Muller (1998). Despite various differences in training practices, it was observed that US MNEs place a greater emphasis on training (Wong and Brinbaum, 1994). Additionally, Mohamed et al. (2012) indicated that MNEs are generally more rigorous in their training protocols and promotion practices in comparison to DEs in Brunei Darussalam. The second hypothesis (H2) was found to be significant, with findings that align with the literature review, confirming the existence of differences in training between DEs and MNEs.

6.2 The second Hypothesis

Forstenlechner (2009) acknowledged that a substantial number of local employees is positively associated with training systems, which in turn enhances profit performance. However, Snape & Redman (2010) found no evidence indicating a connection between training systems and employee behavior. The findings from Model 4 of the current research reaffirmed the association between a significant local workforce and training systems.

According to Table 3, Model 4, multinational enterprises (MNEs) with a considerable local employee base ($\beta = 0.206$, $p < 0.05$) are more inclined to implement various training systems. These include formal internal instruction, third-party training, group induction for social learning and imitation, self-directed learning through practice, and collaborative work arrangements with strategic partners. Additionally, Model 4 in Table 4 indicates that domestic companies employing older HR directors ($\beta = 0.36$, $p < 0.01$) are also more likely to offer training systems to their staff. This finding affirms the acceptance of normality in the analysis.

6.3 Training Practices

- The local workforce favors structured training methods provided by the company for onboarding junior management staff.

- An established organization opts for training through an external provider, customized to meet specific company requirements.

- Larger companies tend to favor informal apprenticeship training, allowing new employees to learn directly from seasoned members of the team.

- Companies with high sales revenue focus on integrating new employees into the group through socialization and modeling behaviors.

- Organizations with a substantial local workforce emphasize experiential learning for training junior management personnel.

- Firms with low employee turnover rates prefer to train staff through collaborative work placements with strategic partners.

7 Practical Contribution

The data were gathered from Saudi Arabia, focusing on HRM practices to compare multinational enterprises (MNEs) and domestic enterprises (DEs) within the country.

The results are considered valuable for both local and international employers seeking to grasp the capabilities of the local workforce and improve organizational performance. Furthermore, the findings indicate that Saudi employers tend to offer lower salaries compared to their multinational counterparts, emphasizing the need for local Saudi employees to remain with domestic companies.

The relocation of MNEs to Saudi Arabia has led to positive economic changes within the country. For example, substantial annual revenues contribute to larger projects in Saudi Arabia. Moreover, the expansion of these projects across industrial, marketing, and retail sectors alleviates the nation's reliance on the oil industry. The research indicates a transformation in HRM practices aimed at enhancing the development of Saudi firms.

7.1 Theoretical Contribution:

HRM practices have the potential to pinpoint the deficiencies within local companies, thereby contributing to the enhancement of the

performance of domestic organizations, which in turn could lead to advancements in both the Saudi economy and society. The findings of this study offer valuable data that may be utilized in future research endeavors. Moreover, the framework established in this investigation is distinctive within the existing literature and can serve as a basis for other studies, albeit with necessary modifications.

This study has established a connection between employees and HRM practices, including the relationship between organizations and HR strategies. This connection aids HR managers in effectively overseeing personnel while simultaneously improving the overall performance of the organization. Additionally, this research indicates that Saudi capabilities are well-suited for undertaking significant tasks, emphasizing the need for a focus on ensuring companies remain competitive in the market.

7.2 Implications

There are numerous recommendations that can be derived from the findings, and a few will be highlighted here. This research investigated four human resource practices in domestic enterprises (DEs) and multinational enterprises (MNEs) in the Kingdom of Saudi Arabia (KSA), particularly focusing on the roles of HR directors that may influence organizational outcomes. If these aspects are neglected or poorly managed, they can adversely affect firm performance. For instance, employee turnover is likely to increase if adequate benefits and compensation are not provided (Arthur, 1994). The results indicate that MNEs experienced a lower turnover rate compared to DEs, attributed to the greater attention MNEs give to their HR practices. MNEs have implemented strategies aimed at minimizing turnover, such as prioritizing qualifications in their recruitment processes. Batt (2002) noted that candidates with strong general skills and formal education are often selected, ensuring that employees can engage in continuous learning. Furthermore, the selection process for these employees typically includes psychometric assessments, interviews, and evaluations (Boselie et al., 2005).

Gibb (1999) examined a small-sized firm that overlooked several key strategic HRM practices, including training. The limited size of DEs contributed to their inability to recognize the benefits of training, largely due to a lack of formal training methodologies. This deficiency in training was also noted among MNEs, suggesting a potential pathway for enhancing efficiency within DEs.

8 Conclusion

The findings of this research indicated that internal factors influence human resource management (HRM) practices and organizational performance (Hendry & Pettigrew, 1990). These findings did not align with normative theories, which suggest that organizations adhering to a set of HRM best practices can achieve superior performance outcomes, irrespective of external or internal influences.

Kerr et al. (1960) proposed convergence theory, which posits that the behaviors of industrial workers may resemble those of firms relocating from different areas. In contrast, the divergence concept illustrates that a nation's characteristics, including regulations, government, culture, and beliefs, can significantly impact multinational enterprises (MNEs) (Hollingsworth & Streeck, 1994). Additionally, the four HR practices—recruitment, training, appraisal, and incentives—were linked to divergence theory, as the Saudi culture influenced these practices. The local workforce in Saudi Arabia was found to have a positive effect on performance for both MNEs and domestic enterprises (DEs).

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