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TALENT ATTRACTION AND RETENTION OF PRIVATE SECTOR ORGANIZATIONS IN SAUDI ARABIA

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ABSTRACT

The study aimed to investigate the current employee recruitment, selection and retention practices used by private sector organizations in Saudi Arabia in order to formulate appropriate recommendations that contribute to greater effectiveness of these practices. The study used qualitative and quantitative approaches, questionnaires and semi-structured interviews were used to collect data from 14 private sector organizations in Saudi Arabia across Jeddah, Riyadh and Makkah cities on the bases of convenience sampling. The results indicated that the majority of these organizations relied on employee referrals (with family members consideration) as a recruitment source, interviews as a selection method and providing development, career growth and training opportunities as part of their employee retention strategies while the lack of skilled applicants was the primary recruitment and Saudization challenge faced. Accordingly, the recommendations include the regulation of discriminatory/nepotism free employee referral programs with the increased use of electronic recruitment sources, the use of work sample and cognitive ability tests for selection as well as the provision of work-life balance programs for employee retention.

INTRODUCTION

The widespread usage of technology and globalization has set new rules for the intensified competition among organizations worldwide making human talent the major differentiating factor for success of an organization. A competitive advantage in the current 21st century and in the midst of this information age is primarily dependent on the attraction, acquisition and retention of skilled talents and ultimately through the development of effective recruitment, selection and retention strategies since skilled employees is rare and hard to replace. Although the importance of HR recruitment, selection and

retention has been realized by organizations in Saudi Arabia yet; recent reports reveal that Saudi organizations are facing challenges in these functions resulting in their loss of the war for talent and significant costs of employee turnover.

Meanwhile, the increased organizations' realization that the employee's commitment, loyalty and performance led to greater competitive advantage and the growth in labor's dissatisfaction from their sole monetary payments has led the traditional practice of personal management's recordkeeping and rewarding employees' performance to provide more than money as a source of motivation; such as creating better work environments, recognition for work performance and opportunities for career advancement (promotions) and personal development. Generally, this transition of increased focus on building employee's loyalty and commitment with provision of more than monetary rewards has resulted into the current implementation of employee retention strategies by the Human Resources Management.

Talent management is the current trending aspect of HRM which HR practitioners and managers are directing their focus towards. Talent management is a general strategic approach to both HR and business planning aimed towards long term organizational success and effectiveness and achieved by aligning talent management with the business goals and strategies. Talent is defined as an individual's level of intelligence or capability that enables effortlessly and skillfully conducts an activity [1]. Talent management is refers to a broad cluster of policies and practices connected to the management of human resources [2]. Talent management in HR included the process of identifying, selecting, developing and retaining talented employees in organization [3]. The current talent shortages and complex economic conditions as well as globalization are increasing the importance and demand for talent (skilled employees) along with its expert management, thus; ultimately increasing the significance of talent management nowadays.

Recruitment and selection is vital part of human resource management. Recruitment and selection within an organization is an integral part of organization' overall human resource management and planning process [4]. Recruitment is defined as the process of citing the sets of specific attributes for job applicants begins when companies advertise in labor markets to attract applicants possessing the attributes [5]. The person is selected for fulfilled the company vacancy expected to work for long time for business and contribute greatly to the business with their talents and experience [6].

Human Resource Management function which is concerned with supplying an organization with the right qualified potential employee for a specific job. On the whole, recruitment refers to the process of seeking qualified applicants to fill newly created or vacant positions (to replace leaving employees) through a variety of attracting methods or sources such as the use of job advertisements or external employment agencies.

Effective recruitment is evidently important to ensure attracting the right and best talent. The identified challenges of recruitment includes the ability of an organization to retain top talent after recruitment, difficulty in finding skilled applicants and inability to provide competitive compensation as well as the inability to create an organizational culture for attracting the best skilled applicants.

Selection is defined process of choosing based on principles and criteria applied by the organization and human resource department [7]. Selection is a task of prediction which involves screening and sorting and other procedures with purpose of separating candidates with most qualification, skills, knowledge and potential with candidates with less qualification, skills and potential [8]. Following the process of attracting a number of job applicants in recruitment, selection involves choosing the most appropriate applicant for the given job position based on several shortlisting methods such as references, resumes, interviews, personality tests, cognitive ability tests and work samples.

Retention may be defined as the efforts exhibited by an organization in order to maintain a workplace that would enable it to keep (retain) its employees while discouraging them from leaving through implementing policies and strategies that will address the needs of the employees and enhance their job satisfaction. Retention of key employees is critical and important to the long term health and success of any organization [9]. Generally, employee retention strategies are structured in connection with other HRM functions such as compensation and benefits, training and development as well as job design and work scheduling. The importance of retaining employees was evidently illustrated by research revealing that it helps in retaining customers and investors while maintaining better organizational performance than those with high employee turnover. The employees prefer to stay in those organizations that provided sense of accomplishment, pride and recognition such as rewards and recognition, supervisor support and cooperation, and work life balance policies [10].

Accordingly, the problem that this study is concerned with is the current HR recruitment, selection and retention practices of organizations in Saudi Arabia which are limiting its competitiveness in the local and global talent market. The study aimed to investigate the current employee recruitment, selection and retention practices used by private sector organizations in Saudi Arabia in order to formulate appropriate recommendations that contribute to greater effectiveness of these practices.

METHODOLOGY

The current study was an exploratory research and conducted with the purpose of investigating the problems related to the current HR recruitment, selection and retention practices implemented in the private sector organizations in Saudi Arabia. An exploration of the underlying problems of the current employee recruitment, selection and retention practices is a preliminary necessary procedure in order to identify weaknesses in these practices.

This study has made use of qualitative and quantitative methods to address the study questions. This study used of mixed methodology is necessary for the exploratory nature of the research in which the qualitative method will help to develop an initial understanding of the problem, while the quantitative method will assist in specifically illustrating the findings through statistical figures.

Primary data was collected from respondents in the HRM department of private sector organizations across three main cities in Saudi Arabia; Jeddah, Riyadh and Makkah. This study used two data collection tools: questionnaires and interviews. The questionnaire consists of ten closed-ended questions and one open-ended question. The first two questions are concerned with the demographic information of the respondent and the private sector organization. The rest of the eight questions aim to investigate about the employee recruitment, selection and retention practices used by the private sector organization. The final open-ended question of the aims at examining the challenges faced by the private sector organization while implementing the Saudization program and their utilized strategies to overcome their challenges. The interviews are of a semi-structured format and were conducted on Effat's University campus in Jeddah (2 visitors from external organizations and 1 interviewee from Effat University). The primary collected data will subsequently be analyzed qualitatively using content analysis and quantitatively using statistical percentage figures of the mean.

The study involved participants from 14 private sector organizations in Saudi Arabia. These participants are the sum of participants from both; the questionnaire and interview, in which 11 private sector organizations participated in the questionnaire and 3 private sector organizations participated in the interview. The participants were respondents from the HRM department of private sector organizations in Saudi Arabia covering only Jeddah, Makkah and Riyadh cities. This study made use of convenience sampling by selecting participants based on their availability and ease of access. This sampling technique was used by the current research study due to the time and participant accessibility constraints.

RESULT AND DISCUSSION

Result

The results indicate that the most popular recruitment source used by private sector organizations is employee referrals where it was used by 92.86% of the private sector organizations. Job sites and employment agencies scored the second highest recruitment source used (78.57%) among the private sector organizations in Saudi Arabia followed by organizational websites (71.43%), walk-ins and promotions (both having 64.29% usage), social networks (57.14%) campus recruitment (50%), newspaper/magazine advertisements and job fairs (both having 42.86% usage), word of mouth (14.29%). Meanwhile, only one organization outlined using other sources (7.14%) for recruitment by relying upon family members.



Figure 1. Recruitment sources used by private sector organizations in Saudi Arabia

In Figure 2, the results indicated that the most widely used recruitment source by private sector organizations in Saudi Arabia to attract local Saudi applicants is employee referrals whereby 92.86% of the private sector organizations asserted that they use it in their recruitment of local labor. The second most relied upon recruitment sources for attracting local Saudi labor are campus recruitment and job sites (both having 57.14% usage among the private sector organizations in Saudi Arabia), followed by walk-ins and employment agencies (both having 50% usage), and proceeded by promotions, organizational website and social networks (three of them accounting for 42.86% usage among the private sector organizations). Among the least used recruitment sources to attract local Saudi labor are newspaper/magazine advertisements (35.71%), job fairs (28.57%) and word of mouth (14.29%). Finally, only one organization (7.14%) outlined that they relied upon family members and connections to attract local Saudis for filling their job vacancies.



Figure 2. Recruitment sources used by private sector organizations in Saudi Arabia to attract local Saudi nationals

In Figure 3, the results indicated that private sector organizations in Saudi Arabia place most weight on the careful selection and training of their recruiters as a means for improving the effectiveness of their recruitment process whereby 78.57% of these organizations asserted that they implemented this strategy. The second most utilized strategy by private sector

organizations in Saudi Arabia to improve the effectiveness of their recruitment process is through providing detailed information about the job and organization to applicants (71.43%) followed by ensuring applicants understand the purpose of the selection method and its job relevance (64.29%) and focusing on the quality of treatment (such as fairness and respect) applicants receive during the recruitment. Meanwhile, the private sector organizations relied least upon focusing on articulating the right employer's brand image through their recruitment campaign (14.29%) as a way for ensuring greater recruitment effectiveness. However, two organizations (14.29%) affirmed that they used other ways for improving the effectiveness of their recruitment process.



Figure 3 Strategies being implemented by private sector organizations in Saudi Arabia for improving the effectiveness of their recruitment process

In Figure 4, the results showed that the greatest recruitment challenge experienced by private sector organizations in Saudi Arabia is the lack of skilled applicants whereby 64.29% of the private sector organizations admitted their experience of this recruitment challenge. The second most experienced recruitment challenge among the Saudi Arabia's private sector organizations the ability to provide competitive compensation (50%) followed by the challenges of determining the most appropriate recruitment source to use, retaining talent after recruitment and creating an organizational culture for attracting best applicants which were equally experienced among these organizations (each of these three challenges were experienced by 42.86% of the private sector organizations).



Figure 4. Recruitment related challenges faced by private sector organizations in Saudi Arabia

In Figure 5, the results indicate that the most commonly used employee selection method is interviews whereby all the private sector organizations (100%) that were involved in this study specified their utilization of this method. The second highly most used is resumes (92.86%) followed by references (71.43%). Work sample tests, cognitive ability tests and personality tests were the least used methods whereby 35.71% among the involved private sector organizations used these methods. Meanwhile, few organizations (21.43%) indicated their usage of other selection methods or tools for shortlisting applicants and selecting the qualified potential employee.



Figure 5 Selection methods used private sector organizations in Saudi Arabia

In Figure 6, the results indicate that private sector organizations in Saudi Arabia place greater weight on the predictive validity of the selection method whereby 50% of the involved private sector organization asserted that they relied on predictive validity as a mediating factor when making choices of the employee selection methods to be used. The cost of the selection method and opportunity for organizational self-promotion through the utilized selection method were the second two most influencing factors (14.9%) of the organization relied on these factors) which impact the choice of the private

sector employers when choosing the employee selection method to be used by the organization. Meanwhile, the widespread usage (popularity) and perceived legality of the selection method are among the least (7.14%) considered factors by the private sector employers when choosing the selection methods to be used for the organization's hiring process. In addition, only one organization (7.14%) outlined their consideration "output cost in the near future" which probably refers to an evaluation of the method's return relative to its cost, as another factor influencing their choice for the hiring selection methods to use.

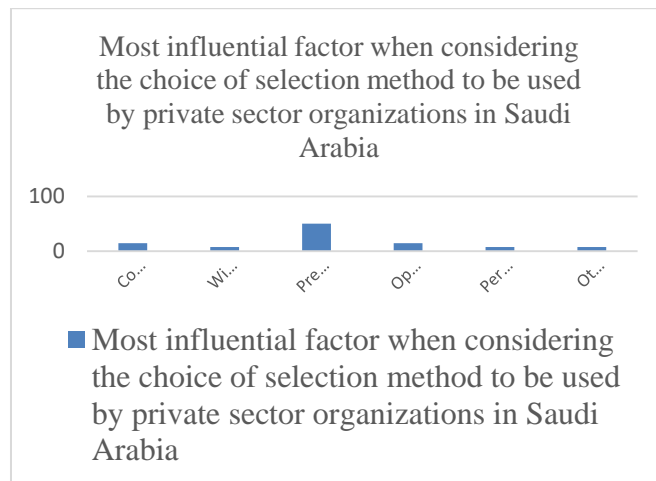


Figure 6. Most influential factor when considering the choice of selection method to be used by private sector organization in Saudi Arabia

In Figure 7, the results indicated that the mostly used employee selection method for top level/senior position hiring among the private sector organizations which were involved in this study is interviews whereby 9.86% of these organizations asserted their use of interviews during top level position hiring. The second most highly used selection methods for top level position hiring among these organizations are resumes and references (64.29% for these methods). Cognitive ability tests and personality tests were used less for employee selection for top level/ senior positions in which 35.71% of the private sector organizations affirmed their usage of these methods. Work sample tests are the least (21.43%) relied upon selection method by these organizations for top level position hiring.

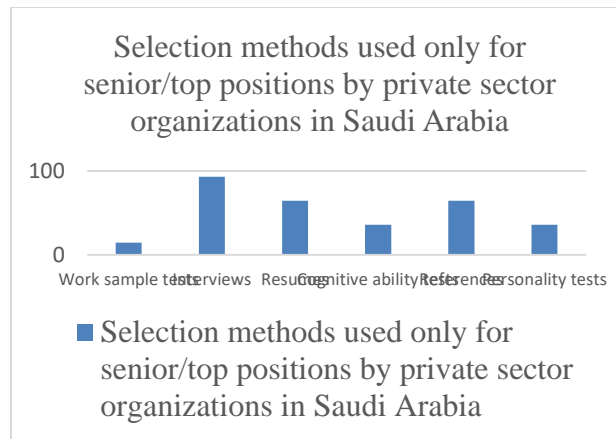


Figure 7. Selection methods only for senior/top positions by private sector organizations in Saudi Arabia

In Figure 8, the results indicated that private sector organizations in Saudi Arabia are relying mostly on development opportunities such as offering coaching and mentoring as a strategy for employee retention whereby 85.71% of the involved organizations in this study asserted their implementation of this strategy. The second most highly used retention strategy is providing employees with career advancement and professional growth (78.57%) followed by offering training opportunities (71.43%), competitive compensation or salary packages (64.9%), employment benefit plans such as allowances (57.14%), motivating job designs which includes interesting/challenging work (50%) as well as offering reward/recognition on performance and job security (both scoring 42.86% usage). Meanwhile, among the least used employee retention strategies by private sector organizations in Saudi Arabia are providing balance between work and home life programs such as flexible working hours/part time jobs and networking programs (both scoring 21.43% usage) followed by offering employees support for research (14.29%).



Figure 4. Retention strategies used by private sector organizations in Saudi Arabia

There were 5 organizations among the 12 responded organizations indicated challenges relating to lack of skilled and qualified Saudis while implementing the Saudization. The first organization asserted their difficulty in finding Saudis that are qualified with relevant experience. The second organization provided that the lack of skilled and specialized Saudi applicants in the field are among the challenges its facing while implementing the Saudization; yet, the organization is overcoming this challenge through developing Saudis and training on and off the job. Similarly, the third organization further emphasized that the lack of skilled Saudis are among their top challenges and that they are implementing on the job trainings for Saudis in order to overcome their challenge. Meanwhile, the fourth organization related their challenge of the inadequate qualified Saudis to a lack of English language, experience, skills and self-confidence among Saudi applicants; while, the organization is trying to overcome this challenge through their development of programs that improve their employees skills to meet the organizations needs and goals in addition to an intensive training work related program. The fifth organization indicated their challenge of finding qualified PhD and Master Saudi holders for senior positions as well as lack of qualified English language fluent Saudis and as a strategy for overcoming this challenge, the organization is attending university career fairs (at US and UK) for attracting Saudis who are studying abroad since they have good educational and English language qualifications.

Meanwhile, 2 organizations among the 12 responded organizations indicated facing challenges related to their difficulty in finding organizational fit Saudis whereby one of the organizations acknowledged their inability to find Saudis that are fit to its organizational unique culture and the other organization admitted their inability to find Saudi applicants who are able to meet the professional work needs of the organization which operates in the hospitality industry. Compensation related challenges for attracting Saudis: 2 organizations among the 12 responded organizations outlined their experience of compensation related challenges while implementing the Saudization. The first organization provided that they are facing the challenge of attracting experienced Saudi candidates but with average salaries (at inexpensive compensation packages). The second organization recognized their challenge to be related to the organization's lack of proper compensation for attracting eligible Saudi candidates and accordingly, the organization is currently revising its entire compensation schemes and is investing in an extensive benchmarking exercise to align its compensation and benefit packages with leading companies in the industry as a strategy to overcome their challenge and develop better compensation packages.

Furthermore, 3 organizations among the 12 responded organizations identified retention related challenges with Saudis while implementing the Saudization. The first organization outlined their challenge related to the retention of Saudis and maintaining their loyalty to the organization and accordingly the organization indicated that it's seeking to maintain their employment stability by providing them with good salary packages and family benefits. Similarly, the second organization recognized that employment stability is a challenge that they are facing in line with their implementation of the Saudization

program. Meanwhile, the third company affirmed their challenge in finding Saudi applicants that are willing to work and stay in the organization reducing the turnover rate because they are facing challenges in retaining Saudis who are being attracted to multiple organizations for even an additional SR 500 salary while companies are all implementing the Saudization program. To overcome this challenge the company is offering its employees with development opportunities, good salaries and bonuses as well as building their employee's self-esteem to make them feel more valued by following Maslow's hierarchy of needs

CONCLUSION

In conclusion, the investigation revealed that most private sector organizations in Saudi Arabia were using primarily employee referrals followed by electronic sources of job sites as a recruitment source for attracting both; general international applicants and local Saudis to fill vacant job positions at their organization. Employment agencies and social network recruitment sources were used more for attracting international applicants as compared to attracting local Saudi applicants. Careful selection and training of the recruiters was followed by most of these private sector organizations as a strategy to improve their recruitment process while the lack of skilled applicants was their major recruitment challenge.

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