

Navigating Talent Scarcity: Talent Attraction and Selection Practices among
Domestic and Multinational Corporations in Saudi Arabia

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Abstract

Purpose: The study aimed to identify factors affecting talent attraction and selection in Saudi Arabia's private sector and to compare the practices of domestic and multinational firms.

Design: Qualitative data was collected through semi-structured interviews and archival evidence from three domestic firms (DFs) and three multinational corporations (MNCs) in Saudi Arabia. Data was analyzed using thematic analysis.

Findings: Integrating institutional logics and dynamic capabilities theory, this study develops a novel framework explaining how firms manage a talent-starved environment. Unlike traditional models that emphasize targeting 'ready-to-go' talent, our findings reveal that firms increasingly seek individuals with potential, balancing institutional pressures and business needs. MNCs and DFs alike must exercise strategic dexterity—sensing environmental shifts, seizing emerging opportunities, and reconfiguring selection criteria—by either merging existing logics or adopting new ones.

Practical implications: Although MNCs have been practicing formalized talent attraction and selection for longer than DFs, and have more sophisticated processes, both organizational types have scope for improving their practices in the context of institutional logics at play in Saudi Arabia.

Originality: This study advances the understanding of talent attraction and selection in Saudi Arabia by empirically demonstrating how institutional logics shape HR practices.

Keywords: talent attraction; talent selection; institutional logics; dynamic capabilities; wasta informal network, Saudi Arabia

Introduction

Since the discovery of oil, the Kingdom of Saudi Arabia (KSA) has relied heavily on expatriates to fill its labor market gaps, largely overlooking the domestic workforce (Raheem, 2016). This has resulted in unique labor market characteristics, including high domestic unemployment, pay disparities between nationals and expatriates, and a reluctance among locals to work in the private sector (International Monetary Fund, 2018). Saudi's conservative culture has made it harder to attract local female talent (Tlaiss and Elamin, 2016). In recent years, KSA has sought to diversify its economy beyond oil, driven by Vision 2030. However, economic growth has outpaced talent availability, exacerbated by workforce localization policies that prioritize nationals over expatriates (Darwish et al., 2020). The reliance on expatriate labor is becoming unsustainable, prompting both multinational companies (MNCs) and domestic firms (DFs) to focus on attracting local talent. To address this, MNCs are forming partnerships with local educational institutions to build a domestic talent pipeline while complying with government regulations (Darwish et al., 2023).

Research suggests that MNCs often replicate HRM practices from their home countries (Kasahara, 2021; Napathorn, 2020). However, the labor market in KSA, like other Gulf Cooperation Council (GCC) countries, presents distinct institutional characteristics that shape talent management strategies (Darwish et al., 2023). One such factor is *wasta*—a practice rooted in social values and networks—that significantly influences hiring, development, and performance management (Al Jawali et al., 2021; Tlaiss, 2020).

Wasta plays a dual role: it facilitates recruitment and retention by strengthening employee loyalty (Adham, 2022; Al-Twal et al., 2024), but also hinders merit-based selection by excluding qualified candidates outside *wasta* networks (Alsarhan and Al-Twal, 2024; AlBuloushi et al., 2024). Given *wasta*'s embeddedness in Saudi work culture (Ali et al., 2024a) and the increasing emphasis on localization, understanding its impact on talent attraction and selection is crucial (Darwish et al., 2023). Yet, there is limited research on how institutional and organizational factors influence recruitment practices in KSA. This study addresses that gap by comparing the talent attraction and selection strategies of MNCs and DFs, investigating:

Q1: What factors influence talent attraction and selection in KSA?

Q2: What similarities and differences exist between the talent attraction and selection practices of MNCs and DFs?

This paper contributes to literature by: (1) proposing a framework combining Institutional Logics and Dynamic Capabilities Theory (DCT) to explain talent management in a constrained labor market; (2) identifying key determinants of talent attraction and selection in KSA's private sector; and (3) offering empirical evidence on talent strategies within MNCs and DFs.

The next section reviews the relevant literature and theoretical framework, followed by the methodology. The findings are then presented and analyzed, leading to a discussion of their implications. Finally, the study concludes with a summary of key insights and recommendations for future research.

Literature Review

Talent Attraction

Employees are considered critical organizational assets, necessitating structured identification and recruitment processes that prioritize high-potential candidates (Ibidunni et al., 2015; Fawzi and Almarshed, 2013). Organizational factors influencing talent attraction include work environment, remuneration, transparency, career development, employer branding, strategic HRM alignment, and the use of digital recruitment methods (Selivanovskikh, 2018; Shiverenje et al., 2024; Momand, 2020; Mohammed et al., 2020; Ardi et al., 2024; Anlesinya and Amponsah-Tawiah, 2020; Gandasari et al., 2024; Darwish and Singh, 2013; Ayentimi and Burgess, 2021).

Among influencing factors, the work environment plays a crucial role in motivating talented employees (Ardi et al., 2024). Employees are generally drawn to supportive, inclusive environments, and transparency in talent selection reinforces perceptions of fairness (Shiverenje et al., 2024). However, the outcomes of talent pool inclusion vary: while some employees show increased commitment, others experience adverse effects. Exclusive identification can place undue pressure on selected individuals and reduce engagement among those overlooked (King, 2021; Bhatia and Barua, 2020).

Remuneration is a key factor in attracting talent as competitive pay not only draws high-potential candidates but also strengthens commitment (Mir et al., 2022; Momand, 2020). Pay structures affect where talent goes; in KSA, for instance, the private sector struggles to compete with public-sector salaries and government-backed career development (Saleh, 2022).

Career growth further boosts organizational appeal, especially for those seeking long-term progression (Ardi et al., 2024; Gandasari et al., 2024). Skilled individuals are driven by self-concept and self-esteem, so aligning roles with their values and strengths offers a competitive edge (Solimani and Altabtai, 2023).

While employer branding enhances visibility, it is insufficient without core incentives like pay and development (Tembulkar et al., 2022). Ultimately, effective selection is central to attracting talent (Zhang, 2022). Beyond pay and progression, quality-of-life factors such as location and work-life balance significantly shape job appeal, particularly across generations (Anlesinya et al., 2020; Villafuerte, 2020). While employer branding, particularly by large firms, enhances visibility, it is insufficient without core incentives like pay and development (Anlesinya and Amponsah-Tawiah, 2020; Gandasari et al., 2024; Tembulkar et al., 2022). Ultimately, effective selection is key to successful talent attraction (Zhang, 2022).

Talent Selection

Talent selection is essential for acquiring and retaining optimum talent (Adeosun and Ohiani, 2020). Alongside other HRM practices, it significantly influences organizational performance (Glaister et al., 2018). Boudreau and Ramstad (2005) stress the need to identify pivotal talent pools that impact strategic outcomes, which calls for a proactive shift from vacancy-driven recruitment to anticipating talent needs and mitigating risks related to quality and quantity by recruiting ahead of the curve (Collings and Minbaeva, 2021).

Talent selection practices are shaped by broader labor market conditions (Njoroge, 2017). In talent-scarce contexts, selection strategies differ markedly from those in talent-surplus settings (Al Jawali et al., 2022). In the GCC this has prompted calls for more holistic localization policies mindful of regional labor dynamics (Elbanna et al., 2023). Focusing on the Dubai public sector, Al Jawali et al. (2022) argue that understanding how talent strategies evolve in a given context requires an appreciation of how local regulatory frameworks, cultural norms, and institutional practices shape their implementation. In KSA, nationalization efforts aimed at increasing local and female employment are further shaped by the widespread influence of *wasta*-based connections, which continue to affect talent attraction and selection decisions (Alsarhan, 2021; Alsarhan et al., 2021; Tlaiss and Al Waqfi, 2022; Ali et al., 2024b).

Wasta exerts a significant influence on employment decisions, often limiting access to desirable positions for talented individuals lacking social or familial connections (e.g., Alsarhan, 2021). Al Jawali et al. (2021) argue that wasta should be understood as an institutional logic that shapes decision-making in the region. Rather than being framed solely as a challenge, wasta can be seen as a distinctive feature of Gulf talent management practices, differentiating them from those in Western contexts. For instance, Al-Twal, Alawamleh, and Jarrar (2024) suggest that wasta-based social capital can foster employee loyalty, which, in turn, may enhance talent retention and innovation.

Despite arguments regarding wasta's potential benefits, the broader literature associates it with adverse outcomes in talent acquisition. Concerns include the hiring of underqualified individuals, inefficiencies in public sector organizations (Alsarhan and Al-Twal, 2024), and the exclusion of qualified talent outside wasta networks (Ali et al., 2024a). Findings from Qatar (Al-Thbah, 2021) and Kuwait (AlBuloushi et al., 2024) reveal that wasta undermines merit-based selection, enabling less qualified individuals to gain employment and promotions over more competent candidates, resulting in inefficiencies. KSA is no exception, as wasta remains deeply embedded in workplace practices. Efforts to localize jobs and reduce reliance on expatriates are occurring within a private sector that has historically resisted hiring local talent, while many nationals remain reluctant to join MNCs (Darwish et al., 2023; Wood et al., 2020).

Wasta dynamics present ongoing challenges for achieving effective labor market reforms in KSA. Although organizations should position themselves as desirable employers by adopting appropriate recruitment approaches, Western exclusivist talent selection methods focusing on specific employee groups (Armstrong and Taylor, 2014; Roy and Devi, 2017) may face acceptance issues in KSA due to their unintended negative consequences. Peterson et al. (2022) warn that exclusivity may undermine procedural and interactional justice through unclear advancement policies, gender bias, and reliance on informal networks. Conversely, Sumelius et al. (2020) highlight that ambiguous selection criteria can create perceptions of strategic opacity.

Ambiguity in selection criteria is particularly problematic in KSA, where informal networks strongly influence hiring decisions, often limiting access for talented individuals without the necessary social connections (Alsarhan, 2021; Khan and Othman, 2022). Given wasta's deep entrenchment in Saudi work culture and the government's push for merit-based recruitment, both MNCs and DFs face complex challenges in talent attraction and selection

(Al-Saleh, 2022; Darwish et al., 2023). MNCs especially must navigate competing institutional logics in a multicultural setting (Tyskbo, 2021). It is in that context that empowering HR directors (HRDs) within MNC subsidiaries, rather than reserving top HR positions for nationals, is favored (Darwish et al., 2023).

Darwish et al. (2023) emphasized that successful localization requires bridging the quality gap between expatriate and local human capital. MNCs that excel in localization often collaborate with educational institutions for talent sourcing and engage with government agencies supporting localization efforts. Their findings advocate for an inclusivist approach—prioritizing investment in young local talent, integrating women, and attracting Saudis from abroad. However, even in MNCs, despite their merit-based selection standards, *wasta* continues to disadvantage individuals with limited personal networks (Al-Mobayed, 2021). This embedded practice creates tensions as firms navigate between local integration and global talent management norms (Al-Tamimi and Faris, 2020).

The complexities of talent attraction and selection in KSA reflect broader institutional contradictions, where global HRM practices must coexist with entrenched local norms (Sumelius et al., 2020); how firms manage these conflicting logics in practice remains unclear. In culturally pervasive environments like the GCC, talent strategies must be understood through the lens of multiple institutional logics (Thornton et al., 2012) and the dynamic capabilities firms develop to adapt to evolving conditions where logics are fluid, ambiguous, or shifting (Teece et al., 1997).

Theoretical Framework

According to institutional theory, organizational practices reflect their broader environment, shaped by regulatory constraints, social norms, culture, and competition (Meyer, 2008; Darwish et al., 2016). Organizations seek to gain legitimacy by aligning their actions with institutional expectations across host and home countries (Burlea and Popa, 2013). Institutional logics extends this view explaining how organizations navigate historically constructed value systems, beliefs, and practices shaping decision-making (Thornton et al., 2012).

In dynamic environments characterized by a serious shortage of A players, as in KSA (Darwish et al., 2023), the Institutional logics lens falls short of explaining talent attraction and selection practices. A firm's possession of dynamic capabilities becomes more important.

Dynamic capabilities refers to “the firm’s ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments” (Teece et al., 1997, p. 516). According to DCT, it is not enough to possess the resources; more emphasis is placed on adaptability over time through being sensitive to changes and taking necessary steps to reconfigure capabilities to be relevant or aligned to institutional logics of a given context. The practices, therefore, become increasingly dependent on management’s ability to exercise strategic flexibility in addressing skills shortages. DCT is better placed to explain company management’s continuous realignment of internal and accessible external resources with due regard to the need to balance institutional logics to ensure sustained competitive advantage.

As firms adopt talent attraction and selection strategies, they are, therefore, influenced by both external- and internal-level forces (Koeppel et al., 2024). Clarke, Alshenaifi and Garavan (2022) showed that culture, an integral part of institutional logics, can explain bias in job performance evaluation, yet such evaluations are used for identifying talent within organizations (Kwon and Jang, 2022). Resources possessed by or accessible to a firm and the institutions in the firm’s environment, both internal and external, also lead to differences in the practices of individual firms (Gallardo-Gallardo et al., 2020). Although some external factors affecting MNCs and DFs may be the same, responses at firm level are likely to vary, since institutional logics informing management actions tend to differ. The basis for the differences may arise from either institutional contexts or differences in dynamic capabilities.

Where some firms have capabilities that go beyond the ordinary ones that can be measured and are easy to copy, others may have lower-level dynamic capabilities that enable them to form external relationships and to reconfigure their resources. Further, others may also have higher-level dynamic capabilities that enable them to sense and seize opportunities in the environment and reconfigure and combine new and old resources (Teece, 1997).

Thus, this study investigates the parallels and distinctions in attraction and selection practices between MNCs and DFs in KSA, underpinned by dynamic capabilities and institutional logics perspectives. An organization’s level of dynamic capabilities can be expected to influence how it navigates institutional logics as it deals with factors in its operating environment when implementing talent attraction and selection in a talent-starved environment, as illustrated in the conceptual framework in Figure 1.

[Take in Figure 1]

Methodology

Research Design

A qualitative research approach was selected as it facilitates answering of questions relating to perspectives, experience, and meaning through interaction between researcher and study subjects (Hammarberg et al., 2009).

We employed a multiple case study strategy to address complex issues pertaining to talent attraction informed by the interpretative multiple perspectives of those experiencing the phenomenon (Creswell, 2017; Yin, 2015). In this study, the phenomenon investigated is talent attraction and selection. It was investigated from the perspective of six cases: three DFs and three MNCs, with the intention of comparing the practices in each organizational context. Consequently, the unit of analysis was the type of firm, the intention being to derive comparative broad patterns in the two categories' practices.

Yin (2009) posits that, in a multiple case study, the multiple cases enable the researcher to expose complexities of a phenomenon in a specific situation and in other, different situations. Such an approach was considered ideal for this study as the intention was to focus on the unique and shared aspects of talent attraction and selection practices in the two organization types. The sample population consisted of KSA-based MNCs and DFs with the following characteristics: a talent management department, financially stable and high-performing status, and full compliance with the Saudization reforms.

Three MNCs and three DFs were selected, each being represented by one senior manager, one line manager, and two talented employees. The organizations were labelled as DF1, DF2, and DF3 (for DFs), and MNC1, MNC2, and MNC3 (for MNCs). All participating organizations have been in existence for over 50 years (DFs) or 10 years (MNCs). They are spread across the infrastructure development, oil and gas, chemical manufacturing, construction, and engineering information technology sectors. Their characteristics are summarized in Table I.

[Take in Table I]

Data Collection

Semi-structured Interviews

Interview participants were drawn from senior management (6), line management (6), and talented employees (12) from each of the participating organizations. The employees to be interviewed were identified in collaboration with each organization's talent management division. The rationale for the selection was that, while senior management is responsible for formulating talent attraction and selection practices, line managers experience the results of the practices both as the product (the talent) and as the identifiers of other talented employees. Talented employees are also on the receiving end of the practices. To ensure participants possessed in-depth knowledge of their organization's talent management practices, selection initially focused on individuals with at least five years' experience within their respective organization.

A total of 24 semi-structured interviews were gathered from the two participating organization types, with each contributing 12, four from each of the six sampled organizations, as shown in Table II. Having executives and upper management constituting 50% of the interviews ensured the quality and depth of the data collected, thereby compensating for the smaller sample size.

[Take in Table II]

The interviews were conducted in Arabic or English, or both languages as needed. The use of two languages aimed to ensure that the interviewees could fully express their contributions without language constraints. Interviews were guided by core mandatory questions, followed by probing questions for clarification, as shown in Appendix A. All interviews were audio recorded and transcribed. For interviews conducted in Arabic, the validated transcripts were translated to English by one of the researchers. Next was a rigorous two-part verification process starting with the researchers reading through the translations and summarizing the transcripts in English. Both the original transcripts and the translations were then reviewed by an independent bilingual translator to ensure accuracy and fidelity to the original content (Nurjannah et al., 2014).

Archival Data

Archival data was collected in the form of companies' internal reports, Ministry of Human Resources and Social Development (MHRD) reports, and company websites, as well as field notes. A documentary database was created to corroborate the findings from the semi-structured interview and ensure that a chain of evidence is established (Towers et al., 2020). The archival data (see Appendix B) provided rich contextual information on both the DFs and MNCs, their talent attraction policies, and other HR-related procedures.

Data Analysis

The data was analyzed at two levels – within-case and cross-case analysis. Within-case analysis facilitated familiarity with the data and preliminary theory development, while cross-case analysis enabled comparisons and deeper insights beyond initial impressions. Analysis followed an iterative process with initial coding occurring simultaneously with data collection.

The third stage was coding, synonymous with Gioia, Corley and Hamilton's (2012) first-order codes. It involved identification, classification, and categorization of different strands of data from each file, resulting in first-order codes (Gioia et al., 2012). The data files were uploaded onto NVivo 12, a content analysis software package for analyzing transcripts, tracking themes, and linking ideas with data patterns (Melhem et al., 2024). Interpretation was performed by the author team (Suddaby, 2006). Related categories were grouped as first-order codes, which were then organized into broader themes based on identified relationships.

Further analysis was conducted using thematic analysis (Braun and Clarke, 2006). The analysis began with an examination of each case, followed by a comparative analysis of the emerging themes across the two organizational types. Identified themes were compared for their occurrence, similarities, and differences, aiming to understand each theme's characteristics and identify cross-case similarities and differences in practice. At this stage, the 'essence' of each theme was refined (Braun and Clarke, 2006), culminating in a synthesis of key dimensions related to talent attraction and selection within KSA MNCs and DFs, as illustrated in Figure 2.

[Take in Figure 2]

Findings

The first theme explored factors influencing talent attraction, revealing a mix of external and internal elements. The second examined attraction practices, which varied across organizations. The third focused on talent selection factors, highlighting the role of internal and external influences, with responses shaped by managerial capacity to navigate these dynamics. The fourth analyzed selection practices, showing differences between DFs and MNCs. While attraction and selection practices appeared similar on the surface, variations stemmed from organizational origins and HRM system robustness. These findings are detailed in the next section.

Reconfiguration of Procedures for Strategic Alignment

The first theoretical dimension examines talent attraction, selection, and evaluation in DFs and MNCs, revealing an informal approach that creates a gap between organizational intent and practice. This underscores the need for reconfiguration to achieve strategic alignment.

Talent attraction methods varied. DFs relied on competitive compensation, strong reputation, and employee-friendly amenities, promoting these via websites and word-of-mouth. They also leveraged university partnerships; for instance, DF3 benefited from a collaboration with a leading local university, which supplied many talented employees: “A partnership with one of the greatest local universities has supplied the company with many talented employees” (DF301). In addition, DF3’s focus on including locals in the company’s talent attraction drive has enhanced its ability to attract larger numbers of applicants “from the Ministry of Labor and the markets” (DF302). This is due to governmental requirements for organizations to increase their percentage of local employees.

In contrast, MNCs, leveraged brand reputation, positive work environment, transparency of policies and procedures, providing challenging assignments and a growth-oriented environment, including outside KSA, and providing competitive reward.

The archival data analysis revealed that DFs update recruitment webpages more frequently than MNCs, using social media to enhance appeal and engage potential talent. A DF manager explained: “What we've done is, recently, we've revamped our website and our social

media aspect. ... when it comes to attracting by social media and emails, we do a great job” (DF101).

DFs emphasize communicating the benefits available to prospective employees through their websites and social media. MNCs primarily focus their website content on showcasing training and development opportunities offered and prefer to communicate with targeted talent through word-of-mouth. Explaining the approach, MNC2 stated: “If your employees are motivated to work with you for a longer duration of time, they will bring ten other employees using word-of-mouth to your organization” (MNC201). MNC3’s website also demonstrated use of word-of-mouth through featuring personal stories from employees illustrating that careers on offer were “as diverse as the people who work here, with one thing in common ... bright minds, driving energy innovation”. Furthermore, the findings revealed differences in talent attraction associated with the need to balance short-term and long-term needs. MNCs tended to attract expatriates for their immediate contribution; in contrast, the same organizations attracted Saudis based on an individual’s perceived overall potential as part of a long-term investment strategy. The approach is confirmed by MNC2’s website as involving supporting “the progression of its staff at all levels” and creating “a range of tailored training platforms to match the professional skills and competencies required across the company”.

All organizations followed standard talent selection steps, including job descriptions, CV reviews, shortlisting, interviews, tests, and background checks. However, practices were often unstructured and subjective. A manager (MNC202) noted that, while job descriptions exist, no clear structure is followed. Efforts were underway to formalize job profiles, but these remained more aspirational than implemented, highlighting a gap between intended and actual practices.

Selection practices for talent already within the organization are more elaborate in MNCs compared to those in DFs. A talented employee explained: “I was chosen ... because of the type of my performance evaluation” (MNC304). The organization conducts periodic evaluations of its employees based on objectives set during previous evaluations as part of assessing candidate suitability at the selection stage. Talent is selected based on clear criteria focusing on the required skills and aptitude. Based on this assessment, the employees receive a score that reflects their capabilities. The situation was different for DFs, as one talented employee stated: “... we do not have the clear tools that are useful for [a] comprehensive review of executive talent, evaluation of existing team leaders, or evaluation of management

teams” (DF303). Another stated: “My organization should develop new tools that match with talent management systems” (DF104).

When it comes to external recruitment, the selection process “starts with the collection of CVs, followed by the review, shortlisting, and interview, which requires taking technical and English and national tests. Personality and attitude are also important aspects, and background checks” (MNC202). This is followed by “rigorous” job interviews, which also include input from the line managers. For internal recruitment, assessments involve identifying “talented employees ... via a management review, and appropriate certifications to prove competence” (MNC202).

When selection is internally focused, the evaluation processes for both MNCs and DFs involve HR gathering data on employees, largely based on regular performance appraisals, supervision records, and the personal judgements of line managers. In both, there is an awareness that the processes used to identify talent internally have limitations. The methods used differed depending on the length of time spent testing, the assessment instrument(s) utilized, the level of the position, and the processes to be followed. DFs compelled employees to sit for national-level tests because they wished to guarantee that “selected talents understand and accept our beliefs and culture” (DF302), while MNCs enlisted the services of external resources, even when targeting internal talent.

All six organizations conducted on-going internal talent evaluations, though their frequency ranged between bi-annually and quarterly, and the structure varied. Informal reviews were also used, but concerns about effectiveness highlighted a gap between intended and actual practices. Explaining this gap, MNC202 stated: “We don’t have ... a very holistic scheme on this, but we take some indicators. One of the indicators, we think, is the retention rate of company employees, especially the local and national employees.”

Balanced Approach to Talent Attraction and Selection

The second theoretical dimension concerns internal and external factors shaping talent attraction and selection in DFs and MNCs. A balanced approach is essential, considering internal preferences and external constraints.

Talent attraction, the initial stage of talent management, involves a mixed strategy in both MNCs and DFs, with internal sourcing preferred (MNC202). DFs especially prioritize internal recruitment to protect confidentiality and limit competitor exposure (DF302).

External factors influencing talent attraction—such as talent availability, labor market conditions, industry sector, and government policies—were similar across DFs and MNCs. Both faced talent shortages in KSA, partly due to mismatches in educational output. DFs struggled to find the right talent; as DF201 noted: “It’s difficult to find an engineer with a background that fits my company”, a situation echoed by MNCs. In addressing the challenge, MNCs have found it necessary to shift from traditional recruitment and selection procedures to include “strong organizational branding [which] can be achieved by engaging in social media recruitment efforts and developing digital skills” (MNC302).

DF3’s focus on including locals in the company’s talent attraction drive has enhanced its ability to attract larger numbers of applicants “from the Ministry of Labor and the markets” (DF302). This is due to governmental requirements for organizations to increase their percentage of local employees. Findings from interviews are consistent with archival data that illustrated the requirement for organizations to satisfy the Saudization policy (Saudi Arabia Government, 2024). Both firm types mentioned having to compromise on some of their specifications to attract otherwise non-qualifying local employees. One of the firms captured it on their website as a commitment to “... hiring Saudi nationals and to offering them the training and support that they need” and “... looking for smart talents with good potential to become our future leaders” (MNC2). This evidence from both interviews and archives led to the first-order code related to Saudization policy, which is seen as a sociocultural factor, and adherence to government policies clarified in the second-order themes. Another challenge is regulations on employing expatriates. These affect MNCs more than DFs, as some of their talent is within branches outside KSA. Reflecting on talent attraction, a senior manager from one of the MNCs stressed the “lengthy time period for recruitment, especially for expatriates, and differences in recruitment processes and requirements for expatriates” (MNC301). This is compounded by the amount of time it takes expatriates to acclimatize to the KSA culture and working environment.

The resultant reliance on internal recruitment, clarified by first-order codes and related evidence, supports the second-order theme that talent attraction is shaped by both internal and external factors.

Both DFs and MNCs reported that local talent often demanded salaries beyond what firms could offer, a challenge intensified by oil price fluctuations. Many managers noted difficulties in attracting skilled candidates, as high salary expectations led local talent to leave

for better-paying roles. An MNC manager confirmed the salary-related challenges, stating that “salary scales may not meet talented people’s expectations concerning the pay they deserve” (MNC101), a situation further complicated by pay disparities between local and expatriate staff, and with the public sector.

Both DFs and MNCs prioritized internal talent to fill vacancies, viewing it as a competitive advantage due to existing organizational knowledge. External candidates were considered only when internal options were lacking. However, this approach was largely ineffective in attracting Saudi talent.

Talent selection was influenced by both internal and external factors, with their impact varying depending on whether the candidate was internal or external. The identified internal factors were understanding of core competencies, clarity of job descriptions, and quality of performance assessment processes. Participant DF103, designated as talent, explained that “...we are using the traditional assessment alone, which is often not enough to evaluate the talented employees within the organization.” The shortcoming was highlighted by a manager who stated, “We have a nine-box performance evaluation, but I am not sure how accurate it is, because it is based on the manager’s opinion; he can put anything” (DF302). This suggests a potential disconnection between managerial evaluations, organizational needs, and the perceptions of talented employees. MNC participants were more comfortable with the quality of their assessments, with one stating: “my organization makes an offer to talented employees based on the individual’s need, and his/her level of competency, considering the effects of making this offer” (MNC101).

The primary external factors influencing talent selection included scarcity of skilled candidates, geographical location, and the cultural environment of the workplace, supporting the second-order codes. A major problem relates to difficulties in exclusively selecting Saudis, because of the absence of adequately qualified local talent. This was compounded by the fact that, despite their lack of adequate competencies, Saudi employees require higher remuneration, which financially strains organizations. Therefore, the selection and subsequent overpayment of unsuitable candidates is a matter of deep concern as it introduces a ‘negative influence’ that can ultimately impact organizational success.

The geographical location of talent was another factor, especially for DFs. Unlike MNCs that are modelled to operate in diverse locations, DFs are constrained by geographical location; alluding to this, an executive manager in a DF indicated that, while “talent can be

anywhere in the Kingdom, [...] our company only exists in certain cities, and the location of work could be, or is, the main problem we face when recruiting talent” (DF101).

An additional issue arises in that the KSA workforce is male dominated, resulting in a work culture that privileges men, leaving very little scope for women. Although the situation is changing and female-friendly spaces have been made available, generally, “the work atmosphere is still a bit conservative” (DF102).

While some differences were observed in the attraction and selection practices of DFs and MNCs, there were also similarities (Table III) partly arising from the organizations’ operating environment.

[Take in Table III]

Discussion

This study explored the talent attraction and selection practices of DFs and MNCs in KSA, aiming to identify similarities, differences, challenges, and best practices. Findings reveal that these practices are shaped by a complex interplay of internal and external factors, aligning with research that views talent management as a bundle of interrelated, dynamic processes (Makram et al., 2017).

Internally, factors influencing talent attraction and selection align with Tafti et al.’s (2017) classification of structural and managerial influences. Structural elements, primarily within HRM, are critical, as effective HRM enhances talent management success (Kumar, 2022). MNCs benefit from parent-company HRM support, whereas DFs struggle with underdeveloped HRM systems. Leadership and management capacity further influence talent attraction and retention, emphasizing the role of dynamic capabilities in responding to internal and external changes (Teece, 2018). The work environment also plays a crucial role in attracting talent (Anlesinya and Amponsah-Tawiah, 2020). Transparency in selection processes emerged as an area for improvement, as perceptions of unfairness negatively impact employer attractiveness (Farndale et al., 2022). The prevalence of *wasta* in KSA (Ali et al., 2024b) contributes to informal recruitment and appraisal practices, particularly in DFs, where selection decisions are shaped by relational ties rather than merit (Adham, 2022). This aligns with Tyskbo’s (2021) argument that competing institutional logics shape talent selection.

MNCs demonstrated greater formalization in their selection practices compared to DFs, whose managers expressed concerns about the objectivity of performance appraisals. These findings challenge Jooss et al.'s (2019) assertion that employee potential can be objectively measured, suggesting that DFs must enhance formal decision-making, transparency, and merit-based selection to counteract the influence of *wasta*.

While internal factors were within organizational control, external elements posed additional challenges. Policies like Saudization, coupled with talent shortages and educational misalignment with industry needs, necessitate a proactive approach to talent development. Consistent with Collings and Minbaeva (2021), organizations should build talent pools by recruiting and developing talent in advance. Saudi sociocultural norms further constrain objective selection, as relational ties influence hiring decisions (Al Ruwaili et al., 2013). Despite these external constraints, organizations can respond strategically by balancing regulatory compliance with talent acquisition goals. Given the scarcity of "ready to go" talent, firms must adopt innovative strategies, such as career development programs that cultivate internal talent—an approach linked to long-term talent sustainability (Kaewnaknaew et al., 2022).

While both DFs and MNCs navigate similar external constraints, MNCs' structured HRM practices and strategic foresight give them a competitive advantage. Enhancing transparency, formalizing selection, and aligning HR strategies with organizational goals can strengthen talent attraction and selection in both firm types. Being flexible and innovative in response to external challenges aligns with Harsch and Festing's (2020) view that agility in structures, procedures, and work culture is crucial. A key aspect of agility is integrating inclusive and exclusive approaches to talent selection, supported by career development, which Alruwaili (2018) finds particularly suitable for KSA.

While organizations can address internal factors such as remuneration, working conditions, and leadership, country-level barriers—such as work and residence permits—hinder international talent attraction. Other GCC countries offer better conditions for expatriates (InterNations, 2021), further complicating Saudi firms' ability to attract foreign talent. Internal and external factors are interlinked, with successful talent strategies relying on a firm's ability to exercise internal agility (Harsch and Festing, 2020). This agility depends on HRM strength and organizational alignment, reinforcing the interdependence of talent attraction and selection within consistent HRM bundles (Makram et al., 2017).

Dynamic capabilities theory explains these differences. While both firm types share some practices, discrepancies suggest that fully adopting Western TM approaches of prioritizing long-term alignment may yield different benefits in KSA, where short-term operational needs dominate.

In talent attraction, both types valued talent but differed in tactics. DFs emphasized pay, reputation, and employee-friendly amenities, while MNCs employed a structured approach, conducting detailed studies to define required skills for strategic roles. Further, DFs focused on certification and rewards over performance objectives, with selection influenced by *wasta*, which, contrary to Anlesinya and Amponsah-Tawiah's (2020) recommendations for effective TM practices, reduced transparency and alignment with business needs.

In selection, both prioritized internal recruitment, but MNCs recruited globally within Saudi labor laws, whereas DFs were largely confined to local talent. These differences stem from economic structures, institutional logics (Marquis and Raynard, 2015; Melhem et al., 2024), and cultural factors. KSA is one of the region's most conservative countries (Tlaiss and Elamin, 2016), an aspect influencing talent attraction and selection practices. In contrast, MNCs have more sophisticated, globally tested TM systems, enabling them to effectively align talent practices and organizational goals while managing contextual challenges (Collings et al., 2018). For example, and consistent with Anlesinya and Amponsah-Tawiah (2020), MNCs use talent branding and embedding corporate culture across regions as talent attraction and retention strategies.

Applicability of the Theoretical Framework

This study's framework integrates institutional logics and DCT to explain firms' talent attraction and selection practices. It highlights how firms leverage human resources, adapt to macro- and micro-level changes, and align talent strategies with business goals. Findings confirm this theoretical link while identifying four interlinked stages of talent attraction and selection in KSA's private sector. The first stage, organizational leadership, sets clear goals for short- and long-term talent needs. In MNCs, this occurs at the parent company, though misalignment with Saudi subsidiaries can be a challenge. Success depends on leadership's dynamic capabilities to sense opportunities and implement value-enhancing practices (Teece, 2018).

The second stage involves translating business objectives into deliverables driven by defined roles, and specific qualifications and attributes required for success. Effective execution depends on management's ability to select appropriate strategies and foster systems that support objective talent identification despite skills shortages.

The third stage, attracting talent, is influenced by internal factors, such as the ability to pay, availability of internal talent, and brand reputation, and by external factors such as labor market supply and demand forces, government policy, and pay-based competition. The fourth stage, selection and deployment, may involve internal or external talent. The identified practices, though common to both DFs and MNCs, differ in implementation, as summarized in Figure 3.

[Take in Figure 3]

The talent attraction and selection process derived from the study findings is consistent with the model presented in Figure 1 insofar as it confirms the role of leadership/management dynamic capabilities in aligning strategic objectives, talent planning, attraction, and selection in the context of both internal and external influencing factors.

Implications for Theory and Practice

This study enhances understanding of talent attraction and selection practices in KSA by comparing DFs and MNCs. A key finding is that MNCs adopt more advanced and deliberate strategies, reflecting their longer history of prioritizing talent management, while DFs lag in developing similarly strategic approaches. This highlights opportunities for both to enhance talent practices and strengthen their competitive advantage.

This study contributes to theory, practice, and policy. Theoretically, we explore talent attraction and selection within an emerging economy characterized by talent shortages, prescriptive labor policies, and an education system misaligned with labor market demands. Our study reveals that Saudi organizations often face constraints in acquiring suitable talent due to mandatory localization quotas, which can lead to hiring decisions that are misaligned with strategic goals. Where management utilizes dynamic capabilities to create an enabling environment and achieve alignment, DCT becomes relevant. However, while this assumption

holds for MNCs, it does not for DFs, highlighting the need to invest in developing dynamic capabilities within DFs.

Beyond DCT, institutional logics provides a crucial lens for understanding how firms respond to competing institutional demands when shaping talent attraction and selection practices. Firms do not operate in isolation, but function within a complex institutional environment where regulatory requirements, social norms, and business imperatives interact. In emerging markets, these forces are often misaligned, leading to institutional complexity that influences how organizations develop and implement HR practices. Our study highlights how MNCs must reconcile the global HR standards dictated by their headquarters with local labor regulations and sociocultural expectations, often resulting in hybrid talent management practices. Conversely, DFs, which are more embedded in local institutional frameworks, exhibit greater rigidity in responding to dynamic labor market demands, limiting their ability to leverage talent strategically. Thus, institutional logics contributes to explaining why talent selection is not solely a rational, efficiency-driven process but one shaped by socially constructed norms, values, and beliefs. By integrating DCT with institutional logics, this study provides a deeper understanding of how organizations in emerging markets negotiate institutional complexity during talent attraction and selection.

The study makes four key contributions to managerial practice. Firstly, in talent-starved environments, it highlights the importance of maintaining flexibility in talent selection by balancing experienced professionals with high-potential candidates. Secondly, effective leadership and management with dynamic capabilities are crucial for sensing environmental changes, identifying opportunities, and adapting practices, particularly when facing unpredictable external factors beyond the organization's control. This adaptability significantly influences talent attraction and selection. Thirdly, effectively managing the factors influencing attraction and retention demands robust organizational HRM systems, exemplified by those observed in MNCs. Fourthly, the study highlights the challenges and complexities inherent in international HRM, particularly in contexts like KSA, where sociocultural factors and government involvement significantly impact HR practices. It underscores the importance of considering cultural nuances and associated logics when adopting models from other cultures and emphasizes the need for HRM practitioners in the KSA environment to balance global business objectives with the flexibility required to address local sensitivities.

This study makes a significant policy contribution by highlighting the importance of a cohesive government approach to legislation on talent localization in talent-starved contexts such as KSA. Such an approach would align the education system with labor market demands, enabling educational institutions to cultivate future local managers equipped with dynamic capabilities. This, in turn, would empower DFs to adopt more business-oriented strategies for talent attraction and selection while ensuring that MNCs have access to suitable locally qualified talent.

Limitations and Future Research

The study has some limitations, creating opportunities for future research. First, although the study provides context-specific insights, its findings cannot be generalized to other contexts, highlighting the need for further research to explore other industries or settings. Second, in selecting participants, no attempt was made to balance the representation of local and expatriate workers. There is, therefore, room for future studies to ensure a more equal representation of local and expatriate talent.

Further, *wasta* emerged as a significant factor in the talent selection practices of DFs. These firms tended to favor internal talent identification and prioritized cultural alignment, which appeared to be linked to the practice of *wasta*. The pervasive influence of *wasta* warrants further investigation.

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Appendix A: Interview Questions

Part I: Interview questions for Managers

Interviewee Background

- ☐ Type of company:
- ☐ Work experience:
- ☐ Responsibility and job position:

Interview questions.

- Q1: What is your organisations' approach towards TM and the definition of TM?
- Q2: Describe briefly the effectiveness of TM practices and processes in your organisation?
- Q3: What are the key strategies that your organisation uses regarding its talent pool and how is the talent pool identified?
- Q4: Who is/are responsible for talent management practices in your organisation?
- Q5: What are the criteria for the assessment of talent being evaluated for their performance in your organisation?
- Q6: What are the key factors that influence process of talent recruitment in your organisation? What are the challenges faced during recruitment of these employees?
- Q7: In which way does your organisation evaluate workforce planning/succession planning activities?
- Q8: What internal and external factors influence talent attraction and selections practices within your organisation?
- Q9: What are the greatest challenges you/your organisation faces in implementing talent management practices.
- Q10: What do you think are the main factors that lead to the loss of talented staff in the context of your company? What does your company do about this? Please give examples.
- Q11: How is the effectiveness of talent attraction and selection monitored and evaluated in your organisation.
- Q12: Is there anything else you would like to say about the current talent attraction and selection practices in Saudi?

Part II: Interview questions for Talented Employees

Interviewee Background

1. Type of company:
2. Work experience:
3. Responsibility and job position in the organisation:

Employees' Perceptions of Talent Management Practices

1. What does talent management mean to you? What is your view of the current TMP in your organisation?
2. How were you chosen to take part in the organisational talent programme?
3. Are you assigned a fixed number of work-related targets or developmental goals that you need to accomplish at regular intervals? If yes, then elaborate on the process?
4. Do you have access to a coach or mentor to assist you with your development? If so, how do they help?
5. How does your organisation evaluate/give feedback to you regarding your development?
6. In your opinion, what are the advantages of being part of the talent programme?
7. How are your development and learning needs identified by your organisation?
8. How can existing talent management programs improved for more effective implementation of TM practices?

Appendix B: Secondary Data Sources

Domestic Firms

Organisation	Ministry of Human Resources and Social Development. (MHRD) reports	Company websites	(Field Notes)
DF 1	<i>the report showed that in Saudi Arabia has requested that we develop 12% of staff. However, the company coverage percentage last year was 20%, which is excellent when it comes to development, coverage percentage, and organizational outcomes. This comes from their belief that staff development can impact their result, and this can lead to positive results at the end of the day)</i>	<i>the organization relied on publicity, by updating their websites regularly and remaining connected to users through social media. This was intended to facilitate easier, faster, and more transparent communication between the recruitment team and potential employees.</i> <i>They 've revamped their website and social media aspect.</i> Page (221-239)	<i>TM was the responsibility of "senior management with the support of the line managers and the HR team. "</i> <i>It was observed that the firm, irrespective of their type, were highly engaged in filtering and selecting talented employees through various evaluation processes.</i> <i>Adopting effective TM practices can help the organisation to manage their talent effectively, thus ensuring that their objectives are achieved. It was considered that the inclusion of talented workers in an organisation implied that it was more likely to be able to achieve its organisational goals and sustain its competitiveness.</i>
DF 2	<i>As per the MHRD reports ensures that native employees have access to training so that Saudi nationals can overcome any gaps in their technical skills. This is the new norm as part of Saudization,</i>	<i>They used organizational publicity by updating their websites regularly and remaining connected through social media. This was intended to facilitate easier, faster, and more transparent communication between the recruitment team and potential employees.</i> <i>Global outreach to talented employees was also attained by this means.</i> Page (82-110)	<i>It is observed. (It is primarily to obtain better workplace relationships and increased productivity; TM was not practiced in a well-structured manner at workplace)</i>
DF 3	<i>Saudization forced company to become serious about talent management, especially employee development. Company is still struggling to attract and retain the right skilled employees in Saudi Arabia. Talent management requires a more serious approach because of the competitive advantage that it provides</i>	<i>One of the strategies for TM attraction includes the use of the company website to post experiences of their current employees and the Benefits they get for working on this organization under the career section.</i> (Page 310 -329)	<i>More emphasis on creating a comfortable work environment for talented employees.</i> <i>the creation of a harmonious work environment and enhanced level of job satisfaction. The majority of employees felt that the talent present in the organisation remains unutilised.</i>

Multinational Corporations

Organisation	Ministry of Human Resources and Social Development. (MHRD) reports	Company websites	(Field Notes)
MNC1	<i>They are doing really great when it comes to managing talent especially when all the initiatives are up from the government itself (as per the report their percentage of Saudization above 45% which showed how company retaining talented and attracting them as well.</i>	<i>Some of the programmers they had were the CIPD for HR, IFRS for finance, and ITIL for the ICT team. Also, ORAT and Lean Sigma for Operations and Quality staff, PMP for the Strategies and Project Management department... (We are focusing on the leadership programmed. This is internal and free; we call it the Management Development Programmed and it is used to promote people into supervisory and managerial posts.)</i> Page (101-131)	<i>It was observed that the retention period with a longer duration observed in the firm, ... positive affective reactions and employees were found to more committed, satisfied, motivated, engaged, and have a higher sense of well-being and trust, as was also observed in the employees at the workplace. The company offers talented employees competitive salaries, housing solutions, rich culture, and a healthy work environment, and overall the opportunity to enrol onto training courses fully paid for by the company to enhance talented employees' skills</i>
MNC 2	<i>A partnership with one of the greatest local universities has supplied the company with a good number of talented employees. From the Ministry of Labor and the markets, there is a new system in consolidation.</i>	<i>It was in its infancy until recent times, but due to nationalization, TM practices have become core deliverables of HR. A few changes to these plans mean that 20% of the top leaders in any organization must be nationals (i.e., only for Saudi citizens), for example in the HR department where only Saudi citizens are permitted to work. Mid managers are also to be nationals – a few industries are nationalised fully. All of this change highlights the urgent need to fast track the development of Saudi talent Page 201-232)</i>	<i>It is good to keep the employees in a healthy workplace, it is primarily to obtain better workplace relationships and increased productivity. they provide a physically comfortable and stimulating work environment and a friendly and sociable atmosphere</i>
MNC 3	<i>Attaining annual developmental goals. Also based on recommendations from MHRD report showed the company has highest number of talented employees, which it is recommended that firm establish appropriate long- and short-term strategies to address issues related to turnover</i>	<i>We identify, develop, and retain our capable and skilled employees in line with current and projected business objectives. In our company, we realise the importance of talent management and elements of human capital and human resources. So, we understand the importance of the talent management department in our company which briefs that learning is very important and they use learning to introduce the right capabilities Page (321-340)</i>	<i>It is important to note here that talent development in any organizations in Saudi market should have a multidimensional approach towards learning, roleplaying, and strategy stimulation, using them to generate new. Therefore, talent development programmers should target the high-potential talent exclusively to stimulate development of their competencies and passion for their work and to prepare them to meet the organization's future challenges</i>

Tables and Figures

Table 1: Characteristics of participating firms

Case	Sector	Years	Staffing	Type
DF1	Service, Infrastructure Development, Oil & Gas	50 < 100	3500 < 4000	Private
DF2	Architecture, Mechanical, Electrical & Plumbing Engineering, Construction Projects, Engineering IT consultancy	50 < 100	4000 < 4500	Private
DF3	Materials & Equipment Construction	100+	2500 < 3000	Private
MNC1	Construction, Commissioning, Downstream Engineering, Fabrication, Installation, Liquefied Natural Gas (LNG), Onshore, Offshore, Power, Procurement, Subsea Infrastructure, Technology, & Upstream	30 < 40	4000 < 4500	MNC branch
MNC2	Chemical Manufacturing	10 < 20	5000 < 5500	MNC
MNC3	Oil Field Services	10 < 20	3000 < 3500	MNC

Table 2: Overview of interviews

Case	Interviewee position/role	Years Experience	Interview Minutes	Language
DF101	Executive Manager	13	51	English & Arabic
DF102	HR Manager	5	49	English
DF103	Logistics Specialist	3	39	English
DF104	Project Engineer	5	35	English & Arabic
DF201	General Manager	14	65	English & Arabic
DF202	HR & development Manager	15	50	English & Arabic
DF203	Software IT	11	38	English
DF204	Design Engineer	9	43	English
DF301	Head of Organisation Development	14	61	English & Arabic
DF302	HR Specialist	8	59	English & Arabic
DF303	Auditor	5	42	English
DF304	Public Relations Administrator	8	39	English
MNC101	Country Manager	12	64	English
MNC102	Organisational Effectiveness Manager	3	59	English
MNC103	Engineer	4	42	English
MNC104	Marketing Procurement	9	39	English
MNC201	Director of MENA	6	65	English
MNC202	Talent Management & Development Manager	10	71	English
MNC203	Shift Engineer	7	41	English
MNC204	Project Engineer	5	43	English
MNC301	General Manager	4	58	English
MNC302	Talent Management Specialist,	8	68	English
MNC303	Manufacturing Engineering	7	37	English
MNC304	Mechanical Engineer	5	35	English

Table 3. Summary of similarities and differences between DFs and MNCs

Dimension/Theme	Similarities	Differences
Reconfiguration of procedures for strategic align - Attraction practices	A clear gap between organizational intentions and actual practices	Methods employed to attract talent
Reconfiguration of procedures for strategic alignment – Selection practices	<ul style="list-style-type: none"> - Adhering to specific steps during the selection process - Unstructured and subjective aspects - Awareness of the inadequacy of processes used 	<ul style="list-style-type: none"> - Balancing of short-term and long-term needs - Level of alignment between performance evaluations and organizational needs - Level of adequacy of selection assessment methods
Balanced approach to talent attraction and selection – Attraction practices	<ul style="list-style-type: none"> - Dealing with limited availability of talent in the country - Use of a combined strategy of attracting internal and external talent - Salary disparities between locals and expatriates 	- Geographical location constraints
Balanced approach to talent attraction and selection – Selection practices	<ul style="list-style-type: none"> - Compromise to accommodate Saudization - Conservative male-oriented workplaces - Salary disparities between locals and expatriates 	

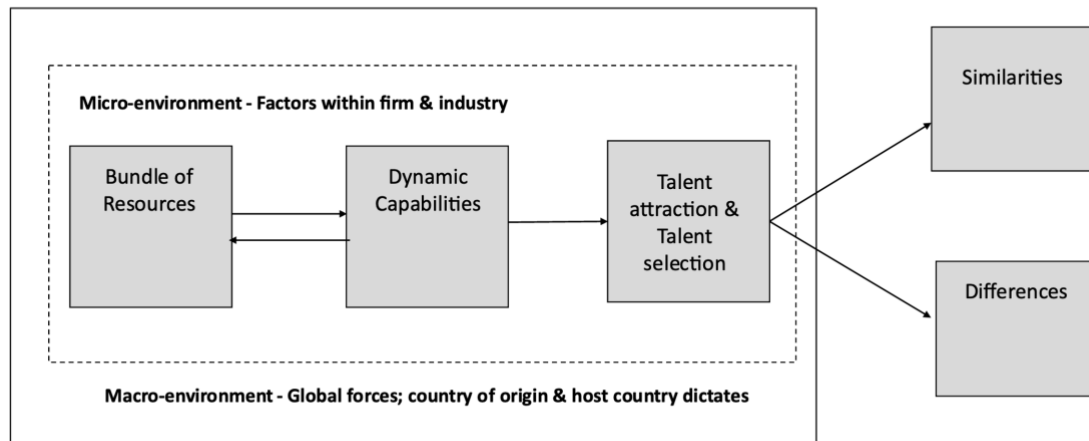


Figure 1. Talent attraction and selection conceptual framework.

Source: Own elaboration.

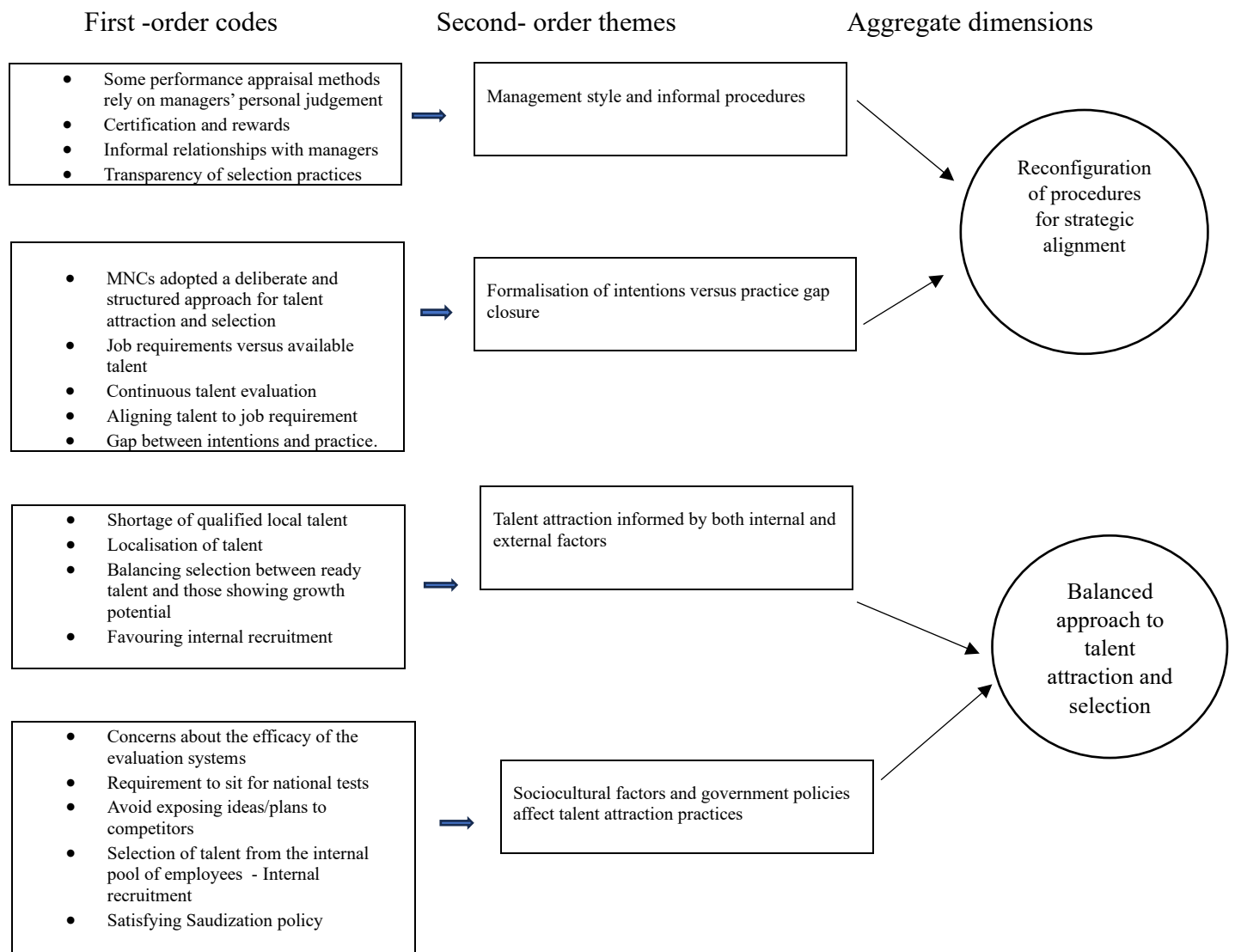


Figure 2: Data structure

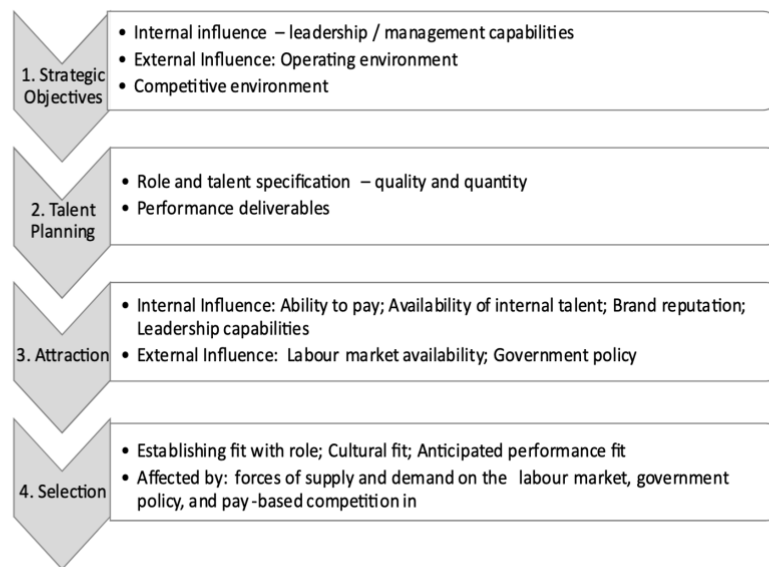


Figure 3. Talent attraction and selection process.



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