Executive Influence on Employee Training Effectiveness in Saudi SME Firms

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Abstract

Given the high youth population and unemployment rate in the Kingdom of Saudi Arabia (KSA), the government implemented policies to ensure that school leavers and graduates have the competencies necessary to replace the large expatriate workforce in the country. However, this policy has yet to create an impact on smaller firms, which are generally family-owned and lack the knowledge and resources for employee's needs. As in most emerging economies, small to medium enterprises (SMEs) form the bulk of the private sector in KSA, and the skilled workforce and quality management continues to constrain Saudi's capacity to generate growth and jobs. In addition, Saudi's private sector training has been characterised as inadequate, erratic, and expensive. This nexus between management apathy and ineffective training has led to the devaluation of training, further exacerbating the skills shortage in the country's workforce.

There is growing research interest in the twin policies of Saudisation and Nitaqat to replace high levels of foreign labour with qualified Saudis, especially in regards to improving the unskilled labour force for the SME. Whilst research concerning effective training of firms' employees is available, there are no studies documenting Saudi SME employers' involvement in training decisions. This research seeks to understand the factors that senior executives and owners consider in training and investigates the relationships between nature of training, management involvement, management motivation, training outcome, and firm performance in the Saudi context. This leads to the gap in the research considering how SME employers can influence their employees receiving effective training that would lead to improved firm performance

The study employed a survey to investigate the perceptions of both employers and employees from participating SMEs in Eastern Province. The study examined whether the factors such as nature of training, management involvement in training, and management motivation in training, had a positive influence on desired training outcome; consequently, resulting in improved firm performance.

Results of data analysis for employers and employees show that nature of training (NT) is not contributing to firm performance (FP), but both management motivation (MM) and management involvement (MI) are positively associated with FP. The findings show that although the constructs were related to firm performance, there was enhanced support when they are mediated through training outcome (TO). The research concludes that through active involvement in training activities and programs within the firm, executive can satisfy firm objectives and achieve their desired goals to improve performance in the industry sector.

Declaration

I, Salem Shiryan, declare that the thesis for Doctor of Business Administration entitled *Executive influence on employee training effectiveness in Saudi Arabian SME firms* is no more than 65,000 words in length including quotes and exclusive of tables, figures, appendices, bibliography, references and footnotes. This thesis contains no material that has been submitted previously, in whole or in part, for the award of any other academic degree or diploma. Except where otherwise indicated, this thesis is my own work.

Signature: _____

Date: _____

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In the name of Allah, the Most Gracious, the Most Merciful.

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List of Publications

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Contents

List of Tables

List of Figures

List of Abbreviations

CCI	Chambers of Commerce and Industry
CFA	Confirmatory Factor Analysis
EFA	Exploratory Factor Analysis
FP	Firm performance
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GFI	Goodness-of-fit index
ICT	Information and communications technology
JABR	Journal of Applied Business Research
KSA	Kingdom of Saudi Arabia
MI	Management involvement
MM	Management motivation
NT	Nature of training
SAGIA	Saudi Arabian General Investment Authority
SD	Standard deviation
SEM	Structural equation modelling
SME	Small to medium enterprises
TIMSS	Trends in Mathematical and Science Studies
TLI	Tucker-Lewis index
TO	Training outcome
TVET	Technical and Vocational Education and Training
VIF	Variance inflation factors

Chapter 1

Introduction

1.1 Introduction

The Kingdom of Saudi Arabia (KSA) is an emerging economy with an absolute monarchy. It has made a relatively recent entry into international forums, joining bodies such as the World Trade Organisation and the Group of 20. With its large oil reserves and pre-eminent position among Arab nations, the country boasts a vibrant economy and expanding international influence. There is, however, considerable pressure to diversify the economy and improve productivity to generate private sector jobs for its young population. The majority of workers in the Saudi private sector are expatriate skilled labour, and education outcomes for Saudis are not yet sufficiently aligned to employment to allow them to pursue careers in the competitive private sector.

To meet the challenge posed to Saudi jobseekers by imported labour, the government has long maintained a suite of policies under Saudisation, aimed at improving education outcomes, especially for girls (World Trade Organisation 2012). To meet shortcomings in the implementation of Saudisation, Nitaqat (standard) was introduced in 2011. Nitaqat stipulates that firms in different industries must have a certain number of Saudi citizens in their workforce. To this end, firms are provided with access to government incentives aimed at achieving the requisite level of local employment, and are penalised for failing to meet the requirements. Under Nitaqat, companies employ and train Saudis, and address knowledge transfer and succession planning, thus building careers for Saudi citizens (Wilson 2012). While substantial socio-economic issues exist that impede young Saudis' entry into the labour market, especially for women, training is one intervention that can be

implemented relatively easily by employers to assist Saudi recruits to acquire the requisite skills.

This study seeks to understand the influence of employers' decision making of training in improving the productivity and performance of employees in small to medium enterprises (SMEs) in KSA. This introductory chapter presents the outline of the thesis. It begins with a brief review of the context of the research, after which it explores the nature of the research problem; that is, the lack of coordinated effort between government authorities, employers and employees in replacing expatriate workers with skilled and experienced Saudi workers. The gap in the research is explored and the contribution to knowledge stated. The aims and the research methodology guiding this study follow, and then a summary of the chapters of the thesis concludes the chapter.

1.2 Context

While the country's oil and petrochemical industries have long been established, KSA remains a developing economy. This is due to its rapid growth and the nature of its population, 29 per cent of which is under the age of 15 years, with unemployment among Saudis under the age of 30 years estimated at about 30 per cent. Inadequate wages and substandard working conditions in the private sector, and a paucity of jobs in the public sector have led to this situation (Economist 2012). Although private sector jobs doubled between 2000 and 2010, the Saudi proportion of the private-sector workforce fell from 17 per cent in 2000 to just 10 per cent in 2010. This section briefly reviews the problem of skills shortages and the low participation of Saudis in the private sector.

Economy In 1970, the Saudi government began successive five-year plans to provide a framework for growth. The five-year plans in the early years concentrated on

accommodation, food, health and education for the rapidly expanding population. Growth was supported by oil and the government invested heavily in infrastructure and oil exploration to fund economic development. Due to its valuable oil resources, Saudi Arabia remains one of the fastest developing countries in the world (Ramady 2010). However, without government intervention, economic growth was not delivering jobs in the private sector to Saudi citizens. Much of Saudi Arabia's private sector needs are satisfied by low-cost labour from Africa, the Arab region and South Asia. Employers tend to prefer the flexibility of short-term contracts taken by these international workers, while international developers frequently supply their own labour.

Education Saudi students' preference for literature and humanistic studies is reflected in the fact that the majority of university degrees awarded are in these traditional subjects rather than in technical skills-based subjects. In 2005, the Ministry of Education launched Tatweer to reform its traditional approach to education. Tatweer uses international benchmarks such as Trends in Mathematical and Science Studies (TIMSS) to develop curricula and raise education standards. The poor performance of Saudi students in TIMSS and similar international comparisons indicates the inadequacy of their school education and technical literacy (Muammar 2011).

The Technical and Vocational Training Corporation (TVTC) is increasingly tasked with providing work-ready skills for job seekers and an alternate career path to academic professions. The aim of the TVTC is to liaise with employers to offer work-ready skills at three levels: vocational and industrial training (levels 2 & 3) and technical training (level 4). In 2006, the TVTC assumed responsibility for women's vocational training, although the physical institutions remain gender-segregated. The TVTC provides training for larger firms as well, and has partnerships with a range of domestic and international firms, which

assist in links to maintain standards (Technical and Vocational Training Corporation 2012).

Gender Traditionally, Saudi women were, and remain, primarily homemakers and mothers. There are gender-related legal and social restraints on women's movements and actions outside their homes, a subject of lifestyle and economic changes that has received considerable research over the years (Hutchings, Metcalfe & Cooper 2010). All Saudi children have had the legal right of universal access to education since the 1980s (Danish & Smith 2012). Although there are now more tertiary educated women than men, women's participation in the country's labour force is at alarmingly low levels, with very few tertiary educated women involved in full-time employment (Davies 2012).

Saudisation and Nitaqat Saudisation, or replacement of skilled foreign labour, with Saudis has been a goal of the authorities since the launch of the first five-year plan in 1970. However, as graduating Saudis were required for public service, it was not until the late twentieth century that the government actively enforced the long-ignored restrictions on the booming private sector by reducing the number of imported labour licences available, enforcing national quotas of 15–30 per cent on some industries and job categories, notably finance. In 2011, the authorities launched a formal policy of Saudisation called Nitaqat whereby firms are issued with green, yellow and red labels, depicting the firm's level of compliance with the policy of hiring nationals (Al-Dosary & Rahman 2009; Randeree 2012). Through Nitaqat, the government is addressing the financial issues, the tendency for Saudis to quit their private sector jobs in favour of the public sector, and the provision of basic workplace training, including in the English language, competencies such as computer skills, and instilling a work ethic (Randeree 2012).

Saudi employees associate private sector work with inadequate remuneration, poor working conditions and a lack of respect and status. Saudis prefer the better working conditions, job security and social prestige associated with public service. This complex socio-economic context related to the job preferences of Saudi citizens has hindered their participation in the private sector, leading to the failure of the Saudisation policy in the private sector. As the rapid growth in the private sector has led to immediate demands for labour force, increased levels of international workers to meet those targets have neutralised the gains made by the Saudisation policy.

Small to medium-sized enterprises Saudi Arabia's economy is characterised by a feature shared by many other countries in the world: smaller firms contribute the majority of jobs, and are considered significant producers of job growth. As there are various definitions for the sector, this study adopts the Ministry of Finance's guideline that defines the SME sector as comprising companies whose annual sales do not exceed SR30m (Kingdom of Saudi Arabia 2011).

The 2010–2014 plan for economic development focuses on smaller employers (Ministry of Economy and Planning, 2011). The firms are encouraged through incentives and loans to increase their spending on research and development, reduce dependence on expatriate labour, invest in the new economic cities and increase women's participation in the labour market. There are also structural issues of financing and growth. As just 2 per cent of the banks' total lending is directed towards SMEs, the Saudi government has raised the guarantee for such loans to 80 per cent and the maximum limit of total guarantees to SR10m. Further, a SME authority has been established to coordinate the sector and develop regulatory frameworks to encourage SME development and growth. This was introduced to counter the effects of state-financed megaprojects, which are awarded to

corporate contractors and developers, and which tend to restrict the benefit to SMEs, thus constraining SMEs' ability to generate new jobs for Saudis. The development of feasible policies is seen as crucial to stimulating growth in the SME sector to remedy the job situation (Kingdom of Saudi Arabia 2011).

As executive direction is crucial in influencing employee attitude, this study focuses on executive involvement with training programs. A critical factor in training effectiveness is executive management support, which can have a 'pivotal effect' on the success or failure of a training program (Barba Navaretti et al. 2010). Researchers have found that firms with executive management commitment to training, including monitoring, funding and planning, produce high quality products. Ahire and O'Shaughnessy (1998) note that 'commitment of top management has been cited as one of the most important factors impacting the success potential of TQM in a firm' (p. 6). Commitment to change by the firms' leaders will influence the behaviour of their subordinates. In a comparative study examining transfer of learning at the management level, Lim et al. (2007) asked participants that attended a course whether they intended to transfer their training to their work. Those who attended the course on their own initiative believed the course would be beneficial to them, and the greater proportion of participants had had pre-course discussions with their supervisor regarding the training. Supervisor approval was found to be instrumental in the implementation of skills acquired from these training courses. The management style and attitude of the trainee's supervisor were an important factor in management training transfer. There is a particular need for employers of SMEs to engage with employees in reaching the firm's objectives. Where firms' have less structure, with perhaps fewer quality benchmarks for training, employee performance levels may be negatively affected (Mazzarol 2003). Mazzarol (2003) and Zheng et al. (2007) note that

managers improve communication by being involved in training programs, through which they can monitor performance and encourage change in workplace practices.

1.3 Problem statement

The problem statement of this research concerns employers' training decisions and revolves around the lack of job competencies and work-readiness among Saudi youth. The Saudi education system is not yet producing school leavers and graduates with skills that are aligned to the type of labour force needed in the Saudi market, although this is slowly changing. Until 2011, small to medium-sized firms, which generate the majority of job places in KSA, had easy access to cheap foreign labour from neighbouring Arab countries and South Asia. Thus, there was no pressure for firms to employ Saudi youth, who were perceived as lacking the skills and enthusiasm for competitive private sector jobs. Saudi workers also demand better working conditions and remuneration than do foreign workers, which makes them less attractive for recruitment.

While corporations commonly have staff development policies and structures by which employers can improve staff skills, this is not as evident in smaller firms, which may have older owners unconvinced of the necessity of employee training. Further, the practice of *wasta* (nepotism) in gaining employment precludes appointment on merit or qualifications (Al-Rasheed 2002). Thus, Saudi SMEs are characterised by inadequate management skills, high staff turnover and little communication between staff and executive (Achoui 2009; Al-Zahrani 2012; Baldwin-Edwards 2011).

To address organisational training needs, firms may use on-the-job training through supervisors, team members or human resource management sources; or off-site skills, such as training in English fluency, task competency and customer service. While job generation

is not an issue for the Saudi government, a Saudi Gazette editorial (14 May 2012) suggests that in view of the widespread skills shortages, the government should consider centralised training in partnership with service providers to address the lack of workplace awareness of school leavers and graduates. Skills-based bridging courses for those finishing formal education could introduce them to the working environment. Such courses could also assist the long-term unemployed into work situations (AlMunajed 2012).

The Arab business environment is different from those of mature economies. However, Arab management training is generally based on global approaches that emerged from the United Kingdom and United States in the twentieth century. Consequently, business practices, including training courses, tend to be adopted with little attention to the trainees' ability to comprehend embedded norms, such as illustrations and stories. Trainer assumptions regarding pre-training standards of skills, knowledge and comprehension are also embedded in these approaches. Saudi Arabia is a collectivist society in which status and age are respected and personal relationships are highly regarded. In this environment, Saudi workers find it difficult to associate with a firm's stated values or aspirations as presented in their training, preferring instead the immediacy of a supervisor or employer in guiding their actions towards the required goals (Al-Rasheed 2002; Hofstede, Hofstede & Minkov 2010). Ali (2009) claims that this form of practical management is useful in motivating Saudi Arabian employees.

1.4 Aims and objectives

To define concepts for the purposes of this research, Hart and Waisman (2005) suggest that the concept of management training comprises the transfer of skills to plan, organise and lead staff to attain organisational goals. With goals, systems and resources in place, the priority is to direct the organisation's human resources successfully towards sustainability

and profit. ‘Training effectiveness’ is defined by factors such as consensus between training participants and their executive management, improved communication and teamwork, and greater commitment to organisational goals (Poon & Othman 2000).

The aim of this research is to understand employers’ training decisions and explore the acquisition of organisational skills and the means by which staff use such training for their own purposes and those of the firm. To respond to the research problem, the objectives are to establish the linkages between the training resources, and the personal and organisational outcomes from the training. Therefore, the variables selected are type of training (that is, training forms and practices); management involvement in the training relating to resources, planning and selection of training; and management motivation (that is, managements’ various views regarding the importance of training). The training’s effects on skills levels and other short-term effects form the variable trainee outcomes, while firm performance constitutes the longer-term consequences of organisational training for the firm. Three hypotheses are derived from the independent, dependent and mediating variables.

1.5 Gap in the research

To address its growing unemployment and labour participation issues, the Saudi government employs substantial technical and vocational resources under its Nitaqat policy to engage youth and address their skills’ shortages (Achoui 2009; Al-Dosary & Rahman 2009) with some attention on SMEs’ (Al-Saleh 2012) technical and vocational training (Baqadir, Patrick & Burns 2011) and Saudisation (Hassan 2012).

The TVTC engages employers with vocational training and is making strategic plans to enhance cooperation with national employers. Engagement of employers in education

involves training, developing courses and work placements (British Council n.d.). The World Economic Forum (2011) acknowledged the role of large employers in driving job creation in Arab countries, but there is little reference in the literature to employee training in Saudi Arabia, other than through human relations management in business publications and mention of training in a study of Total Quality Management in Saudi sports clubs (Hegazy 2012). A possible exception to this could be a study by Eabrasu and Al Ariss (2012) who undertook a literature survey on the concept in relation to the Saudi context. However, their study does not focus on SMEs. This study addresses this gap in the literature to focus on the benefits of employee training in Saudi SMEs to meet goals associated with Saudisation. Little attention has been paid by researchers to employer involvement in such training.

This research concerns employee training in selected SMEs in Saudi Arabia, defined as firms providing manufacturing-related services with annual sales revenue not greater than Saudi Arabian Riyals (SAR) 30 million (1USD equivalent 3.75SAR) (Saudi Industrial Property Authority 2012). Although Saudi SMEs comprise some 55 per cent of all national industry by Gross Domestic Product (GDP), researchers have rarely focused on the needs of smaller firms, in particular their capacity to absorb significant numbers of school leavers and graduates. To meet the gap in the research, this study investigates the organisational training issues that SMEs encounter when hiring and retaining qualified and experienced nationals.

1.6 Contribution to knowledge and statement of significance

The purpose of this study is to explore executive influence on employee training in Saudi Arabian small to medium firms. The study explores employee training, employee engagement and transfer of English-speaking organisational concepts to small businesses

in an Arab cultural environment. The contribution to knowledge of this study is in its approach to employee training through the intervention of the employer and the influence of the training components on trainee outcomes and firm performance. Recently, Shafloot (2012) and Kattuah (2013) noted difficulties establishing relationships between training in the private sector in Saudi Arabia and short-term effects both with employee performance, and between training outcomes and firm performance. These researchers recommend that further studies should take place in the field. Further, the study sets these research aims within the conservative and highly regulated workplace environment of Saudi Arabia.

There are large numbers of family-owned firms in Saudi Arabia, and past research has identified the challenges and tensions in their future control and development (Oukil & Al-Khalifah 2012). Contemporary practices in organisational management are yet to be adopted by traditionalist Saudi SMEs, which impedes the training of their workers and their embracing of a higher work ethic. Kemelgor and Meek (2008) state that retention of key employees is a prime issue for all SMEs, yet it remains understudied in both the human resource and entrepreneurship literature. In the case of smaller firms, entrepreneurial theory applies where management practices change as the firm grows from small to medium-size (Freiling 2007). Further, Buckley and Caple (2010) consider the theory of management training in context, concluding that executive management is a key factor in successful outcomes.

The statement of significance relates to the discovery of knowledge that could assist the authorities in the administration of Nitaqat, which is staged over some years. As this research occurred at the start of Nitaqat, findings could direct attention to issues or benefits emerging and these could form the basis of recommendations to assist in increasing youth participation, particularly as regards the very low female participation rate.

1.7 Research methodology

A survey method was selected for this research as a means to collect data (Bryman & Bell 2007). The data necessary to answer the research problem concerned SME employers' attitudes towards employees' training, the forms of training they used, and the subsequent outcomes for trainees' skills and productivity in the short term, and firm performance in the long term. Two separate questionnaires based on the variables were adapted: one for employers in smaller Saudi firms, to capture data on the training strategies used in these firms; and the other for their employees, to collect their training experiences and their views on the benefits derived from such learning. Questions were sourced from the literature and adapted to meet the research objectives (Collis & Hussey 2009).

The population selected was SMEs in Saudi Arabia. However, if comprehensive government records exist detailing the SMEs in KSA, they were not available to the public. Given the time and resources available, the Eastern Province chapter of the Saudi Chambers of Commerce and Industry (CCI) database was selected, as it allowed public access to its membership contact lists.

As these Eastern Province firms were a proxy for the Saudi business sector, a convenient survey of Saudi SMEs was undertaken, sending 200 employer and 300 employee questionnaires to firms selected conveniently from the data base (Cavana, Delahaye & Sekaran 2001). To establish the nature of the relationships between training outcomes and firm performance, regression analysis was employed to test the hypothesised relationship among the variables in the model.

1.8 Outline of the study

The thesis comprises eight chapters, including this first chapter, which serves as an introduction. Chapter 2 provides the context for the study. It gives an overview of the general social and economic environment of KSA. This is followed by a discussion of the issues faced by small to medium-sized firms in improving their performance. It also contains a discussion of Islamic management theories and their relation to the training needs of Saudi SMEs. Chapter 3 is the literature review of the thesis and includes a discussion of the theory and practice of training. The interrelationships between the various concepts used in this thesis are shown by a conceptual model and associated hypotheses are derived for empirical testing.

Chapter 4 is concerned with the research methodology, while Chapters 5 and 6 present the findings of the statistical analysis of the data collected from the employees and employers, respectively. Both chapters explain the results of the statistical data analysis and employer influence in training. The hypotheses testing and the findings assist in understanding the influence of business employers on employee training in smaller Saudi enterprises.

Chapter 7 discusses the findings of the research and draws conclusions from the results of the study. Chapter 8 discusses the conclusions and contains recommendations that may assist the authorities in improving Saudi's skills in the workplace. The limitations of the research are also presented in this chapter, together with an indication of directions for future research.

Chapter 2

Study Context: Kingdom of Saudi Arabia

2.1 Introduction

Although KSA has been experiencing substantial economic growth over the past few decades, its traditionalist society is adapting slowly to global practices in business, especially the older generations who are also the main decision-makers. From the restructuring of its society and polity to become a modern nation in the early 1970s, the Kingdom has effectively reached the status of a developed economy in four decades. This chapter gives an overview of Saudi Arabia: its history, society, religion and demographic profile. It also provides a brief overview of the government's policies and actions to provide the physical and social infrastructure for its (now) 28 million inhabitants. The constitutional and economic history of the country is presented to establish a background for this research. The discussion culminates in the recent emphasis on Saudisation, which addresses how structural change may better align with the social and economic aim of enabling a new generation of Saudis to enter the country's workforce.

2.2 Background

Islam's heartland is Saudi Arabia, where the Prophet Mohammed lived and died and thus where the Qur'an, which provides the Constitution for Saudi Arabia, was written in the Arabic language. The Arabic language and Islam exercise a profound influence on the traditions and society of Saudi Arabia. This section describes these characteristics of the Kingdom and the influence of its socio-historic background on its business environment.

2.2.1 Geography

As the largest country on the Arabian Peninsula, KSA occupies 2.19 million km^2, over a quarter the size of Australia. The country of some 28 million people is divided into 13 regions, each of which has local administration responsibilities: Riyadh, Makkah, Jizan, Asir, Eastern Region, Qassim, Hail, Madinah, Al-baha, Northern Border, Tabuk, Naijran and Al-Hafof (Central Department of Statistics, n.d.). The main cities of each province, including the capital city of Riyadh, are shown on the map in the figure given below (Kingdom of Saudi Arabia 2011).

Source: Kingdom of Saudi Arabia, 2011

Figure 2.1 Map of Saudi Arabia

The territorial boundaries of Saudi Arabia extend from the Red Sea to the west, Jordan and Iraq to the north, and the Gulf Cooperation Council (GCC) countries of Kuwait, Bahrain, Qatar, United Arab Emirates and Oman to the east. Yemen is located at the coastline after

Oman and completes Saudi Arabia's 4,431 km border. The land in Saudi Arabia is primarily covered with deserts, although there are some areas with grasslands and mountain ranges. There are no freshwater lakes or rivers, but there are substantial ancient water aquifers, which were depleted with irrigation in the late twentieth century. The country has extreme weather conditions, as temperatures reach 50^{o}C in summer and drop down to freezing levels in winter in the north and central parts of the country (Kingdom of Saudi Arabia 2011).

2.2.2 Historical influences

Saudi Arabia is the homeland of Islam. The Prophet Mohammed, a native of Makkah, founded the basic tenets of Islam around 610CE. Less than 100 years later, Islam reached Spain to the west, and India and parts of China to the east. As Makkah became a place of pilgrimage for Muslims across the world, the city became a business hub for accommodation providers and traders supplying goods and services. Thus, the modern concept of small business has flourished in the region over the millennia (Al-Rasheed 2002).

Located in a strategic position between the Nile River valley, Mesopotamia and the Mediterranean, the Arabian Peninsula provides a land connection between the East and West. Although the peninsula itself is a sparsely occupied desert, a complex network of trade routes was developed to support the trade and transport of commodities. These included almonds from Taif, dates from the many oases, and aromatics such as frankincense and myrrh from the Tihama plain. Sea trade included Indian spices brought by dhows (trading ships) along the east coast and then transported by caravan across the peninsula, after which the trade items made their way to Egypt, Venice and beyond (Kingdom of Saudi Arabia 2012).

Over the centuries, many emirates have occupied parts of the peninsula, including Al-Saud based in Riyadh, and the Al-Rashid tribe from Ha'il to the north, which later occupied Riyadh in the late nineteenth century. Abdulaziz Al-Saud recaptured Riyadh in 1902 and united the remainder of Saudi Arabia, and on 23 September 1932, KSA was proclaimed an Islamic state with Shari'a law and the Holy Quran as its constitution (Al-Rasheed 2002).

After his long campaign, Abdulaziz was initially without funds and dependent on the goodwill of traders and small businesses around Jeddah, the entry point of the hajj, and Makkah. However, in 1938, oil was discovered by American prospectors near Dammam, the port for Riyadh. Following World War 2, infrastructure was developed and oil rents began to flow. After oil production was established and stabilised, the successive Saudi kings turned their attention to social infrastructure and by 1970 were embarking on structured economic planning to attain their goals of providing for the Islamic state (Al-Rasheed 2002).

2.2.3 Government

KSA remains an absolute monarchy, and in 2005, King Abdullah Bin Abdulaziz gained the throne as one of the last remaining sons of Abdulaziz. The Majlis Ash Shura (Consultative Council) advises the King, who is also Prime Minister. The Majlis is now composed of 150 prominent members of Saudi business, social and religious life. The Shura Council's function is to assess, interpret and modify the Kingdom's system of laws, by-laws, contracts and international agreements. There are two legal systems, secular and Shari'a law, although Shari'a predominates. The legal system is lengthy and often inconclusive (Al-Rasheed 2002).

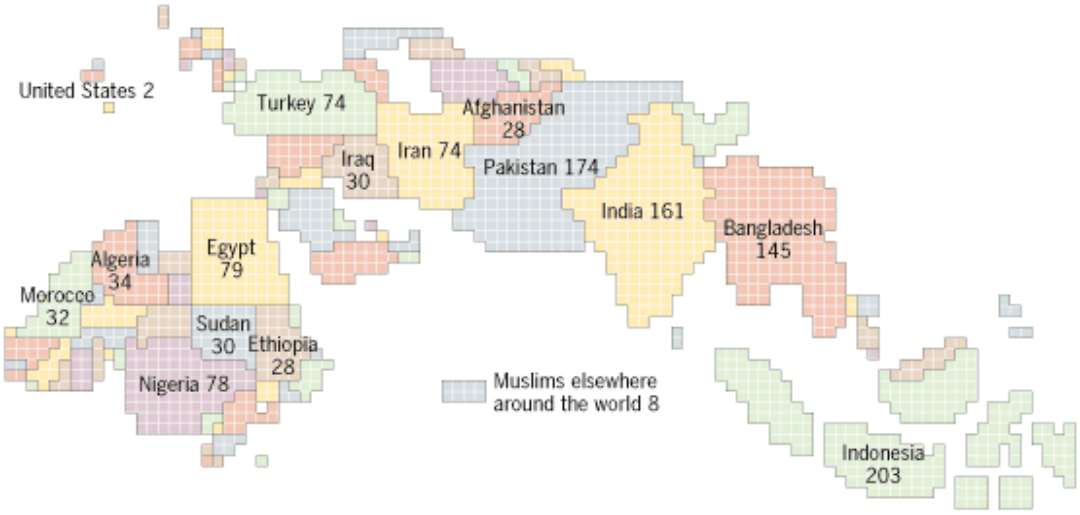
The Council of Ministers dates from 1953; it advises on government policy and directs the activities of the public sector. The council consists of the King as Prime Minister, the deputy Prime Minister and 20 ministers. Legislations are passed by resolution of the Council, ratified by the Consultative Majlis Al-Shura and royal decree, and must be compatible with Shari'a. The administrative regions are each governed by an Emir appointed by the King, and the Emir is in turn assisted by a provincial council of senior public servants and a 10-member municipal council of prominent citizens who are appointed to four-year, renewable terms (Al-Rasheed 2002). In 2005, elections were held for half the members of the 258 councils, the only public poll for males ever held by the Saudis. However, the councils have little power and half the seats are appointed by the government. A further election, again without the women's vote, was held in 2011, but there was little public interest for the election. Women may vote in the next elections, scheduled for 2015 (Aljazeera 2011).

With regard to this research, the authorities of interest are the Ministry of Education, Ministry of Commerce and Business, and Ministry of Labour. The Minister of Education administers all school education in the Kingdom and, since the genders are separated, incorporates the General Presidency for Girls' Education. The genders follow a common curriculum until they finish intermediate school at age 15 years (grade 9). They may then stay in the school system or move into technical or vocational training in designated institutions of the TVTC (2012), as described in Section 2.4. The Ministry of Commerce and Business advocates for sustainable economic development, and the Ministry of Labour is responsible for employment matters. The TVTC is a standalone organisation that administers workplace training in partnership with technical colleges and private sector corporations, although it intercedes with the relevant Ministries, and the Central Department of Statistics and Information gathers data on the Kingdom, although data are

gathered from different databases and may lack coordination (Kingdom of Saudi Arabia 2012). The Training Corporation has also achieved a significant position under Nitaqat, as it is a mediator between the school system and employers, especially smaller firms.

2.2.4 Society

Society on the Arabian Peninsula is highly regulated, due to its conservative social norms and the continuing regional instability on its northern borders and, to a certain extent, with its neighbours across the Red Sea. All Saudi citizens are Muslim and those few immigrants obtaining Saudi citizenship must comply with Islam. The Qur'an and its supplements (including hadith, associated with the Prophet) guide all social activity, including commerce and gender relations. Saudi Arabia has extremely porous land borders due to the trade routes criss-crossing the region and the nomadic tribes that continue to travel across the borders of the GCC countries (Wynbrandt 2010). Apart from the logistics of international trade, Islam also contributes to trade. One of the tenets of Islam is that every able-bodied Muslim should take a religious pilgrimage, the 5-day hajj, once or more in their lifetimes (Wynbrandt 2010). With the two Holy Cities of Makkah and Al Madinah based in Saudi Arabia, religious tourism from Muslims across the world is intrinsically linked with trade. The number of hajj pilgrims is expected to increase from 1.6 billion Muslims globally in 2010 to 2.2 billion in 2030 (Pew Centre 2011).



* Numbers to nearest million, Source: Pew Research Centre 2009

Figure 2.2 Indicative Muslim population concentrations

The number of visitors during the hajj is carefully governed to manage these millions of visitors and the government sees religious tourism as an area of high potential for small business development and diversification of the economy by developing other inland travel destinations and infrastructure for hospitality. Religious tourism is expected to account for a considerable increase in job generation in Makkah province, and there is opportunity to explore expansion of tourism at ancient sites across the peninsula, such as at the World Heritage site of Al-Hijr (Hegra) of the Nabataeans of Petra in Jordan (Royal Embassy of Saudi Arabia 2012, United Nations Educational, Scientific and Cultural Organisation 2012). The Central Department of Statistics and Information (2011) records that 2.3m people (1.5m non-Saudis) attended the hajj in 2005, and 2.8m (1.8m non-Saudis) in 2010. These figures are dwarfed by those undertaking umrah, a personal pilgrimage, at other times during the year. In 2012, 5 million visas were granted as facilities improved at both the Grand Mosque and the Prophet's Mosque (Al-Madinah) to accommodate growing numbers of pilgrims, and more than 7 million people visited the holy sites. Derhally (6 January 2013) reports that the country earned $US16.5b from religious tourism in 2012 and tourism employs 8 per cent of the labour force. Hajj numbers are set to rise as space is

prepared at holy sites, and appropriate accommodation comes on stream, such as the 858-room Makkah Clock Royal Tower. New high-speed rail is also being built to ferry pilgrims on their pilgrimage to the Prophet's Mosque at Al-Madinah, some 460km to the north. After the hajj, pilgrims may stay in Jeddah with their families to enjoy the long seafront and many resorts.

2.3 Economy

This section provides an overview of the social, physical and economic environment in Saudi Arabia for small business, and offers a glimpse of the government's policies to provide for its citizens.

2.3.1 Private sector

Saudi Arabia shares global economic uncertainty to a degree. However, the private sector is characterised by low productivity and an inability to innovate, both of which are critical to firm performance. There is a distinct division in the private sector in the country, with one part dominated by large family and international corporations mainly engaged in infrastructure projects, and the other part comprising traditional small businesses involved in minor manufacturing, retail and other services. These two business sectors are not only distinguishable by the size of their business, but also by the speed of their expansion and development, with the large private business concerns reaping the benefits of economic growth and small businesses lagging behind. In all, there were over 800,000 Saudi businesses in 2010, 16 per cent (127,000) of which were in Eastern Province (Central Department of Statistics and Information 2013).

Table 2.1 National and Eastern Province firms, by size

Firm size	National 2010	Per cent	Eastern Province 2010	Per cent
Small <5	677,390	84	102,985	81
Medium 5–19	108,017	13	19,722	15
Large >20	20,970	3	4637	4
Total	806,377	100	127,344	100

Source: Central Department of Statistics and Information 2013

Tourism is an industry in which the government hopes to bridge the gap in this two-speed economy characterising the private sector. The ninth development plan (2010–2014) addresses private sector diversification, including in SMEs, to keep up with the changes in information and communications technology (ICT) and the economic, social and cultural impact of globalisation. The definition of SME by the Ministry of Finance is a firm whose annual sales do not exceed SR30m (1USD equivalent 3.75SAR), and which may have any number of employees (Saudi Industrial Property Authority 2012). In a Saudi Gazette (2012) report on an SME conference in Riyadh, the director (Richard Banks) points out that despite a robust economy, SMEs have a number of challenges:

- Access to liquidity through low bank lending; the volume of loans by Saudi banks to the SME sector is less than 4 per cent of the GDP and represents 2 per cent of total loans
- Absence of a regulatory environment that would allow registering of guarantees
- Absence of financial statements, skilled manpower and shortage of data on markets
- Not considered for very large projects and contractors do not source their resources locally.

These points are supported by the Director of the Financing Guarantee Program (Hammoudah 2011), who adds that SME employers are not cognisant of bureaucratic

procedures and frequently have difficulties with various permits. Further, they lack experience in managing a business and facing problems, especially in pricing and customer preference for imported goods, all of which add to the high risk of SMEs in the country. The sector shares similar issues with similar sized enterprises elsewhere; for example, all SMEs are subject to owner enthusiasm for the initiative, lack of awareness or patience with procedure, and undercapitalisation. Similar to other economies, the owners tend towards multi-skilling to operate their businesses, as core competencies in accounting and marketing are not available. Due to low profits and high costs, there is little funding available for private institute training.

The *kaflah* lending program, established in 2006, is directed to any firm with a turnover of less than SR30m per year. Of interest to this study, the government-lending agency collaborated with the CCI in 2011 to train SME employers and employees in preparing applications for loans under the scheme. Almost 25 per cent of the trainees in this conference were women, which is an encouraging sign in a country with an extremely low rate of female participation (Hammoudah 2011).

Small to medium-sized businesses in Saudi Arabia account for over 92 per cent of all registered businesses, although they contribute less than a third of GDP (Al-Saleh 2012). In the Eastern Province, referring to Table 2.1, non-corporate firms are at 96 per cent, or 122,707 of the 127,344 enterprises in the province (Central Department of Statistics and Information 2013). Al-Saleh and Hammoudah (2011) highlight issues experienced with the bureaucracy by SMEs, claiming that business owners have little patience with form-filling and other formal procedures. Further, Al-Saleh notes that prospective retailers tend to set up shop in areas where there are existing businesses dealing with similar goods and retailers charging prices that are not calculated on profit margins but reflect actual costs.

Both these business practices stymie the competitiveness and profitability of the Saudi business environment. Al-Saleh also claims that employee training at institutes is avoided due to the high cost, which can reach $US3000 for a short planning or accounting course. This view is supported by Achoui (2009), who states that competency skills for SMEs in KSA are not supported structurally or functionally.

2.3.2 Economic development

The Saudi economy is largely dependent on oil from the Eastern Province. Eighty per cent of the budget is derived from oil revenues, so the economy is susceptible to global fluctuations in oil price. The recent global financial crisis slowed the local economy, although solid reserves built up since the oil price shocks of the 1970s and 1980s allowed the country to escape the worst of the downturn. With the maturation of the economy and the growth in experience in management of the country's resources, the government has realised the importance of economic reforms to keep in step with the demands of changing times. As Ramady (2010) notes, over the decades, the government's perception of economic reform has changed from a luxury to be pursued in good times to a 'strategic necessity driven by globalization pressures and a willing political choice' (p. xv). Ramady (2010) adds that the priority of economic restructuring lies in the rapid diversification of the economy along with providing jobs for the young educated workforce and ensuring that the range of reforms are acceptable to the population.

Saudi Arabia invites foreign investment into the country and was ranked twelfth in 2012 among 183 countries in the world for ease of doing business. However, while the majority of indicators placed the country in the top 20 for starting a business, it was placed very low for getting credit (48), resolving insolvency (73) and enforcing contracts (143) (Doing Business 2012). Some of these problems can be attributed to restrictions stemming from

Shari'a law, whose effect even extends to secular courts deciding corporate matters. In fact, the moral injunctions of Shari'a law on problematic issues like enforcing contracts may outweigh a secular legal decision (Ramady 2010).

The Kingdom is developing four new economic cities to expand the urbanisation of the country and to meet the demands of its young population. The Saudi Arabian General Investment Authority (SAGIA) (2012) has committed $US60b to build these cities, which are expected to be home to 5 million people. The largest of these, King Abdullah Economic City, is located north of Jeddah. It is planned to extend over 17,000ha at a cost of $US27b, and will provide accommodation for 2 million people and jobs for 1 million. The infrastructure includes a seaport, industrial zone, education, health and retail. This city will focus on high-end plastics manufactured in the planned Plastics Valley for automotive, biomedical, construction and food packaging applications (SAGIA 2012).

The second city, Prince Abdul Aziz bin Mousaed City, which spreads across 16,000ha, was built at a cost of $US8b, and is located in the north central province of Ha'il. It has access to historical trade routes and the region's agriculture and minerals. It will act as an inland port, with a new international airport and rail serving 5m passengers and 1.5m tonnes of freight annually. Expanded transport links will connect the city west to Al-Madinah and through to Jeddah, and north to Jordan and Iraq (SAGIA 2012).

Knowledge Economic City is being built as an alternative business centre to Al-Madinah, with a land area of some 480 ha at a cost of $US7b. It will support the research and learning required by the expansion of the private sector. It provides a cultural, leisure and accommodation centre and plans to generate 20,000 new jobs for its 150,000 residents. The final city, Jazzan, is being planned at $US27b and 10,000ha. It is located in the far south of

the country on the Red Sea. This will be an important seaport for bulk commodities and heavy industry, accommodating 300,000 people and providing 100,000 jobs.

Originally, six economic cities were planned, but this was reduced to four due to the economic crisis. All cities aim to provide superior lifestyles for their residents and opportunities for business investment (SAGIA 2012). According to Ouroussoff (2010), these planned cities are not intended to be integrated with their traditional neighbours. The religious focus, so prominent in the rest of the country, will be muted here as the aim of these cities will be to provide secure oases of modernity in the traditionalist social environment. Their intention is to introduce social change and economic flexibility to the country with the long-term aim to replace its over-dependence on oil revenues.

2.3.3 Labour force

Statistics for the Kingdom are notoriously difficult to gather, verify or date. According to the Central Department of Statistics (2012), there was an annual total population increase of 2.2 per cent in 2010, while the World Factbook (2012) estimated a lower growth rate of 1.5 per cent. Further disparities in data can be found regarding the demographic makeup of the population. While the proportion of Saudis below 15 years of age was placed at 37.2 per cent in 2007 by the Central Department of Statistics (2012), the World Factbook (2012) cites this figure at 29 per cent.

The total labour force for the Kingdom for 2009 stood at 8.6m, of which 4.3m (or 50% of the total) were Saudis (Central Department of Statistics 2012). In 2012, the World Factbook estimated the workforce to be about 7.6m, with 80 per cent being foreign employees. It should be noted that Saudis prefer to work in the public sector (Randeree 2012). Baldwin-Edwards (2011) states that, in 2006, about 40 per cent of all workers were in the public sector, with foreigners comprising only 5 per cent of that total. Eighty per

cent of foreign workers were employed in the private sector. Eabrasu and Al Ariss (2012) report that an estimated 95 per cent of the labour force for the small to medium enterprise sector were made up of foreign workers. Despite the lack of clarity in statistics, it is evident that the Kingdom is a nation of young people who require training and experience to find work and reduce the 10.9 per cent unemployment rate for males (World Factbook 2012). The Saudi labour force participation rate rose solidly from November 2011, when hafiz, a policy initiative, allowed a year's unemployment benefits to Saudi citizens signing up for work. Reuters estimated that one million Saudis were accessing the benefit in May 2012 (Al-Zahrani 2012). The Central Bureau of Statistics and Information (2013) estimated there were 1,805,000 people in the labour force in the Eastern Province in 2012, 57 per cent of the total working population.

The skills shortage in Saudi Arabia is endemic and results from a collective acceptance of this situation from the mid-twentieth century until only a decade ago, when the government restructured its education system (Al-Rasheedi 2012). This effectively denied training to school leavers and graduates until the recent Nitaqat reform. Further, graduates and school leavers shun the private industry and prefer to wait as unemployed for the security and working conditions of the public sector (Randeree 2012). This preference was made clear in August 2012, when the chief economist for the National Commercial Bank of Saudi Arabia, Dr J Kotilane, reported that in 2011, nationals held 919,108 positions in the public sector (92 per cent of total public sector employment) and 724, 655 private sector positions (a mere 10.4 per cent of total private sector employment), with large numbers of this latter group being construction workers (Saudi Gazette, 2012). In contrast, in 2006, foreigners comprised 5 per cent of the public sector and 80 per cent of the private sector (Baldwin-Edwards 2011). Thus, the situation for nationals appears to be worsening, with an extra 3 per cent of foreigners taking up positions in the public sector, and 10 per cent in the private

sector over the period of 1990–2000. Given this trend, there are a large number of foreign employees working in smaller firms. This complicates the issue for management regarding whether to train employees; qualified contractors may be brought into the firm for a year or two and receive only *ad hoc* 'training' sufficient for the tasks on hand, but not for firm development.

2.3.4 Saudisation/Nitaqat

While the Kingdom experienced rapid economic development in the latter half of the twentieth century, it was not until the mid-1990s that a Saudisation policy was formalised with the intent to replace foreign expertise with equally qualified and experienced Saudis. Firms were exhorted to replace 5 per cent of their foreign workforce each year with a warning that sanctions would be placed on firms that failed to do so. In 2011, the Nitaqat policy was introduced, which mandated rather than encouraged Saudisation of particular industries and job categories. For example, it was stipulated that Saudi women only could serve in lingerie and beauty product shops. Nitaqat classifies firms by compliance and improvement levels in achieving these targets; this determines the firm's ability to access foreign worker permits and a range of government assistance packages.

Saudi Arabia has a relatively conventional education system comprising kindergarten to year 12, including a vocational stream that generally commences at year 10 for trade certification. However, it can also extend to post-secondary diplomas and has links to technical universities (Technical and Vocational Training Corporation 2012). Saudi educational institutions are not well regarded by employers, who claim that training standards are not aligned to industry needs (Baqadir, Patrick & Burns 2011). Baqadir, Patrick and Burns (2011) note that the Saudi government provides resources to improve the quality of vocational education, and now employs Nitaqat for this purpose. However,

the authors find that technical education does not reach the level of skill required, or instil the attitude towards work to gain jobs that leads to satisfactory performance. The National System for Joint Training is an organisation administered by the TVTC, funded and accredited by the Human Resource Development Fund, while the CCI organise and oversee employers to provide workplace training. The Fund's formal training (25%) focuses on basic skills, materials, work ethic, computer skills and English language. The Chambers' practical training (75%) depends on skill acquisition, and is conducted within a particular quality standards framework.

Employee training thus falls to the TVTC, which imparts generic skills in the technical and vocational fields, and now as part of the secondary school curricula. While the Corporation has partnerships with larger firms, and could be expected to tailor courses towards a private firm's needs, this is not possible or practicable with smaller firms. Therefore, the only focus for vocational employee training is industry; retail, manufacturing, transport, food service and tourism streams among others are available. However, this research took place in a large urban area, and without travelling, employee attendance at formal training sessions held at the Corporation's centres would be prohibitive in terms of cost of absences for smaller firms inside the urban area. Corporation representatives may travel to these smaller centres, but again, the generic nature of the training and costs of employing trainers would be prohibitive. The Corporation and the Human Resources Development Fund also work with the quasi-government CCI, which administer workplace training among their members within the quality standards framework. Again, these are workplace skills to achieve competencies in vocational professions, from ICT to hairdressing (Technical and Vocational Training Corporation 2012).

Skills training are part of the Nitaqat objectives, and use the TVTC for the learning environment and the Human Resources Development Fund. Randeree (2012) notes that employee training is fundamental to profitability for firms subject to Nitaqat. Jones (2008) and Pech (2009) question whether importing training courses and trainers are successful in a collectivist society, positing that Arab social culture is best suited to more humanistic methods such as case study, mentoring and discussion groups. The bureaucratic nature of Saudi firms is also an issue, and inter-cultural team building, where teams take on responsibility for performance and targets may also be a subject for consideration (Baron & Morin 2010).

Nitaqat encourages entrepreneurship, and indeed many women are launching physical and online businesses in healthcare, fashion and public relations (Hoare 2012). Saudi women tend to combine their skills and employ staff as their firms grow. Indeed, the government is considering a series of women-only cities for women entrepreneurs and employees, trading only with women (Davies 2012). In this instance, new training initiatives must be employed to allow women to access equal government services to men. The Nitaqat enforcement structure is showing initial results, with 250,000 Saudis, including at least 54,000 women, replacing international workers, among them Indians and Egyptians (Al-Zahrani 2012).

2.4 Industry training

As mentioned, Saudi educational institutions are not well regarded by employers due to a lack of alignment between training standards and industry needs (Baqadir, Patrick & Burns 2011). Until recently, little thought had been directed towards facilitating interaction between the providers of education outcomes and the intended users; that is, employers. The skills gap has thus come to comprise three facets: work ethic, specialised knowledge

and generic skills. Bridging courses for those finishing formal education are necessary to introduce them to the working environment, and also to assist the long-term unemployed to enter the job market (AlMunajed 2012).

The United Nations Centre for Technical and Vocational Education and Training (2012) compiles data on the condition of vocational education in countries across the world. Based on this, KSA intends to make changes to its vocational education through its Technical and Vocational Training Strategy to address the identified skills and attitude issues among Saudi youth. The Centre notes that the strategy seeks to:

- Absorb the maximum number of students willing to benefit from TVET to achieve sustainable development
- Train and develop national manpower in technical and vocational fields according to labour market requirements, both in qualitative and quantitative terms
- Establish strategic partnerships with industry to carry out technical and vocational programs
- Achieve an even geographical coverage and increase the number and capacity of Colleges and Institutes (for boys and girls) in all governorates and cities in the Kingdom
- Disseminate awareness among communities about the importance of working in technical and vocational fields, and to create an appropriate environment for lifelong learning
- Develop capacity to adapt and deal with changes and challenges based on applied research
- Ensure quality when designing and offering training programs with the aim of gaining national and international accreditation

- Consolidate the relationship with, as well as the integration of all national educational and training entities (Technical and Vocational Training Corporation 2012, p.1).

KSA consolidated the legislative framework for the Educational Policy Document (1969), and the TVTC was set up in 1980 as a lead organisation for all technical and vocational institutions. Students can access vocational training at institutes that offer three-year courses in manufacturing, commerce and agriculture. At grade 10, students can continue their education at the Industrial Secondary Vocational Institutes, or school leavers can opt for Technical Colleges, Girls' Higher Technical Institutes, and the National System for Joint Training or the Military Vocational Training Program (Technical and Vocational Training Corporation 2012).

Skills acquired informally prior to training are not formally recognised by the National Qualifications Framework for Higher Education in Saudi Arabia (2009) and educational institutions are advised to develop their own policies for acknowledging prior learning. This is useful for Saudis who may have worked abroad, or who are changing careers and adopting new skills, for example in ICT (Technical and Vocational Training Corporation 2012). An expansion plan was proposed to set up institutes and colleges in every major city in the Kingdom to train school leavers who can take up jobs available in the private sector.

In 2010–2011, the TVTC fulfilled its 2004 strategy for industrial secondary vocational centres and institutes to skill students to meet the current and future labour force needs of employers. The Corporation restructured its training plans (curricula) to meet contemporary labour market conditions based on the national qualification framework. Important to economic diversification, regional city expansion also trains school leavers to take up the jobs available in the private sector. The academic year comprises three

trimesters of 14 weeks, and trainees must study for at least five trimesters, plus a final trimester as a placement with an employer. Trainees can choose, *inter alia*, from administrative, computer, hotel and tourism, information, environmental and food processing technologies (Technical and Vocational Training Corporation 2012).

The Corporation established 14 Higher Institutes for Girls, with training in 23 occupations, to counter the low job participation of women in Saudi Arabia. Several other initiatives were adopted for building non-profit organisations that promoted female participation in the workforce, including a girls' technical training website for courses in travel and tourism. Graduates are encouraged to become entrepreneurs and establish their own business through the Centre of Small to Medium Enterprises (Technical and Vocational Training Corporation 2012).

As mentioned, the National System for Joint Training is administered by the TVTC and funded and accredited by the Human Resource Development Fund; and the CCI organise and oversee employers' provision of practical workplace training. The Fund's training (25%) focuses on basic skills, materials, a work ethic, computer skills and English language, while the Chambers' practical training (75%) depends on skill acquisition, and is conducted within a particular quality standards framework. Duration of training is from two weeks to two years. Admissions therefore range from those who prematurely left school, school leavers and university graduates who must acquire workplace skills to enter employment (Technical and Vocational Training Corporation 2012).

The Corporation plans to have completed 50 Technical Colleges, 50 Girls' Higher Technical Institutes and 180 Industrial Secondary Institutes by 2017. This is aimed at training placements for about 500,000 students, including 250,000 girls. Boys and girls will be trained in vocational professions from ICT to hairdressing in accordance with

Saudisation aims (Technical and Vocational Training Corporation 2012). The Corporation and the Human Resources Development Fund also works with the quasi-government CCI, which administers workplace training among their members within a particular quality standards framework (Technical and Vocational Training Corporation 2012).

Private institutions are also active. A search shows 20 institutions in Dammam, Riyadh and Jeddah advertising technical courses, ICT and office-based courses. Other specialist firms offer training in tourism, or work-ready courses to university graduates. One Japanese organisation in Riyadh offers English and Japanese courses, and training of this nature would be funded under Nitaqat.

Article (18) of the Labour Law stipulates that companies should train and qualify Saudi recruits before they replace expatriates. Saudi employees should be offered periodic training to develop their skills further, and employers should pay all costs associated with such training, either in the country or abroad. If an employee fails to complete the training program or the employer terminates it, the employee must refund the training costs (Al-Watan, 2013). For example, to encourage women into manufacturing employment, the Human Resources Development Fund finances 75 per cent of the training and provides salary support. Employers are required to train Saudis for up to a year, and offer two years of further employment in a preferred work role (Arab News 2012). However, Saudi firms' attention to internal training is restricted to corporations that operate large apprenticeship programs and have the resources for extended training, such as by positioning trainees with overseas firms. Quasi-private firms such as Saudi Aramco also contribute to school programs, funding maths and science competitions and subsequent scholarships (Saudi Aramco 2013). As all education is free to Saudi nationals, expectations are that training is also free to the individual (Elyas & Picard 2013).

2.5 Chapter summary

To place the research in its context, this chapter examined the physical, historical and social environment in which the practices of small business in Saudi Arabia have developed. It was noted that the education system produces school leavers and graduates who are ill equipped for a career, and who follow social and religious pathways rather than those that may lead to a satisfying career. The abundant supply of expatriate skilled labour, managers and professionals, and the recalcitrance of Saudis towards competitive private sector jobs have been responsible for the low rate of participation of Saudi citizens in the labour force of the country. While economic development is producing tens of thousands of jobs, Saudis are falling behind in their proportion of the country's labour force, and there appears to be more rhetoric than action on work for women, given the severe restrictions prevailing in the workplace on female work. The next chapter is the literature review, which seeks a theoretical and research framework for this study.

Chapter 3

Literature Review and Development of Conceptual Framework

3.1 Introduction

The last chapter explored the Saudi socio-economic environment and the challenges facing smaller businesses in the country through Nitaqat and Saudisation. The discussion now moves to a literature review of concepts concerning organisational training, to lay the theoretical foundations for this thesis. To set the research in the Arab small business environment, which is culturally and socially different from many of the contexts discussed in the literature, the first section presents the literature on the business ethic and management style of Islamic management. As an introduction, the key concepts of Islamic management are examined in this first section. This is followed by a literature review on management training, as management skills and competencies and management style are of particular importance in the less-structured workplace environment of SMEs. This review includes an overview of language, intent of training and expected outcomes, type of training and its delivery, and the results for the trainee and the firm.

3.2 Organisational training: Theory and practice

This section investigates issues relating to training. This encompasses the measurement of outcomes and the relationship of organisational training with employee performance and organisational productivity. However, to begin, the relevant theories on the nature of training are presented.

3.2.1 Organisational training

Formal education differs from adult training for employees, and there is considerable research devoted to organisational training, including in the areas of productivity, management and organisational aspects such as industrial environment and technological change. Employee commitment became a subject of interest to organisational researchers in the mid-twentieth century when concepts of motivation and productivity models were introduced. For example, social learning theory is based on the notion that learning and skills acquisition are influenced by cognitive thought and the social environment. Bandura's (1986) social learning theory posits that learning is transferred from one person to another through observation, imitation and modelling. Other popular theories include Maslow's (1954) hierarchy of basic cognitive needs, which states that work delivers satisfaction on the basis of physiological, safety, belongingness, esteem and self-actualisation needs; and Herzberg's two-factor theory of hygiene factors (e.g., remuneration, organisational policies, team and supervisor relationships) and motivational factors (e.g., achievement and recognition, the work, responsibility and growth) in determining job satisfaction (Herzberg, Mausner & Snyderman 1959). Another important theory is McGregor's (1957) theory X and theory Y, which is of particular interest in the Arab managerial environment. Theories X and Y depict two aspects of employee behaviour: X is the negative portrayal of human endeavour, and Y is the positive. In this model, an X characterisation is viewed by management as follows:

- An average employee intrinsically does not like work and tries to escape it
- Since the employee does not want to work, the supervisor should use persuasion or compulsion to achieve organisational goals. This requires close supervision and a dictatorial style

- The average employee focuses on job security, with little ambition for advancing
- Employees generally dislike responsibility and avoid change.

Conversely, an employer could view employees in the following manner:

- The average employee perceives the job as relaxing and normal and engages skills and experience on the tasks
- Instead of coercion, employees determine the means to achieve organisational objectives
- If the job is rewarding and satisfying, then it will result in employees' loyalty and commitment
- An average employee learns and seeks responsibility
- Employees have skills and knowledge that should be utilised. Therefore, the creativity, resourcefulness and innovative potentiality of employees can be used to solve organisational problems.

In these models, the theorists are describing characteristics of human nature, and attempt to articulate factors that can be addressed through organisational development, management and employee training.

3.2.2 Management training

Training is a means to influence workplace practices for small to medium firms through both management and employee training. Several studies have linked management skills to productivity. Aladwani (2001) and Forstenlechner and Rutledge (2010) cite Saudi Arabian firms as examples of laissez faire management style and recommend increased and improved management training.

In a study conducted by Bacon et al. (1996), employers' communication skills were positively linked to performance improvements in employees. Rouse (2009) and Evans and Redfern (2010) concur with Bacon et al. (1996), stating that two-way communication significantly influences employee commitment. Further, the commitment of senior management may result in higher quality products and is an important factor in implementing company-wide management practices, such as total quality management (Devins & Johnson 2002). Arguably, employees react to a positive example from management. Smaller firms have more scope for interaction between the management and employees in the workplace (Jacobs et al. 2011). As SMEs are small-scale organisations, management and employees interact in the workplace, but when management does not have superior skills to the employees, they may not be in a position to advise staff (Jacobs et al. 2011).

A further aspect of management training of relevance here relates to technological change. While employees are trained in the operational skills of business and retail technology, management as a higher-order workforce in a firm needs to assess and select technology appropriate to a small business, especially in the case of business-to-business technology, where buying a generic package could lead to expensive mistakes. Ashrafi and Murtaza (2010) studied the adoption of technology in small firms in Oman and found little attempt by employers to research technology and software appropriate to their businesses, such as point of sale or integrated management systems. Ashrafi and Murtaza call for more training facilities for small business management to alert them to opportunities available to remain competitive in their industries throughout the GCC.

In a longitudinal study of management training in SMEs, McAdam et al. (2007) found that a broad-based and critical approach to management training was required to foster a high

level of innovation in SMEs and ground the innovation in organisational practice. Hotho and Champion (2011) agree, and note that in a dynamic small enterprise, maintaining an innovative workplace over time risks developing into a contest between management and employees, as both parties interpret organisational pressures from their different perspectives. Jacobson, Ruben and Seldon (2002) have noted the importance of a well-designed training system.

Executive managers can also undertake professional development to direct line management and employees towards organisational goals. Management training extends beyond internal matters to reflect globalisation and the challenges from volatile economic conditions. Yet 'regionalisation' opens up opportunities to local enterprises as well, especially in the Arab case, where tribal and family networks reach beyond national borders. Welsh and Raven (2004) studied SMEs in GCC countries to understand the role of management in improving service quality. They identified a need for management training in service quality and cultural sensitivities, which govern retail purchases among regional and international customers. While there are times and cost restraints on training, scheduling courses can assist in differentiating the various groups, such as managers and employees. Effective, skilled trainers are necessary, as is a commitment to change on the part of the participants (Badr El Din 2007).

3.2.3 Employee training

Employee training generally relates to increased productivity, directed towards skills for staff, such as dealing with the needs of customers or producing more output per day. Employee training should be based on employee needs, and training should be directed towards enhancing employee commitment (Soltani & Liao 2010). Further, according to Cohen et al. (1996), new skills and information through training should assist in raising

performance levels. Naris and Ukpere (2009) advise that the objectives of the training must be fully communicated to staff, a comprehensive staff development policy should be implemented and an executive manager must ensure policy implementation. An individual's response to training involves the following:

- Understanding and planning the procedures necessary for change
- A corporate environment that supports change
- Sufficient motivation to achieve change (Carliner 2004).

Training may also be directed towards multi-skilling, job sharing or career building. In a study of women in the UK retail sector, Foster et al. (2007) found that the careers of all staff were affected by interrelating factors, including role models, loyalty to an employer and demands of dependants.

Staff are recruited to meet organisational needs, and training is necessary for induction, changes in the firms' policies or goals, technological change and the competitive environment caused by globalisation (Gagne et al. 2005). Training programs are directed towards skills flexibility for staff, such as in dealing with the needs of customers. Hart and Waisman (2005) explain that staff training directs human skills and knowledge towards sustainability and profit. This requires consensus between training participants and senior management as well as effective communication and team work and a commitment to all organisational goals (Poon & Othman 2000).

There are several forms of staff training: on-the-job training through supervisors, team members or human resource management; or off-site skills training, which for Saudis may include fluency, task competency or customer service. Training can be technical, such as educating workers about procedural matters or training them in mechanical operations;

general, such as relating to induction and awareness; or supervisory, such as in directing people's skills and organisational goals (Kozlowski & Salas 2009). Apart from formal face-to-face or online skills courses, employee training can extend to mentoring, job-sharing arrangements and career guidance. In SMEs, training programs for career progression may assist to retain staff.

To operate effectively, all firms need to impart information to their employees, whether informally through line management, or formally as induction training, periodic training or training regarding a major event, such as a takeover, merger or acquisition (Eabrasu & Al Ariss 2012). Periodic information sessions are necessary so that management can present the firm's position in the industry, its successes and challenges, possible future trading environment, information about suppliers and customers, future initiatives of the firm and the various internal group objectives and targets (Mandurah, Khatib & Al-Sabaan 2012). London and Hall (2011) explain that traditional organisational instruction is instructor-driven, face-to-face and may include online training to convey information, policies and procedures, and teach skills and knowledge. In contrast, they advocate generative learning that is learner-driven, collaborative and problem-focused. Computer-delivered training can support both types of learning and is especially valuable for generative learning.

3.3 Organisational training in an Arabic context

This section explains the difference between global organisational training that is based on cultural assumptions from individualistic and competitive societies, and organisational training for Arabic and Islamic societies, which are collective. These global assumptions rely on attitudes and examples that may not fit the style of Arab management, which is paternal and distant. These points are presented below.

3.3.1 Islamic management style and organisational training

As an inadequate research focus on Arab management was identified as a basis for this research, this is investigated first. The underlying assumptions relating to management behaviour and management attitude taken from developed economies are not necessarily reflected in the Islamic workplace, where personal relationships are of greater consequence than commitment to a formal organisational vision. Moreover, Islamic contexts are not homogeneous, as extensive cultural diversity exists among the nearly 1.3 billion Muslims globally (Beekun & Badawi 2005). In a seminal work on modern Islamic management, Ali (2005) notes that a diversity of views was appearing in global management principles of the late twentieth century to highlight the diverse cultural contexts of global business. Islamic work ethic stipulates that business must be legitimate and that wealth must be earned (i.e., profit from interest is banned) (Ali 2005). The four central concepts of the Islamic work ethic are effort, competition, transparency and morally responsible conduct, based on the core ethic that 'moral principles, hard work, and commitment to the community help to strengthen commerce' (Ali 2005, p. 16). Beekun and Badawi outline an Islamic model of normative business ethics that balances the needs of multiple stakeholders, and discuss parameters for behaviour. Their model seeks an Islamic approach to business ethics common to stakeholder theory such as justice and balance, and includes other criteria such as trust and benevolence.

The evolution of authority in Islamic businesses has resulted in a management style that is depicted as centralisation of power and personal relationships. Ali (2005) also highlights the centrality of group alliances in Muslim societies, where highly engaged senior leaders make decisions based on reason and collaboration of followers. Kazmi (2006, p. 3) portrays this as a 'benign patriarchal-dictatorial leadership style'. Further, Islamic decision-

making is based on a process of cooperative consultation serving justice and social cohesiveness. Thus, Muslim managers prefer decision-making that is consultative and participative, while the least preferred style is autocratic and pseudo-participative.

From the literature on Arab management style, such as Achoui (2009), Ali (2009) and Hofstede et al. (2010), there is evidence that employees seek greater communication and support from their supervisors. There is also evidence that in Arab countries, the contemporary approach to training leads to greater employee turnover. In the United Arab Emirates, Zeffane and Al Zarooni (2008) have found that organisational culture directly influences job satisfaction and indirectly affects organisational commitment. There is a gap between management's approach to training and employees' experience of training, and there appears little evidence to correlate training outcomes to either the overall performance of the employee or the productivity of the organisation.

Arab social culture was found to be best suited to more collectivist methods of training such as mentoring and discussion groups. According to Ali (2005) and Kazmi (2006), human resource management is not appropriately pursued in modern Islamic organisations and practices are determined around traditional Islamic principles of reward and performance. They argue that recruitment and selection and training and development lack appropriate transparency and decision-making rigour. Ali (2005) makes the point that while Muslim organisations may adopt international standards for their firms, they operate within a framework that is aligned with accepted societal norms and values.

Islamic human resource management is a theme taken up by Branine and Pollard (2010). The researchers conducted a review of academic literature and commercial publications to identify Islamic management practices and juxtapose these with practices adopted by global enterprises that operate in Islamic countries. Branine and Pollard (2010) argue that

an underlying factor for the lack of progress in management practices in Arab countries is the diffusion of global management and business practices with little understanding of the cultural differences. They primarily criticise the fact that business practices based on the individualistic culture promoted in international conglomerates are imposed on a collectivist society. Branine and Pollard (2010) argue for a reverse diffusion of management knowledge derived from the business culture and work values in the host country for the effective management of human resources of global enterprises in those countries. They call for the development of a best practice style of management in Islamic countries and the adoption of relevant global management techniques and technology. Hassi and Storti (2011) take up the issue of generic training courses used for Arab employees and employers, advocating for different styles of courses and for the measurement of outcomes to be aligned to the needs of the firm, rather than based on the outcomes of skills or knowledge per se.

Further, women's experiences in the patriarchal structure of Islamic commerce must be considered. Hutchings, Metcalfe and Cooper (2010) note the barriers to women taking on international assignments for their firms, including women's own disinterest, corporate resistance, foreigner prejudice and absence of support mechanisms for family. It was found that Arab women's professional international development opportunities are generally sourced from not-for-profit women's organisations, whereas non-Arab women are in the private profit-making sector. Hutchings, Metcalfe and Cooper (2010) predict that, due to increasing globalisation and the rising education levels of women in the GCC regional countries, women will be a valuable human resource for international organisations.

3.3.2 Cultural influence in organisational training

In a comparative study between Irish and Dutch employees, Horgan and Mühlau (2006) found that an integrated system of skills training and financial and non-financial skills development was beneficial for the Irish respondents but not for the Dutch. Arguably, the Dutch are not motivated by such human resource programs and have different inherent incentives, which the training did not address. Gilpin-Jackson and Bushe (2007) studied factors that influence the transfer of leadership training, and suggested that use of new skills was influenced by the fear of breaking cultural norms. Intrinsically motivated employees, such as the Dutch in the Horgan and Mühlau (2006) study, refer to an inherent satisfaction based on their working environment and the nature of the work itself; volunteers also meet these criteria. Earlier to this, Hackman and Oldham (1980) considered that such workers gained meaningfulness from their work. Thus, work should be designed so that intrinsically motivated employees use a wider range of skills, identify with the task and comprehend the significance of their work. Autonomy has also been found to increase these employees' responsibility, with performance appraisal being an effective means to provide feedback. In contrast, extrinsically motivated employees are more concerned about what they can achieve from the work. Achievements may come in the form of rewards such as promotions and financial benefits (Cameron & Pierce 2002; Ilardi et al. 1993; Kellough 2002; Lin 2007). Abdulla et al. (2011) studied job satisfaction in the UAE, finding that employees from a collectivist society profited from both intrinsic and extrinsic rewards. However, in Turkey, Erbasi and Arat (2012) found that, in a small food processing staff sample, financial incentives had a stronger effect on job satisfaction than did non-financial offers.

From his study on United Arab Emirates banking employees, Jones (2008) suggests that an overwhelming preference for compromising and avoidance of conflict among Emirati trainees shows that their cultural traits significantly modify the desired outcome of generic

customer service training courses. This is confirmed by Pech (2009), who studied methods of educating and training young Saudis to replace foreign workers with nationals, finding them frequently to have negative outcomes. His research found that the Arab social culture is best suited to humanistic methods such as mentoring, discussion groups, simulation and role-playing. However, this also indicates a lack of alignment between the traditional Arabic values of young graduates and the demands of banking jobs in a multicultural population. Thus, in this context, Pech (2009) suggests that a reassessment of training methods can lead to outcomes that 'inculcate collegiality, initiative and competence within a customer service environment' (p. 57).

Following this theme, Ng et al. (2009) undertook a meta-study of the job satisfaction–job performance relationship using Hofstede's culture factors (Hofstede, Hofstede & Minkov 2010). They considered whether culture moderates the relationship and found support for the hypotheses that the relationship may be stronger in individualistic rather than collectivist cultures, 'in low-power-distance (vs. high-power-distance) cultures, in low-uncertainty-avoidance (vs. high-uncertainty-avoidance) cultures, and in masculine (vs. feminine) cultures' (Ng, Sorensen & Yim 2009, p. 761). This indicates that traditional individualistic performance evaluation may be less relevant in collectivist countries such as those of the GCC.

In addition, Hassi and Storti (2011) state that generic training courses used for Arab employees and supervisors are insufficient to gain competency. They argue that Arab social culture is best suited to more collectivist methods of training such as mentoring and discussion groups. They advocate different styles of courses specifically tailored to the social context of the organisation. Nevertheless, employers prefer formal training for greater productivity outcomes (McDowall & Saunders 2010). McDowall and Saunders

argue that successful training needs to focus on job-related skills, but that success in developing productivity is difficult to measure. They add that employers find greater value for the organisation when training and development are combined.

3.4 Management/employee dynamic in organisational training

This section explores aspects of management and employee training, using an Arab context where possible. Management training can cover a number of disciplines, including skills-based, supervisory skills and career development training. Management requires a comprehensive understanding of employee training and what outcomes can be expected from it. Employee training generally relates to increased productivity, directed towards skills for staff such as dealing with the needs of customers.

3.4.1 Executive influence on trainees

It is important that management thoroughly understands the content and expected outcomes of any training they offer. Making employees aware of the overall goals and business environment helps them to work better as a team, and allows them to plan their work and reach the business's objectives (Anderson 2012; Ballesteros & De Saa 2012). Executive employers should provide clear goals for their organisation and communicate them regularly so that all staff members are aware of their roles. Further, staff must understand the roles of the other groups or individuals in the organisation. Management thus makes demands on executives similar to those on a sports team; that is, 'individuals must have a clear understanding of their own roles and responsibilities and those of the team-mates' (Dresner 2007, p. 286).

With the continued involvement of executive management, regular employee training may be more effective than irregular courses, given the competitive and complex nature of the

changing global market. This also allows management to influence employees' attitudes. Wooden and Robertson (1989) note that organisations can profit from a longer-term perspective of employee involvement. Such management practices support organisational effectiveness, as employees begin to pay attention to detail, remove unnecessary waste in operational processes and become more mindful of maintaining input and output quality (Alliger et al. 1997). However, employers need leadership skills before effective delegation and team building can occur (Mazzarol 2003). In particular, Lim et al. (2007) note that the management style and attitude of trainees' supervisor are important factors in management training.

In improving the quality of training delivered to employees, transfer of new knowledge is crucial. To encourage trainees to transfer new competencies to their work, management needs to reinforce training outcomes through incentives and longer-term rewards such as defined career paths (Jennex 2008). Involvement of executives in training varies among organisations, depending on their management style. Hamzah and Zairi (1996) investigate executive involvement in training activities to equip employees with knowledge and skills, including funding to allocate sufficient resources to support the change activities. Executive management involvement leads to empowerment that can affect change, create an organisational culture that supports change, institute an appropriate reward system and increase communication throughout the organisation.

This is supported by Baldwin and Ford (1988), who state that if executive employers are actively involved in employee training, their actions may promote positive attitudes towards participation. Graham and Verma (1991) concur with this, stating that involvement in training programs directly affects how employees react to the program and to what extent they actively participate. Further, Frenkel and Weakliem (1989) posit that

the involvement of executive employers in employee development is a predictor of the level of satisfaction of their employees. Thus, the attitude of employees towards the organisation is influenced by executive management and their attitude towards employee training and development. Newly acquired skills are also further facilitated when trainee managers observe others using the new skills and collaborate on skills acquisition.

Other researchers such as Black and Porter (1995) and Kotter (1995) also suggest that executive management involvement produces positive results from employees. Kelloway et al. (2000) argue that subordinates' organisational commitment is significantly enhanced and productivity improved when employers participate in their training. In another study, employers of SMEs attended training with their staff, learning alongside them and discussing issues (Johnston & Loader 2003). These management practices can assist organisational effectiveness in the long term (Alliger et al. 1997).

Independent of organisational size, the different management approaches include classical, behavioural and management science. Goodman and Leyden (1991) define the classical approach as both managing the organisation as a whole and managing individual employee performance. This approach requires employers to organise and plan, control and administer all activities within the company towards the objective of increased production. Conversely, the behavioural approach emphasises people management, focusing on the contribution of employees towards the organisation's objectives. The management science approach is concerned with operations, starting from the planning process, implementing management decisions, introducing technological change and taking quality control measures. In smaller firms, employers, especially owners, may be generalists and take the classical approach, where they would prefer to control all aspects of the business and not delegate duties across their staff (Neirotti & Paolucci 2011).

3.4.2 Employee attitude to training

Training is a powerful tool for aligning employees' expectations with those of the organisation (Kaplan & Norton 2001). By taking a strategic position to direct employee education and training towards an improved organisational environment, management can therefore achieve greater return, profitability and higher-quality outcomes (Barba Navaretti et al. 2010; Jennex 2008). Skill enhancement for employees can include attitude, competency and satisfaction, while training outcomes for the organisation include a greater focus on goal and timeline attainment.

Of interest in this study are Arab countries' recent experiences in employee training. Soltani and Liao (2010) examined Iranian-based organisations, finding that the contemporary approach to training can exacerbate employee turnover. Management's approach and orientation towards training indirectly reduces its effectiveness due to a gap between employee and employer perceptions of the value of the training. Further, the authors found no credible evidence to correlate training outcomes directly to either the overall performance of the employee or the productivity of the organisation. Soltani and Liao (2010) call for Arab employers and Iranian employers in particular to reconsider their rationale for training interventions and to better align employee training to the objectives of the firm.

Attitude towards training is receiving considerable attention from researchers. Walsh (2011) investigates workplace incivility in the form of employee attitude, finding that pre-training attitudes towards training influence motivation to learn and affect the outcome of training. Weissbein et al. (2011) also examine a pre-training intervention to enhance the transfer of training, finding a linkage between attitude to learning and improved training outcomes. In the United States, Bartel et al. (2011) investigated attitudes towards training

throughout a corporation, finding that the attitudes of trainees differ from branch to branch. In Australia, Solnet et al. (2012) investigated specific employees' attitudes to training, finding that, with the exception of in the hospitality industry, those aged in their early thirties are more cynical regarding the purpose of training than are people aged in their forties.

Saudi employees' expectations are crucial to their work performance (Ali 2009). Employee attitudes are a matter of considerable interest in the literature (Brayfield & Crockett 1955; Hamzah & Zairi 1996; Michie & West 2004). In a recent paper, Jehanzeb, Rasheed and Rasheed (2013) studied Saudi employees' organisational commitment and its relationship to training, finding that training with supervisor support is positively related to job commitment.

However, contrary to theory, Jehanzeb et al. (2013) found no significant relationship between motivation to learn and organisational commitment, speculating that employees may wish to learn without necessarily employing their new skills for the benefit of the employer. This relationship extends to a strong inverse relationship between commitment and turnover intentions, suggesting that management should make employees aware of the organisation's values and goals. The conclusions of Jehanzeb et al. (2013) that firms should train employees in organisational values may bring into question the benefits derived by the smaller employer from the official employee training delivered through Nitaqat. The large number of smaller Saudi firms that rely on external training should place greater emphasis on the need for line management to engage with employees.

While Burden and Proctor (2000) assume that learning will lead to behavioural change, Kirkpatrick's (2006) four-level evaluation method for training programs shows that behavioural change does not automatically take place after training, and occurs only after

certain conditions have been fulfilled. Kirkpatrick's level one concerns the reaction of participants to the training program, level two evaluates the learning results of the program, while evaluation at levels three and four refers to behavioural change and organisational performance. Kirkpatrick also find that while firms lay emphasis on levels one and two, levels three and four were often omitted from review. Bramley (1999) argues that most organisations evaluate training effectiveness at the reaction level. Some measure learning in technical skills, but few try to assess changes in trainees' behaviour or their effectiveness for the organisation.

This research focuses on behavioural change and its consequent impact on organisational performance. Thus, evaluation of behaviour change at level three and organisation results/performance at level four are necessary. Kirkpatrick (2006) states that the following four conditions must be present to indicate behavioural change at level three: desire to change, knowledge of the task and the skills to carry it out, a good working environment and reward. The aspects of employee behavioural change are variables dependent on the individual and the training. For level four of organisational impact, goal and timeline attainment and adherence to workplace practices are valid measures of the success of training. Organisation factors include enhanced productivity, less mistakes and greater attention to organisation goals through greater focus on outcomes rather than competency. Overall, the productivity levels of the organisation and its status in the industry are useful guides to successful training through the corporate culture.

3.4.3 Measuring training effectiveness

Training and development is used to modify people's behaviour. Therefore, the effects of the training must be measured at intervals after training (Brown & Posner 2001). A less-structured firm with perhaps fewer quality benchmarks for training may have lower

performance levels (Mazzarol 2003). Mazzarol notes that employers improve communication by being involved in training programs through which they can monitor performance and encourage change in workplace practices.

Training needs are usually identified and measured in terms of skill requirements and the level of skill achieved. There is little in the Arabic literature regarding measurement of training outcome for the firm or the employee. Measurement of Arab training has also emerged as an issue, as many Arab researchers report that without attention to Islamic tenets and Arab social mores, the generic training courses unwittingly incorporate values from individualistic societies. As such, smaller Arab firms may not yet implement performance measurement, including in their recruitment and promotion. This section thus concerns performance measurement, as outcomes cannot be assessed without measuring trainees' skill development. This is followed by a discussion on firm performance measurement.

In the workplace, measuring learning effectiveness relates to use of skills and attitudes developed during training sessions (Argenti & Forman 2002; Beer 1997). Foster et al. (2007) find training also assists the transfer of skills among retail employees and allows them flexibility in their employment. In a European study, García-Zambrano et al. (2011) question the means of measuring productivity from training and use a capital approach. Of interest to the choice of research methods for the current study, the researchers use the variable 'expenditure on training' as a flow variable to gather the investment in human capital over time (in this case 2006–2008), while a stock variable 'value of intangibles' collects total investment at a particular time (2009), less depreciation of the intangibles. García-Zambrano et al. (2011) find a positive relationship between training and the firm's future value and this relationship is stable across different depreciation rates. In both these

cases, modelling may provide for relationships, and further research is required on this matter.

In the assessment of performance appraisals, Appelbaum et al.'s (2011) review of the literature found that training must be provided to both employers and employees to avoid the many rating errors common in performance appraisal. Of interest to this study, the researchers note that such training 'should include cultural, legal and customer differences by country, providing employers with the tools to improve on the process' (Appelbaum et al. 2011, p. 570). This supports the Arab literature that depicts generic global measurement systems as inappropriate if they are not modified to meet cultural values and practices (Ali 2005; Beekun & Badawi 2005; Branine & Pollard 2010; Kazmi 2006). Boswell and Boudreau (2000) argue that performance appraisal systems promote organisational productivity by encouraging feedback from employees and by relating rewards to improve performance levels. By linking rewards to performance, organisations can raise the performance levels of employees who perform poorly while maintaining the performance levels of employees who work well (Rynes, Gerhart & Parks 2005). However, the effects of differing practices and organisational performance measures result in research findings varying substantially. Hyde (2005), Perry et al. (2010) and Trahant and Yearout (2005) do not find a relationship between remuneration incentives and performance. Saudis value high remuneration, due to the low pay existing in the private sector, which the Ministry of Labour is seeking to redress.

To avoid perceptions of bias, confrontation or a subjective approach to performance appraisal in Arab organisations, there are several instances of research incorporating online assessment. Al-Raisi et al. (2010) studied traditional and online forms of employee performance assessment within UAE organisations. They found online assessment versions

to be superior due to being predicated on employee needs and organisational objectives. Also in the UAE, Zeffane, Ibrahim and Mehairi (2008) identified gender differences related to job satisfaction and performance, with female respondents less satisfied with aspects of their jobs than their male counterparts. This also relates to lower job performance criteria, thus linking satisfaction and performance to gender.

3.5 Conceptual framework

The aim of this research is to understand the means by which trainees, either as employers (Alfaadhel 2010) or employees acquire skills and knowledge relating to the firm, and how they use this training for their own purposes and for those of the firm. McAdam et al. (2007) advocate a comprehensive review of the factors involved in management training to ensure the intervention is grounded in organisational practice. The conceptual framework is thus predicated on a number of elements identified in the literature review that are fundamental in addressing the research problem. The independent variables in this research are nature of training, management involvement, management motivation and training outcome. These variables measure aspects of the research objective, which is to explore executive influence on employee training in small and medium-sized Saudi firms. The dependent variable is firm performance, which relates to the longer-term consequences of organisational training for the firm. These variables are briefly summarised below, along with the hypotheses arising from them.

The following figure (see Figure 3.1) summarises the conceptual research framework, which forms the basis of data collection and analysis within the theoretical framework.

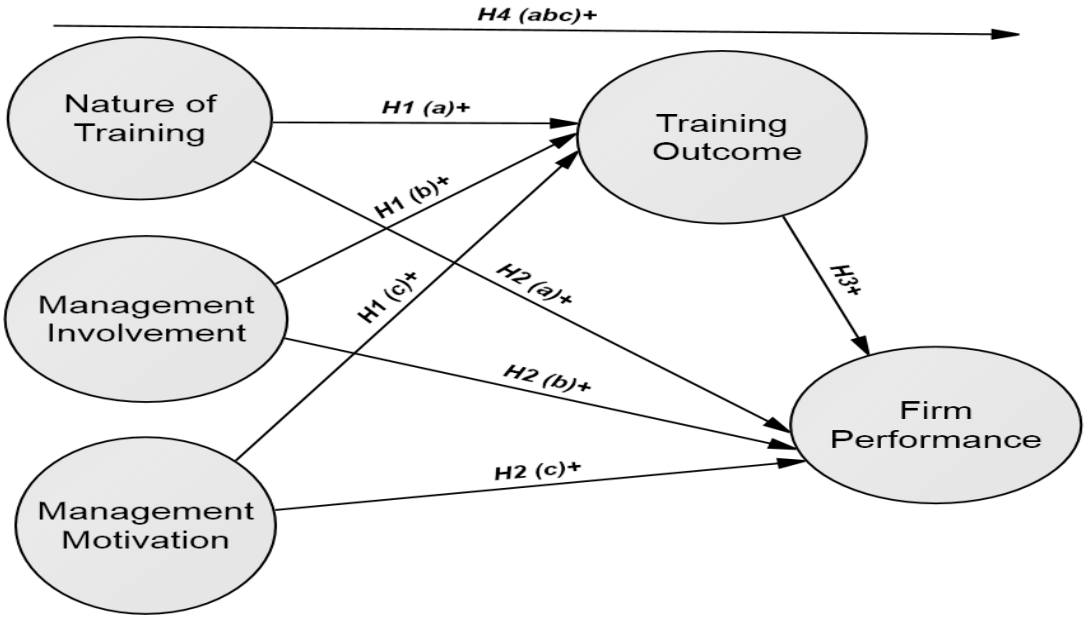


Figure 3.1 Conceptual research framework

3.5.1 Independent variables

Nature of training The nature of training plays an important part in determining work outcomes, and executive management direction is crucial in influencing the type of training undertaken by the organisation (Graham & Verma 1991). Training in Saudi firms can be useful to productivity or performance objectives if the content and objectives of training meet their actual needs. Nature of training includes items that relate to training purpose (knowledge or skills), type (formal or informal), means (lecture/presentation, conferences or seminars, focus or work groups, one-to-one mentoring, and online courses) and place (off-site or in-house, government or private provider). Staff training in any organisation requires different knowledge and skills for each level of competency (Goldstein & Gilliam 1990). Smith et al. (2003) argue that workplace change drives employee training need. As a result, this study considers the nature of training to be a significant determinant of training outcome and firm performance.

This latter result can be a reflection on the management style found in owner-controlled smaller firms. Neirotti and Paolucci (2011) advocate a classical style of training for employers who tend not to delegate and prefer to control all aspects of their businesses. As a firm grows, line management, team leaders and supervisors can share decision-making on tasks, processes or performance criteria, which leads to greater involvement and engagement of employees in tasks related to the firm's objectives (Grawitch et al. 2009). These management practices, combined with skills enhancements, assist organisational effectiveness (Alliger et al. 1997). To facilitate skills development, London and Hall (2011) distinguish between types of organisational training, traditional and generative learning. They advocate for generative learning using computers, which they explain is learner-driven, collaborative and problem-focused. Storey (2004) argues that, while management trainees from smaller firms appreciate public training opportunities, these are inadequate to assist with firm-specific issues. Blume et al. (2010) and Smith et al. (2003) explain that the nature of the training objectives is a predictor of training outcomes, particularly with open training (e.g., leadership development) as opposed to closed (e.g., computer software) skills. More generally, Chi et al. (2008) observe improved outcomes from technical (closed) skills training as compared to leadership courses (open).

Executives are hesitant to commit to generalist and expensive training. This point has also been highlighted by Chi et al. (2008), who confirm the hesitancy in smaller Taiwanese companies to undertake training, despite the researchers connecting specific financial management training to improved organisational performance. Cheng and Hampson (2008) note that, SMEs employers need to develop new strategy to highlight and develop all-purpose skills, to stress the significance and lead to innovative new path of training transfer to increase employees' performance in firm. Burke and Hutchins (2007) suggest that, employers prerequisite to inspect three factors which increase and enhance the

understanding of transfer learning to work place for better outcomes. Storey (2004) also notes the value of ICT training in improving all aspects of a firm's performance. As smaller firms frequently cannot expend the financial or human resources for formal and time-consuming management training, Chi et al. (2008) observe that specific knowledge transfer benefits to the company can be supported by online training, mentoring within the industry, focus groups within the industry or conference attendance. Chi, Wu and Lin's (2008) argue that high investment in management level training is less effective than technical level training. They assert that aligning SME training needs and training implementation is complex. Thus, the overview of SME management training research is that it is arguably shunned by smaller firms due to resource constraints and an underlying belief that it is either insufficiently flexible or not relevant to their businesses. However, technical training for staff appears to be beneficial to overall performance (Storey 2004).

Management involvement The topic of management involvement has long been of interest to researchers. Ahire and O'Shaughnessy (1998) note that 'commitment of top management has been cited as one of the most important factors impacting the success potential of TQM in a firm' (p. 6). Senior management involvement is an important factor in implementing management practices (Devins & Johnson 2002). Management involvement or support can have a 'pivotal effect' on the success or failure of a training program (Barba Navaretti et al. 2010). Commitment to change by the firm's leaders influences the behaviour of their subordinates.

In a comparative study examining transfer of learning at the management level, Lim et al. (2007) examine whether participants intend to transfer their training to their work. Those who attended the course on their own initiative believed the course would be beneficial to them and a greater proportion of these participants had normally had pre-course

discussions with their supervisor regarding the training. Supervisor approval was found to be instrumental in the practical implementation of skills acquired from these training courses. Graham and Verma (1991) state that senior management involvement in training directly affects trainees' reactions and participation in a course. This is supported by Baldwin and Ford (1988), who state that if executive employers are actively involved in employee training, their actions promote positive attitudes towards participation by employees. Frenkel and Weakliem (1989) state that the involvement of executive employers in employee development is a predictor of the level of satisfaction in their employees. Commitment of senior management in implementing company-wide management practices such as total quality management may result in higher quality products (Devins & Johnson 2002).

Management involvement includes direction of the training intervention, all resources available for training and support for the training outcome such as after-training monitoring, follow-up and measurement of training outcome for both the individual and the firm. The variable of management involvement in training and its relationship with firm performance may also be viewed differently by respondents. For example, managerial support can include providing resources, such as funding the training and allowing leave for courses, or physical intervention, such as mentoring or supervision on the job (Baron & Morin 2010; Pech 2009).

Mazzarol (2003) notes that the level of workplace involvement among executive employers varies due to their individual management styles, but that management involvement is influential in determining the effectiveness of training and firm performance. Smaller enterprises have less formal structures, so there is a particular need for employers to interact with other staff members, such as a project director or to manage

targets or day-to-day issues. Storey's (2004) findings are that the involvement of senior employers in their organisation's activities and operations was significantly lower for larger companies, especially in the public sector. The effects of executive commitment and intervention on performance outcome are explored by Huang (2001), who found that management support for training maximises program value for SMEs. This view is supported by Mazzarol (2003), who explains that companies with less than 100 employees tend towards informality, which can lead to insufficient policy and standards in their organisational practices. With their smaller organisational scale and informal structures, there is a greater need for managers in Saudi smaller firms to participate actively in the firm's programs and activities, as the informality of the system can contribute to unsatisfactory performance levels. Given the Saudi collectivist culture, executive management leadership and organisational commitment are enhanced when executives participate in training.

Management motivation Management motivation refers to the impetus managers give their employees by motivating them to take training courses. This can be achieved by management motivation to promote a common work ethic, and to positively channel the attitudes that an employee holds towards the workplace, assigned tasks and performance. Intervention to enhance employee attitudes is a fundamental aspect of management (Amabile 1993). However, employers need to develop skills in leadership before effective delegation and team building can occur. Siti Fardaniah and Shamsuddin (2011) list some important training motivators, such as voluntary attendance; training reputation, appropriate training design (nature of training) and the relevance of training to job and career. Lim et al. (2007) argue that voluntary attendance and the management style of the trainee's supervisor are important factors influencing management training transfer and training outcome.

Employers need to promote consensus; that is, a common vision to achieve company objectives and goals to achieve positive change in the workplace and improve the performance of the organisation (Wu, Ay & Lien 2009). A shared vision contributes to better performance and better communication between groups and promotes a common work ethic. For effective teams, members must be compatible and cooperative, sharing tasks and working to achieve timeframes and quality outcomes (Kozlowski & Ilgen 2006). Clear goals for the organisation should be communicated regularly so that all staff members are aware of their roles and those of others in the organisation.

In the literature on organisational training, the term of 'manager or supervisor support' has been used extensively in many empirical studies (Chiaburu and Teakleav 2005; Brown and McCracken 2009). The conceptualisation of supervisor support is arguably based on more robust foundations benefiting from the ideas and inputs of many scholars in the field. But the scale for management involvement used in this study is tailored to suit the specific context of Saudi workplaces and also there is no fundamental variance with the items of this scale from the terminology used in 'supervisor support'. Therefore, while we acknowledge the utility and depth of that concept, the scale of management involvement is found to be adequate for the purposes of empirical examination of the perceptions of Saudi SMEs.

Effect on training outcome

The objective of training is to meet organisational objectives, leading to improved productivity in the workplace. The nature of training refers to the design, planning and execution of the training initiative. It is hypothesised that:

> Hypothesis 1 (H1a): Nature of training is positively associated with desired training outcome.

Intervention to enhance employee outcomes is a fundamental aspect of management (Amabile 1993). Management involvement in training includes planning, resourcing and effectively implementing training to attain planned results in the workplace. Therefore, management involvement in training can be posited to lead to desired training outcomes. It can thus be hypothesised that:

> Hypothesis 1 (H1b): Management involvement in training is positively associated with desired training outcome.

Management motivates employees through leadership and supervising workplace practices including the use of skills and knowledge acquired through training. Hence, the hypothesis for this dimension is:

> Hypothesis 1 (H1c): Management motivation is positively associated with desired training outcome.

Effect on firm performance

All training should link to firm performance. Focused training is directed at improved employee skills and related to improved firm performance. The hypothesis is thus:

> Hypothesis 2 (H2a): Nature of training is positively associated with desired firm performance.

Quality of services and products is enhanced with executive commitment to training through planning and monitoring and incentives to undertake training, such as increased opportunities for promotion enhance employee motivation. From the results of the literature review, executive direction and resourcing of training initiatives is influential in attaining organisational objectives, thus this hypothesis is as follows:

Hypothesis 2 (H2b): Management involvement in training is positively associated with desired firm performance.

Line managers should motivate staff to attend training, acquire knowledge and skills and then employ these in workplace practices. It is, therefore, hypothesised that:

Hypothesis 2 (H2c): Management motivation is positively associated with desired firm performance.

3.5.2 Mediator variable

Training outcome Training outcome, as noted, are conditional on many variables. Kirkpatrick (1967) explains that use of new information or skills after training is a measure of successful training, and this view is endorsed by Bushe (1984). Appropriate training facilitates communication and improves quality of work (Fussell, Kraut & Siegel 2000). In a Turkish study regarding employee commitment, Bulut and Culha (2010) conceptualised a model comprising motivation for training, access to training, benefits from training and support for training. These elements were measured by the researchers, who determined that all dimensions of training positively affect employee commitment, and that quality of measurement of trainees is an important factor in the assessment of training rigour.

Evaluations of organisational training generally define knowledge transfer by profitability outcome, including cost reduction and quality assurance. Hart and Waisman (2005) explain that staff training directs human skills and knowledge towards sustainability and profit. This requires consensus between training participants and their employers for communications and team work, as well as commitment to all organisational goals (Poon & Othman 2000). However, Hansson (2007) describes the relationship between training investment and actual staff turnover on the premise that this approach is more focused and

accurate. Hansson explains that a broad parameter like profitability is subject to a range of factors, from investment to market demand, whereas it is reasonable to expect to see a benefit from training in actual employee turnover. Training outcome is usually identified and measured in terms of skill requirements and the level of skill achieved. In this study, training outcome is defined on a host of parameters that require that the training program is relevant to skills and knowledge required by the firm, clear objectives with measurable outcomes meeting the firm's need, and improvement in staff commitment from training.

Effect of training outcome on firm performance

Improved commitment, competencies and satisfaction are possible training outcomes for the organisation. Training that meets the organisation's objectives through appropriate planning, implementation and monitoring should lead to improved productivity. Hence, the hypothesis follows:

> Hypothesis 3 (H3): Training outcome is positively associated with desired firm performance.

Effect on mediator

Training outcome is defined as the effect of training on individuals' performance, which arguably influences the performance of the firm. The effect of training outcome might also be seen on organisational environment, employee skills and workplace conditions. The following hypotheses thus seek to determine the mediator effects of training outcome on firm performance:

> Hypothesis 4 (H4a): Training outcome (TO) mediates the relationship between nature of training (NT) and firm performance (FP).

Hypothesis 4 (H4b): Training outcome (TO) mediates the relationship between management involvement (MI) and firm performance (FP).

Hypothesis 4 (H4c): Training outcome (TO) mediates the relationship between management motivation (MM) and firm performance (FP).

3.5.3 Dependent variable

Firm performance Studies show that firm performance is directly related to employee training (Delaney & Huselid 1996) and that appropriate training facilitates communication and improves the quality of work (Fussell, Kraut & Siegel 2000). From a meta-analysis of the literature, Tharenou, Saks and Moore's (2007) found that when training is aligned with business strategy and is appropriately resourced, it is effective in influencing human resource management outcomes and thus organisational outcomes. Hansson (2007) uses an international dataset compiled from 26 countries to examine the extent to which training investments enhance company performance. Hansson's findings are that staff turnover is influenced by the quality or intensity of training, with the amount invested in training being the primary variable. This suggests 'that the economic benefits of training outweigh the cost of staff turnover' (p. 311). Sekkat (2011) uses panel data from Morocco to model the relationship between training in 1999 and firms' productivity in subsequent years. The estimation shows that the intensity of training has a significant impact on productivity for smaller firms. The relationship between training, attitude and organisational performance is strong in social organisations and in small to medium organisations (Huang 2001). Ng and Dastmalchian (2011) find that firms committing to a range of training interventions experience greater transfer of learning than those who eschew training. This is supported by Chi et al. (2008), who also indicate that training investment improves organisational

performance. Further, Storey (2004) states that technical training for all staff appears to improve performance.

This is supported in another SME study by Storey (2004), who nevertheless cannot confirm a relationship between training and small firm performance and states that owners are not convinced of the value in available courses. In a study on training effectiveness in smaller firms, Storey (2004) argues that trainees appreciate public training opportunities; yet, analysis linking training participation to small firm performance produces weak findings. In fact, Storey (2004, p. 112) suggests that 'the relatively low take up of formal management training is an informed decision on the part of the small firm employers'. Using International Standards (ISO 9001:2000) to compare firm productivity in Oman after training staff in quality management principles, Ashrafi and Bashir (2011) determines that no statistical difference in performance exists between firms that use the certification and those that employ other operational models. Similarly, Soltani and Liao (2010), in studying firms in Iran, agree that there is no statistical relationship between employee training practices and firm performance, calling for more attention to productivity from employers.

Table 3.1 lists the research articles relating to small to medium size businesses identified by this literature review, including authors who use similar variables and hypotheses as this research.

Table 3.1 Summary of research relating to variables

Author/s, year, country	Variables	Method and statistical analysis	Findings	Hypotheses
Hashim & Wok 2013, Malaysia	Nature of training and firm performance	Quantitative: reliability test, factor analysis	Training was effective in increasing employees' knowledge, skills, firm performance and productivity	No Hypotheses
Aragon & Valle 2012, Spain	Managers' abilities, involvement, innovativeness, ROA	Qualitative: ANOVA, regression	Significant and positive effects on managers' abilities, involvement and innovativeness	H1: Providing employees with training has a positive effect on organizational performance. H2: There is a positive relation between the proportion of employees trained and organizational performance. H3: There is a positive relation between the time dedicated to training and organizational performance. H4: There is a positive relation between the amount of resources dedicated to training and organizational performance.
Appelbaum et al. 2011, Canada	Globalisation, performance appraisal, workplace training	Qualitative: open-ended questions	Adequate training must be provided to both employers and employees to avoid rating errors in performance appraisal	No Hypothesis
Aziz & Ahmad 2011, Malaysia	Training motivation, improved performance, training outcomes	Qualitative	Characteristics of training motivation are voluntary attendance, training reputation, appropriate design and relevance to career and personal needs	No Hypotheses

Baqadir et al. 2011, Saudi Arabia	Private sector employers, education and training, knowledge	Mixed: Likert scale, open-ended questions	Technical education fails to offer Saudi students sufficient vocational training to reach level of skills and attitudes to work that the employers require	No Hypotheses
Baron & Morin 2010, Canada	Performance, motivation and outcome	Quantitative: t-test analysis, correlation, regression	Executive coaching is positively and significantly associated with self-efficacy for leadership development program	H1. Executive coaching has a positive relationship with self-efficacy. H2. Utility judgment has a positive relationship with self-efficacy. H3. Learning goal orientation has a positive relationship with self-efficacy. H4. Affective organizational commitment has a positive relationship with self-efficacy. H5. Work-environment support has a positive relationship with self-efficacy.
Bulut & Culha 2010, Turkey	Organisational training, commitment and motivation	Quantitative: confirmatory factor analysis, principal component, regression	Training related to organisational commitment and support for training from supervisors	H1: Employees' perception of motivation to training positively affects their organizational commitment. H2: Employees' degree of access to training positively affects their organizational commitment. H3: Employees' degree of perceived benefits from training positively affects their organizational commitment. H4: Employees' degree of perceived support for training positively affects their organizational

				commitment.
Ng et al. 2009, Country missing	Job satisfaction and job performance	Quantitative: correlation, hierarchical linear modelling	Support for their hypotheses that the effect size for job satisfaction–job performance relationship is stronger in individualistic employees	No Hypotheses
Chi et al. 2008, Taiwan	Training needs and implementation; SME performance	Qualitative: correlations, hierarchical regression analysis, multicollinearity, variance inflation factors	SME FDI is positively and significantly related to organisational performance	H1: SME FDI is positively related to firm performance. H2: SME FDI leads to the implementation of FDI-related training programs. H3: The implementation of FDI-related training programs is positively related to SME firm performance. H4: The implementation of FDI-related training programs mediates the relationship between FDI and SME firm performance. H5: Alignment between needs an implementation of FDI-related training programs leads to higher SME overseas performance.
Gilpin-Jackson & Bushe 2007, Canada	Factors in soft-skill leadership training	Mixed: interviews, content analysis, survey, descriptive statistics correlation	Substantial transfer of training, use of learned skills is influenced differently with judgments on training value	No Hypotheses
Lim et al. 2007, Korea	Firm performance, motivation and involvement	Quantitative: confirmatory factor analysis, correlation	Information technology allows flexibility in time and place of communication	H1: The higher the trainee's motivation for online training, the higher their learning effectiveness.

				H2: The higher the trainee's computer self-efficacy regarding online training, the higher their learning effectiveness. H3: The more related the online training content is to actual work practices, the greater will be the effectiveness of online training. H4: The more frequent face-to-face interaction between the trainer and trainees, the more effective will be online learning performance. H5: The more frequent e-mail exchanged between trainer and trainees, the more effective will be online learning performance. H6: Online training programs that are perceived to be easy to use will contribute to greater learning performance. H7: The more support trainees receive from their seniors, the better training effectiveness will be achieved. H8: More reliable continuous learning culture will lead to better training effectiveness.
Horgan & Mühlau 2006, Ireland and Netherlands	Employee performance, high performance, motivation	Qualitative: ordinal regressions	The complementarity hypothesis was fully supported by the Irish data but rejected by the Dutch data	H1: the complementarity effect of the high performance HR management system enhances employee performance over and above the sum of the effects of the five practices (Complementarity hypothesis).

Storey 2004, UK and OECD	Small firms, management training, firm performance	Qualitative	Evidence relating management training to small firm performance	No Hypotheses
Ahmad & Bakar 2003, Malaysia	Training outcome, motivation and performance	Quantitative: regression, ANOVA, correlation analysis	Supervisor support and benefits of training are important predictors of organisational commitment	Ha: There is a positive relationship between availability of training on the one hand and affective, normative, continuance and the overall organizational commitment on the other. Hb: There is a positive relationship between social support for training on the one hand and affective, normative, continuance and the overall organizational commitment on the other. Hc: Higher levels of motivation to learn in training will result in higher levels of affective, normative, continuance and overall organizational commitment. Hd: Training environment is an important factor in enhancing affective, normative, continuance and overall organizational commitment. He: There is a positive relationship between the recognized benefits of training along with affective, normative, continuance and overall organizational commitment.
Devins & Johnson 2002, UK	Nature of training, firm performance, training outcome, involvement	Mixed	Evidence of transfer of skills in workforce and take up of further training	H1. When interventions target both managers and the wider workforce within one organisation the value of the training intervention and likelihood

	and motivation			of change in HR practices increases.
Boswell & Boudreau 2000, no country	Performance appraisal, employee satisfaction	Quantitative: descriptive statistics, bivariate correlation, hierarchical multiple regression	Positive relationship between perceived developmental use and employees' feelings about the appraiser and the appraisal	H1: The relationship between employee perceptions that PA is used for evaluation and PA satisfaction will be moderated by the appraisal rating and justice perceptions. H2: The relationship between employee perceptions that PA is used for evaluation and satisfaction with the appraiser will be moderated by appraisal rating and justice perceptions. H3: Employee perceptions that PA is used for development will positively associate with employee satisfaction with the PA. H4: Employee perceptions that PA is used for development will positively associate with employee satisfaction with the appraiser.

3.6 Chapter summary

This chapter discussed the conceptual framework of the research, commencing with the observation that Islamic workplaces and their inherent relationships differ from the global perspective of an organisation as an entity that employs staff. As there is little in the literature on this topic, and less on management practices in smaller Saudi firms, the literature review surveyed the field of organisational training more broadly, with specific reference to KSA and other Arab countries where possible. From this, the conceptual

framework for the study was developed. The independent variables are nature of training, management involvement, management motivation and training outcome and the dependent variable is firm performance. The relationships linking the antecedent variables to the outcome variables are illustrated in Figure 3.1. The next chapter explains the methodology used by this study to collect data from employers and employees, and describes the data analysis undertaken to test the hypotheses.

Chapter 4

Research Methodology

4.1 Introduction

This research examines employee training in SMEs in KSA, and uses a survey method to collect data from respondents at small to medium firms in Eastern Province. To investigate the research environment and the nature of the research problem, a suitable methodology must be adopted to establish an appropriate paradigm or framework in which to situate the investigation. Research methodology is concerned with selecting the investigative approach that best serves the research question, and identifying the instruments necessary to gather the data and undertake the analysis.

This chapter sets out the research methodology for this study and provides a rationale for the approach and methods used. First, research conventions are discussed, followed by a justification for selecting a survey approach as meeting the needs of the study. The conceptual framework for the research is then explained, along with the hypotheses that will be tested to answer the research problem. This is followed by a discussion of the data collection procedure and the instruments used for gathering the data. The relevant data analysis concepts, measurements and tests are then explained, as are the means of ensuring the reliability of the research techniques.

4.2 Research design

The design of the research is of importance in testing the hypotheses and answering the research questions. Creswell (2003) advises that, first, the researcher sets out the problem and studies the various approaches used in the literature by which to gather and analyse

data to test hypotheses or answer research questions. To gather data for this research and to formulate the approach for this investigation, classic forms of knowledge acquisition are considered. In this way, the study can be placed in its context, though ontology, epistemology and methodology. Ontology is the identification of phenomena, their arrangements and relationships. In research design, the aim is to ensure the ontological appropriateness and validity of the design and its components (Onwuegbuzie & Johnson 2006). Epistemology is the study of how knowledge is acquired. There are two main epistemological approaches: empiricism, or the observations and analysis of the researcher; and idealism, or the beliefs that the researcher brings into the investigation. A further approach, rationalism, balances the two (Teddlie & Tashakkori 2009). Methodology relates to the framework for primary research selected by the researcher to collect and analyse the data and extract findings to answer the research question or test the hypotheses. The research design must be appropriate to the task; produce results that can be generalised across the study population and display construct validity (Hakim 2000). Research methods may be quantitative, qualitative or a mix of these and others used in a triangulated approach (Teddlie & Tashakkori 2009).

4.2.1 Research paradigm

Research design emerges from a worldview, or paradigm, selected by the researcher. Of the research paradigms generally considered, five may provide an appropriate structure for this study: scientific, positivism, post-positivism, and constructivism. Paradigms cannot be compared, as they are not derived from a common standard (Kuhn 1962, 1996).

Kuhn defines the first paradigm, scientific, as universally recognisable scientific achievement used as the basis for further research. In this view, the researcher considers the type of data necessary to address the research problem, the appropriate construction of

the investigation and the best way to analyse the results. Under the scientific paradigm, knowledge is derived solely from observation, experience and verification; thus, its research method is quantitative. Similarly, the positivist paradigm considers that scientific knowledge can be acquired only by empirical means, not by argument. Research should be observable and repeatable. Data collection, formation and proof by hypothesis and statistical modelling formulate the universal positivist approach (Hawkesworth 1988).

Popper (2002) rejects both the positivist and scientific models, arguing that neither the logic of induction (i.e., using past results to forecast future events) nor the verified research findings of the quantitative study can guarantee knowledge. Popper challenges the observation/experience/verification paradigm for knowledge, claiming that 'scientific discovery commences with, and proceeds from, theory' (Hawkesworth 1988, p. 42). The post-positivist paradigm states that although a real world does exist, it is impossible for imperfect humans to perceive it (Denzin & Lincoln 1994; Denzin 2000). Thus, post-positivists use an approximate and linguistic approach by explaining the research shortcomings before embarking on data collection, analysis and findings (Clark 1998; Guba & Lincoln 1989; Habermas & McCarthy 1985).

The constructivist paradigm, which centres on the social construction of knowledge, is based on the premise that knowledge does not exist in the world outside, but is created by human interaction, thought and language (Healy & Perry 2000). These 'paradigm wars' of the late twentieth century generated much debate between the detractors and supporters of the different paradigms. This study is based on the positivist paradigm, and the research approach is discussed in the next section.

4.2.2 Research method

A methodology relates to the underlying paradigm of the study (Corbin & Strauss 2008; Onwuegbuzie & Johnson 2006). Deciding on the methodology requires assessment of issues and key factors that are central to the study's progress (Creswell 2003). The investigation of multifaceted factors influencing firms in undertaking training includes individuals' characteristics, organisational environment, management style and organisational long-term goals and shorter-term objectives (Clarke 2004). Selection of a suitable model for enquiry depends on the research question and the nature of the appropriate answer; in this study, the hypotheses call for a quantitative research method, data collection and analysis (Denzin & Lincoln 1994; Denzin 2000).

After determining the methodological approach, it is necessary to consider the methods (i.e., procedures and techniques) available for collecting the data. This, in turn, leads to the selection of the data collection instruments (Blaxter, Hughes & Tight 2001). For this study, identifying the factors that describe the quantitative data relative to the research questions requires the use of closed-ended questions on surveys (Punch & Punch 2009). The next step is the selection of valid and reliable sample groups that are relevant to this study in organisational training. As this research is focused on understanding the perceptions of employers and employees in Saudi SMEs, purposive sampling was used. Respondents were not randomly chosen, but were purposely selected to match the demographic criteria and research focus of the study. A quantitative survey approach was selected, and this is discussed in the following section.

4.2.3 Quantitative approach

Quantitative research is a method of collecting numeric data that are then usually analysed using statistics. Quantitative researchers typically draw statistical results from the sample; while qualitative researchers generalise from an exploration through dialogue (Onwuegbuzie & Collins 2007). The quantitative data process relevant to this research involves the following steps, as described below (Bryman 2004):

1) Research questions
2) Research design
3) Select research respondents
4) Devise measures of concepts
5) Administer research instrument/collect data
6) Process data
7) Analyse data
8) Produce and write up findings and conclusions.

Measures of concepts from the research problem were devised to inform the research instrument (Bryman 2004). Collecting such data usually requires a Likert-type scale that gives a choice of responses. A survey containing demographic data of the respondents, and questions identified from the literature for comparison is used in this study.

For quantitative research, data can be collected from official sources such as statistics or reports, or from published data such as media reports quoting sources. Primary research data can be gathered from observation of a sample, such as the number of people attending a venue, or from a data gathering instrument (Ary et al. 2007). The data-gathering instrument can employ a set of questions that is usually administered through a self-completed questionnaire.

The three concepts that underpin quantitative research are validity, reliability and generalisability (Muijs 2011). Babbie (2010) emphasises reliability; that is, the quality of the data collected is such that the same data emerges in repeated observations. Research validity for the purposes of this study can be described as content validity, which relates to results from the data that accurately reflect the purpose of this study. Predictive validity is the survey question's relevance to the research question (Babbie 2010). Generalisability of data is the extent to which the data from a given sample can be extended to the population that is being tested. The questionnaire in this research was constructed to meet validity, reliability and generalisability criteria.

In summary, a quantitative form of research is based on the collection of numerical data to identify relationships between theory and the data, using a positivist paradigm as an objective view of social reality. The research process includes preparation, statistical analysis, accuracy and testing the hypotheses. These methods also assist in data organisation and analysis, which in turn ensures accurate data analysis. This process is illustrated in Figure 4.1

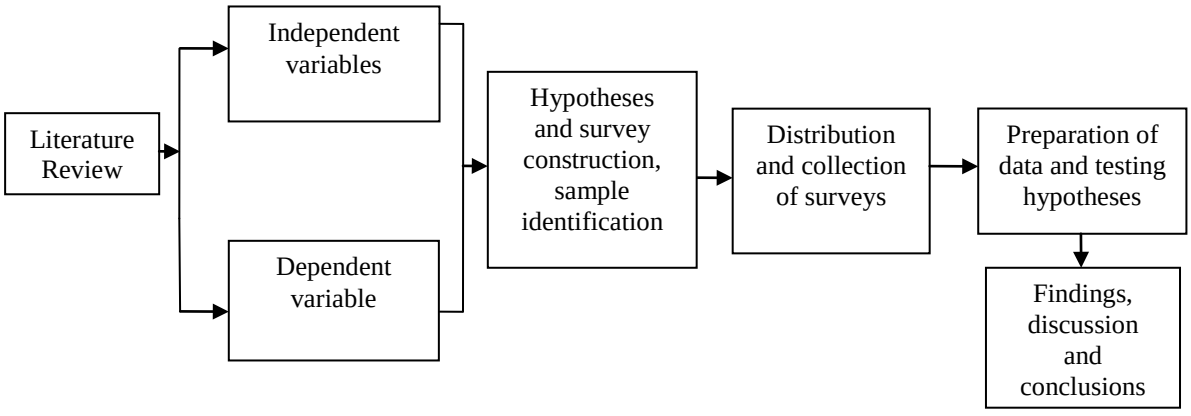


Figure 4.1 Statistical data analysis and hypotheses testing

The model in Figure 4.1 shows the relevant components of organisational training identified from the literature review, including the independent variables such as the nature

of training, management involvement, management motivation and training outcome, and the dependent variable of firm performance.

4.3 Data sample and collection

The target population for this research consists of small to medium-sized manufacturing-related businesses in KSA. Valid and reliable sample groups relevant to the topic of the study need to be sampled, and this process is detailed below.

4.3.1 Data sample

For primary research into characteristics of a population, a sample is selected so that it is representative of the whole, and this selection can be random or focused (Creswell 2003). A representative sample is essential to ensure that findings can be generalised (Bryman & Bell 2007). Probability sampling refers to sampling where a population has an equal chance of being selected. However, the sample for this research could not be based on a simple random sampling, as the study required the gathering of data from relevant Saudi SME employers/employees in an appropriate ratio to understand their perceptions about organisational training (Hair Jr et al. 2011). As such, purposive sampling, a form of non-probability sampling that involves the selection of specific parts of the population for study, was used to collect data relevant to this research. Non-probability sampling also allows for the exclusion of unwanted data.

While the firms were divided into sectors to ensure a representative sample, the SMEs from various industries were randomly selected from public datasets held in the Human Resource Development Fund offices in Dammam, the repository of private sector data for Eastern Province. The nature of Eastern Province firms was explored in Chapter 2.

However, it should be noted that the various national authorities use different definitions for firm size.

Table 4.1 Industries in Eastern Province

Industries	Number of Industries	Per cent
SME	139,474	93%
Random Sample	13,000	9.3%
Sample Size	75	0.6%

Source: Saudi Arabia Monetary Agency 2008

Sample size varies widely according to the type of research and the researcher's available time and resources (Creswell 2003). The number of firms for sampling was decided on the basis of the guideline by Costello (2009), who notes that many researchers use a ratio of 10:1 for random sampling. Ramady (2010) reported that Eastern Province had 139,474 proprietorships in 2008, and that 93 per cent of firms by number were classified as SMEs in the scale used by the Saudi Arabian Monetary Agency (see Table 4.1). Thus, a random sample would have to include some 13,000 firms in the survey, a number far beyond the resources and efforts that could be invested by the researcher. A compromise on sample size was made to ensure logistical ease as well as research validity. A sample of 75 firms was chosen after considering firms with sufficient size to undertake training, heterogeneity of firms, quotas imposed on SMEs through Nitaqat and different industry categories.

It must be noted here that this study is concerned with the general perceptions held by employers/employees in Saudi SMEs towards the effectiveness of training rather than measuring the immediate effect of training in improving productivity. So the respondents included in the sample are not restricted to employees who have recently undertaken a training program but those who may have undertaken such programs some time ago. The intent is not to evaluate the substantive impact of training programs as experienced by

people who have recently undergone training programs, but to understand the general perceptions of SMEs towards organisational training due to the recent debates on skilling up Saudi labour force. Actually the times referred to in this study, before and after 2005, was a time of great change when King Abdullah was ascended to the throne and introduced policies to create private sector jobs to absorb the new generation of school leavers and tertiary qualified young people coming on to the labour market. This was unsuccessful, primarily due to a 'greenfields' approach of the Kingdom letting 'partnership' contracts (particularly for hospitals) where the contractor was paid to build and operate the facility. Young Saudis could not compete; hence there was a need for training. This thesis takes the policy into the smaller firms, where a traditional model is still pursued, but where the bulk of the new jobs lie.

4.3.2 Data collection

The firms were contacted to seek permission to distribute the surveys. The survey was distributed to two groups in each SME: one group consisted of employers/managers/owners responsible for organisational training, and the other group consisted of one or two employees who were potential or actual trainees in the firm. Since participation in the survey depended on the voluntary decisions of respondents at selected firms, there was no selection bias involved in who participated in the study (Woolf et al. 2007). In April 2011, 200 surveys were delivered to employer respondents at these firms, and 300 were assigned for their employees. This research took place in a large urban area, and without travelling, employee attendance at formal training sessions held at the Corporation's centres would be prohibitive in terms of cost of absences for smaller firms outside the urban area. The respondents were asked to return their completed questionnaires to the HR department of their respective firms. Dropping in the completed

questionnaire to the HR office would have been less cumbersome for the respondents; if they were asked to return the questionnaire directly to the researcher, this could have created a sense unnecessary effort and dissuaded them from completing the survey. Respondents were also assured of safety as the completed questionnaires were returned in a sealed envelope to their HR office.

4.4 Data gathering instrument

4.4.1 Survey questionnaire

A self-reported questionnaire was adopted as the data-gathering instrument in this survey research. Self-reported questionnaires can be used to examine a large population sample with a standardised set of questions that are answerable in a short quantifiable format (Bryman 2004). The surveys were prefaced with an introduction of the researcher, the objectives of the research, the appropriate permissions and a privacy statement. The instruments were written in English and translated into Arabic to ensure a greater response rate. Then, the responses in Arabic were translated back into English by the researcher to ensure the meaning was not lost. All translations were peer reviewed. No pretest of the survey was undertaken. The measures and questionnaire items of the survey were adapted from extant literature. However, the content validity was tested through peer review resulting in no changes made.

Two survey instruments were adapted from the current literature, and 500 were distributed among employers and employees of the sample SME firms. The first, an employer questionnaire (see Appendix 1), collected workplace training information to determine the training practices that firms find most successful to improve their business practices. The second questionnaire gathered information about any past training that employees had

experienced: whether they had, in fact, had any training; the timing and frequency of courses or workshops; type of training; usefulness of the new knowledge in their work; and any consultation or follow-up to the training (see Appendix 2). The data from each questionnaire were intended to draw out factors contributing to training success and any issues that may prevent desired training outcomes. The surveys also collected data on the organisation's sector, main activity, organisational structure, financial turnover and number of employees for the years 2005 to 2011. Demographic questions were used to collect the respondents' characteristics. Both surveys were measured using a Likert scale.

The first part of the employers' survey referred to the role of the executive in employee training, identifying the organisation's needs and the standards applied in training procedures (17 questions). The second through forth sets of statements asked the respondents, respectively, about executive management commitment to training (8 questions), their views on management support (8 questions) and their opinions on training outcomes (9 questions). The final section comprised a set of eight statements regarding the performance of the firm that could be attributed to training. There was space for further comments at the end of the questionnaire.

The second questionnaire gathered employees' responses to their training. It again captured demographic data on the nature of education and the type of training that each staff member experienced. Where possible, the questions mirrored the management questions so that a comparison could be made between the various perceptions. Employees were thus asked for their responses on their training and asked for their views on whether they found employee training necessary, valuable and rewarding (Zhao, Mattila & Tao 2008).

The questions in the surveys were developed through a review of the literature and consultation with Saudi employment authorities and employers that had undertaken

extensive staff training (Ary et al. 2007; Blaxter, Hughes & Tight 2001). Issues of coherency, comprehensibility, length and clarity were considered when adapting the questions. Creswell (2003) advises that survey questions should address the research questions, be clearly set out and unambiguous. They should be non-repetitive so that the participant remains motivated to continue through and finish the survey.

Although quantitative surveys with closed-ended questions are suitable for large-scale data collection, some aspects of the data collected may be ambiguous and require further explanation. Such issues may need to be further explained and illustrated with expanded responses from participants. In such cases, further qualitative information can be elicited by adding open-ended questions in the survey and requesting comments on the survey instrument (Teddlie & Tashakkori 2009). Therefore, space was left at the end of each questionnaire for the respondent to make comments or express an opinion on any issue not directly addressed by the questionnaire.

4.5 Variables and measures

In this study, nature of training, management involvement, management motivation and training outcome were used as the independent variables, while firm performance constituted the dependent variable. Baron and Kenny (1986) distinguish between the properties of mediating variables. The mediator function provides a line function whereby the focal independent variable is able to influence the dependent variable/s of interest. In this study, training outcome is the focal mediator variable in relation to hypotheses H1a, b and c and H2a, b and c. In hypothesis 3, training outcome acts as an independent mediating variable and firm performance is the dependent variable that ‘closes the loop’. The research investigates the relationships between these variables with the aim of determining whether the results may lead to an observable impact on firm performance.

Nature of training was measured using the scale proposed by Meyer et al. (1989) with questions that tested the extent to which the content of the training module fulfilled the requirements of the procedure. Although Meyer et al. developed their scale of nature of training to measure the training of personnel as a dimension of their individual performance the scale in this study has been used to relate the nature of training to company performance in general. Despite this difference, there is essentially no substantive conflict in this usage as the elements of the scale used by Meyer et al. Relates equally well to firm performance as it does to individual performance. Management involvement was measured using the scale proposed by Kelloway, Barling and Helleur (2000), asking if the involvement of supervisors/managers with the process of training is expected to lead to greater commitment by trainees. Management motivation was measured using the scale proposed by Tai (Burden & Proctor 2000), which states that supervisors who are knowledgeable and interested in staff training obtain better results.

Training outcome refers to any observed benefit from the process of training and was measured using the scale proposed by Zeffane and Al Zarooni (2008), who formulated questions that could evaluate employees' responses to management training objectives. Firm performance is the dependent variable. The scale proposed by Hansson (2007) was adapted to measure firm performance and its effectiveness. Hansson used an international dataset compiled to examine the extent to which training investments enhanced company performance (Hansson 2007).

With the exception of the study on training outcome by Zeffane and Al Zarooni (2008), which used a dataset, all of the primary researchers cited above used a form of Likert scale-based survey to collect and analyse their data. Thus, the variables in this study

adopted the common approach for the survey, using a 5-point Likert scale ranging from 1, 'strongly disagree' to 5, 'strongly agree' (Allen & Meyer 1990).

The research framework depicted in Figure 3.1 shows training outcome as a mediating variable. A mediator is generally defined as a variable that is in a causal sequence between two variables; while a moderating variable is not part of such a causal sequence, but may have an indirect influence on the other variable/s (Baron & Kenny1986; Chmura Kraemer et al. 2008; Holmbeck 1997; MacKinnon et al. 2007). In this study, the mediator 'training outcome' is in causal sequence between the independent variables nature of training, management involvement and management motivation, and the dependent variable firm performance.

4.6 Research procedures

This section comprises data collection, data preparation and analysis, and the data process controls that were put in place. Data processes were validation and reliability.

4.6.1 Data processing

Firms that received the questionnaires in April 2011 were asked to submit their completed questionnaires in the next three months. Following Dillman's (1978) procedure, and after a gap of three weeks, the researcher followed up with the firms through phone calls and emails until July 2011. The actual sample consisted of two to five employers at each firm and between five to 10 employees with greater than three years' service experience. At the end of the three months, the researcher received completed questionnaires from 101 employers and 175 employees, resulting in 276 responses in total. Of these, there were three incomplete employer surveys and five incomplete employee surveys. Excluding these incomplete questionnaires gave 98 usable employer responses, with a response rate of 49

per cent, and 170 usable employee responses, yielding a 57 per cent response rate. This gives a total responses rate of 54 per cent overall.

After the surveys were returned, they were checked to ensure completeness, consistency and reliability of data, as inconsistencies that can be logically corrected should be rectified at this stage (Bryman 2004). The Arabic data were also translated into English, and peer reviewed. Each item in the questionnaire was assigned a unique variable name that could clearly identify the information type. A coding sheet was used to assign a number to each possible response to each question (Cavana, Delahaye & Sekaran 2001). The coding sheet also stated the category in which each item of information fitted.

After categorising and entering the data into an SPSS program, the normality of the data was tested before the actual analysis started. Most multivariate statistical analysis, particularly CFA and SEM, require the distributional characteristics of the data to be normal. The normality of data is a fundamental assumption that posits that each variable and its linear combinations are normally distributed (Tabachnick & Fidell 2006). Validating normality is important to avoid misleading interpretations (Kline 2005). Mardia (1974) suggests that the measure of skewness and kurtosis for multivariate normality can be obtained by using the output of normal Q-Q plot to graphically determine normality. The output of a normal Q-Q plot on SPSS compares two probability distributions by plotting their quartiles against each other. If the data are normally distributed, then the data points will be close to the diagonal line. Kline (2005) states that values of skewness >3 and kurtosis >10 are acceptable criteria for normality.

Non-normality of data is also caused by outliers, which represent ‘values that are substantially lower or higher than other values in the data set’ (Pallant 2010, p. 115). Outliers are normally identified in cases that have scores that are very different from the

rest of the data set (Kline 2005). An outlier can go against the normal patterns of the data set and misrepresent the general population sample, so they must be identified and deleted. A multivariate outlier can be detected by using a Mahalanobis distance (D^2) statistic, which indicates distance in standard deviation units between a set of scores for an individual case and the sample means for all the variables (Kline 2005). D^2 calculates the distance of particular scores from the centre cluster of remaining cases. Its threshold is less than 2.5 for a small sample (80 or fewer cases) and less that 3 or 4 for a larger sample (more than 80 cases) (Hair et al. 2010). In this study, the maximum D^2 value is 37.896; D^2/df is equal to 0.924. As the value does not exceed the threshold value, there are no extreme outliers to be deleted from the sample.

4.6.2 Validity, reliability and generalisability

The three concepts that underpin quantitative research are validity, reliability and generalisability, and the questionnaire in this survey was constructed in a manner that could meet all these criteria (Muijs 2011). While content validity refers to the extent to which results from the data accurately reflect the purpose of this study, predictive validity refers to the relevance of the survey questions to the research question (Babbie 2010). Exploratory factor analysis (EFA) was applied to determine the construct validity of the measures and check the reliability of the items. The Kaiser–Meyer–Olkin (KMO) measure of sampling adequacy reports the variance among the data that can be explained by the factors (Kaiser 1974). Bartlett's test of sphericity is another indicator of the suitability of the data for factor analysis (Bartlett 1954).

Reliability ensures that the quality of the data collected is such that the same data emerges in repeated observations (Babbie 2010). Reliability analysis was used in this research to test the stability of each respondent's answers to the survey items under all independent

and dependent variables to determine the factor structure of the measures and check the reliability of the items. Cronbach's (1951) alpha determines the internal consistency of items in a survey instrument, and was applied here to gauge the survey's reliability. The Pearson correlation coefficient was also used, to report the strength of the association of the relationship.

Generalisability of data is the extent to which the data from a given sample can be extended to the population that is being tested. The generalisability of the data was determined by selecting an appropriate sample representing the population and ensuring that the data had a normal distribution devoid of outliers or extraordinary values. One form of measurement used to describe variables in descriptive statistics is the normal curve, an idealised frequency distribution that provides a fit for many of the distributions for dependent variables used in the behavioural sciences (Gliner, Morgan & Leech 2009). Measures of central tendency are the mean, median or mode (Gravetter & Wallnau 2007).

4.7 Data analysis

This research uses both descriptive and statistical analysis. Descriptive statistics summarise and quantitatively describe the dominant characteristics of the collected data. However, descriptive statistics do not draw inferences regarding the population from which the sample was taken (Gliner, Morgan & Leech 2009). Inferential statistics, on the other hand, use the data from the sample to extrapolate to the wider population, usually through probability theory. This section briefly discusses the forms and characteristics of analysis used in this research.

The first technique used was factor analysis, which is a data reduction technique used to identify relationships. In this research, principal component analysis with varimax rotation

was used to reduce the number of factors on which the variables had high loadings. Pearson's correlation coefficient (r) is a measure of the strength of the association between two variables. Pearson's correlation coefficient takes values from –1, denoting a negative relationship between two variables, to +1, which shows a positive relationship. A Pearson's correlation coefficient of 0 indicates no relationship between the two variables (Pallant 2010). Pearson's correlation matrix was used to find a bivariate correlation, which can help to validate a relationship between two variables.

Multicollinearity refers to a situation in which there is a strong correlation between the predictors and the mediator, compromising tests of the regression coefficients. If inter-item correlations are greater than 0.8, the two independent variables are essentially measuring the same feature, and this is known as multicollinearity (Hair et al. 2010). Tolerance is defined as 1–R2: the higher the tolerance value, the more useful the predictor; the smaller the tolerance value, the higher the degree of collinearity. Tolerance shows the degree of overlap among the variables, which may indicate potential problems of instability in the model and necessitate the elimination of some items or variables.

Correlation and hierarchical regression analyses were used to show the relationships among the variables using IBM PASW Statistics 18 (Ahmad & Bakir 2003; Baron & Morin 2010; Boswell & Boudreau 2000; Lim et al. 2007). PASW statistics examine the significant relationships between the variable of firm performance and its antecedents. The diagonal elements of the inverse correlation matrix (i.e., –1 times the diagonal elements of the sweep matrix) are variance inflation factors (VIF) (see Neter et al. 1985). If the predictor variables are not correlated, then the diagonal elements of the inverse correlation matrix are equal to 1.0; thus, for correlated predictors, these elements represent an 'inflation factor' for the variance of the regression coefficients due to the redundancy of

predictors. VIF measure the increase in variance of the estimated coefficients over the case of no correlation among the variables.

Regression analysis was used to examine the predictive relationships between variables. The object was to establish the values of parameters for a linear function that best fits a set of data observations. Hypotheses were also tested using hierarchical moderated regression analysis (Aiken, West & Reno 1991). Saunders (1955, 1956) first describes stepwise or hierarchical mediation regression analysis as a method for empirically detecting the means by which a variable influences the relationship between two other variables. Moreover, the variable that affects the training outcome and firm performance was examined. Demographic variables were used as control variables to examine the interaction among the antecedent variables that affected the variables of training outcome and firm performance.

4.8 Chapter summary

This chapter described all aspects relating to the methodology used in the research process for this thesis, including the research design, development of the research instrument, sample selection, data preparation and statistical procedures for data analysis. The variables underpinning the data analysis were firm performance as the dependent variable, and nature of training, management involvement, management motivation and training outcome as the independent variables. The statistical procedures for quantitative analysis described in this chapter will be used to determine the relationships among the variables and test the stated hypotheses. Further testing of the variables will also be conducted to confirm the rigour and reliability of the results derived from the analysis. The next two chapters discuss the results from the data analysis and the hypothesis testing to answer the questions generated for the research.

Chapter 5

Data Analysis I: Survey Responses from Employees

5.1 Introduction

This part of the study, comprising Chapters 5 and 6, is concerned with the analysis of data collected for the two sample groups of employees and employers in selected SME firms from Eastern Province. Chapter 5 reports on the responses gathered from employees in the survey. The chapter is divided into three sections: the first section presents descriptive statistics of the employee responses to the survey items as well as the demographic profiles of the employees. The second section shows the factor analysis conducted on all variables, and the third section presents the results of the hypothesis testing and mediator analysis of training outcomes on firm performance. The last section presents the regression analysis conducted on the employee data.

5.2 Descriptive statistics

This section shows the results from the descriptive analysis of the data gathered from the employees who participated in the study. The first section covers the mean and standard deviation (SD) for responses on all items in the survey, and the second part illustrates the demographic characteristics of the participants.

5.2.1 Mean and SD for employee responses

Mean, SD, skewness and kurtosis were estimated for all items in the survey. Table 5.1 gives an overview of the values of employee responses for all survey items.

Table 5.1 Skewness and Kurtosis (N=170)

Items		Mean	SD	Skewness	Kurtosis
1.	Gender	1.21	.410	1.424	.027
2.	Nationality	1.88	.937	1.167	.672
3.	Education	1.72	.688	.973	1.703
4.	Qualification	1.82	.819	.873	.361
5.	Experience	1.95	1.028	.769	-.606
6.	Position	3.21	.721	-.907	1.287
7.	Age	1.88	.905	.781	-.238
8.	Workplace training	2.65	.944	-.279	-.787
9.	Work contributes	3.73	1.129	-.996	.357
10.	Appropriate training	3.21	1.350	-.221	-1.126
11.	Need of training	3.38	1.337	-.474	-.937
12.	Individual goals	3.32	1.335	-.370	-1.050
13.	Outcome	3.18	1.312	-.220	-1.164
14.	Proficient at the job	3.70	1.327	-.816	-.524
15.	Family responsibilities	3.35	1.184	-.542	-.499
16.	Results	3.92	1.343	-1.079	-.126
17.	Assists my career	3.79	1.341	-.959	-.345
18.	Objectives	3.56	1.296	-.651	-.722
19.	Relates to work	3.48	1.232	-.603	-.551
20.	Transferring knowledge and skills	3.38	1.152	-.579	-.382
21.	Easy and enjoyable	3.24	1.178	-.446	-.597
22.	Debates in training	3.29	1.289	-.419	-.944
23.	Information and skills	3.66	1.231	-.859	-.182
24.	Feedback and advice	3.31	1.293	-.400	-.998
25.	Reward remuneration or promotion	3.06	1.434	-.141	-1.335
26.	Needs	3.21	1.333	-.259	-1.118
27.	Practical	3.22	1.300	-.325	-1.037
28.	Treated	3.76	1.243	-.860	-.225
29.	Participants	3.63	1.249	-.741	-.402
30.	Update the knowledge	3.21	1.291	-.307	-1.025
31.	Training techniques	3.61	1.178	-.729	-.266
32.	Experiences	3.72	1.147	-.736	-.242
33.	Continue consecutively	2.98	1.391	-.062	-1.245
34.	Encourages and supports	3.29	1.383	-.298	-1.225
35.	Discusses training	3.16	1.352	-.220	-1.202
36.	Development goals	3.26	1.307	-.234	-1.168
37.	Reviews progress	3.19	1.338	-.271	-1.148
38.	Guide	3.26	1.316	-.268	-1.084
39.	Technical skill	3.11	1.280	-.211	-1.128
40.	Role model	3.39	1.346	-.458	-1.052
41.	Motivated	3.36	1.327	-.420	-1.046
42.	Relevant to skill and knowledge	3.89	1.260	-1.021	-.102
43.	Commitment	3.82	1.229	-1.000	.060
44.	Clear objective	3.97	1.194	-1.189	.484
45.	Superior	3.32	1.185	-.263	-.643
46.	Responsibility	3.66	1.226	-.880	-.094
47.	Implementing skill	3.78	1.233	-1.052	.163
48.	Financial and other assistance	4.14	1.186	-1.341	.836

49.	Communication	3.38	1.268	-.476	-.824
50.	Salary and conditions	3.06	1.409	-.234	-1.269
51.	Clear view	3.64	1.327	-.719	-.665
52.	Teamwork	3.91	1.188	-1.188	.585
53.	Question work practices	3.73	1.286	-.967	-.123
54.	Knowledge sharing	3.79	1.270	-.999	-.077
55.	Improve skill	3.96	1.266	-1.198	.352
56.	Work environment	3.76	1.213	-.968	.107
57.	Update work skill	3.91	1.259	-1.148	.264
58.	Strengths and weaknesses	3.79	1.254	-1.097	.167

Items 1 to 8 in the table above are questions related to the demographic profile of the respondents, while items 9–58 concern employees' perceptions about their training. Questions 9–58 elicit responses based on a 5-point Likert scale, from 1 'strongly disagree' to 5 'strongly agree'. The skewness and kurtosis values are also presented in Table 5.1.

For normality assessment purposes, Kline (2005) suggests that skewness and kurtosis of absolute values lower than 3 and 10, respectively, indicate normality of the data. The indices for skewness and kurtosis were generated from the data through SPSS. The skewness values (see Table 5.1) in this research were not larger than the absolute value of 1.4, and the kurtosis values were not larger than the absolute value of 1.7. Pallant (2010) indicates that scales used in social science have either positive or negative scores. This does not indicate a problem but rather reflects the nature of the construct being measured. Based on this assessment method, the observed items in this study are not considered as acceptably normal. However, while the scores represent some skewness and kurtosis, neither of them was extreme.

The overall result was that the interviewees tended to mildly agree with the statements in the survey, with the exception of item 48 on financial assistance for further education, where the result approached 'strongly agree' (mean 4.14). The highest results between 'neutral' and 'agree' were item 44 with a clear objective for training and the results being

measurable (mean 3.97), and item 16, good training results improve skills (mean 3.96). The sole negative response was found for item 33 (mean 2.98) stating that there should be consecutive training sessions. A high divergence between respondents was found for two items, both of which concerned rewards: item 25 regarding rewards for training and item 50 on salary and conditions.

5.2.2 Demographic characteristics of employee participants

The employees who participated in the study were asked to supply information about their demographics. Table 5.2 shows an overview of the demographic profile of the group based on seven criteria: gender, nationality, education, qualifications, career, age and workplace training experience.

Table 5.2 Characteristics of employee participants (N=170)

Characteristic	Frequency	Percentage
Gender		
Male	134	78.8
Female	36	21.2
Total	170	100
Nationality		
Saudi	65	38.2
Other Arabic	82	48.2
European, North American	2	1.2
Other Asian	21	12.4
Total	170	100
Education		
Diploma	65	38.2
Bachelor degree	92	54.1
Graduate degree	8	4.7
Other	5	2.9
Total	170	100
Place qualified		
Saudi Arabia	67	39.4
Other Arab	75	44.1
Asian	20	11.8
Other	8	4.7
Total	170	100
Career		
< 5 years	74	43.5

5–9 years	51	30.0
10–15 years	25	14.7
> 15 years	20	11.8
Total	170	100
Age		
< 30 years	70	41.2
30–39 years	62	36.5
40–49 years	27	15.9
> 50 years	11	6.5
Total	170	100
Last workplace training		
Never	24	14.1
< 2005	43	25.3
2005–2009	71	41.8
2010–2011	32	18.8
Total	170	100

There is a general dominance of males in Saudi workplaces, and this is shown in this study by the proportion of male employees (78.8%) exceeding female employees (21.2%). In terms of nationality, the sample in this study shows the predominance of non-Saudis in the private sector, with other Arabic (48.2%) leading the group, followed by Saudis (38.2%), and other nationalities at 13.6 per cent. In the sample, 58.8 per cent of respondents had university qualifications, 38.2 per cent diplomas, and the remaining 7.7 per cent reported a secondary school education or lower. Given the dominance of Arab respondents, the majority of them were educated in Arab countries (83.5%). The majority of participants were under the age of 40 years (77.7%), with 22.3 per cent aged 41 years and over. In the sample, 73.5 per cent of respondents reported work experience of less than 10 years and 26.5 per cent reported 10 or more years of employment.

A particular issue of concern from this demographic profile is the fact that a majority of respondents (71 per cent) reported that they had received their last workplace training between 2005 and 2009. Thus, nearly three-quarters of the staff in Saudi SMEs had had no training since 2009. Many employees revealed that training relevant to their duties or responsibilities and workplace changes relevant to markets and technology were learned on

the job or privately. The relative youth and low levels of work experience of the respondents were also reflected in their training levels.

5.3 Exploratory factor analysis

This section shows the results from the EFA of the data gathered from the employees that participated in the study.

5.3.1 Principal component analysis

The Kaiser–Meyer–Olkin (KMO) and Bartlett's test (see Table 5.3) provide information about the factorability of the data. The KMO measure of sampling adequacy reports the amount of variance in the data that can be explained by the factors. Generally, values of 0.5 or lower are unacceptable, and values of 0.6 or above are acceptable (Pallant 2010). Bartlett's test of sphericity is another indicator of the suitability of the data for factor analysis, where a $p<0.05$ indicates significance (Kaiser 1974). The tests were carried out for all the independent and dependent variables.

Nature of training

The sampling analysis of nature of training is shown in Table 5.3, followed by the scree plot in Figure 5.1.

Table 5.3 Nature of training—sampling analysis

Kaiser–Meyer–Olkin measure of sampling adequacy	.914
Approx. chi-square	1776.253
Bartlett's test of sphericity	136
Sig.	.000

The KMO value .914 is presented in Table 5.3. As the recommended value is 0.6, the data are suitable for factor analysis. Further, Bartlett's test result ($p<0.001$) further confirms the suitability of the data for factor analysis.

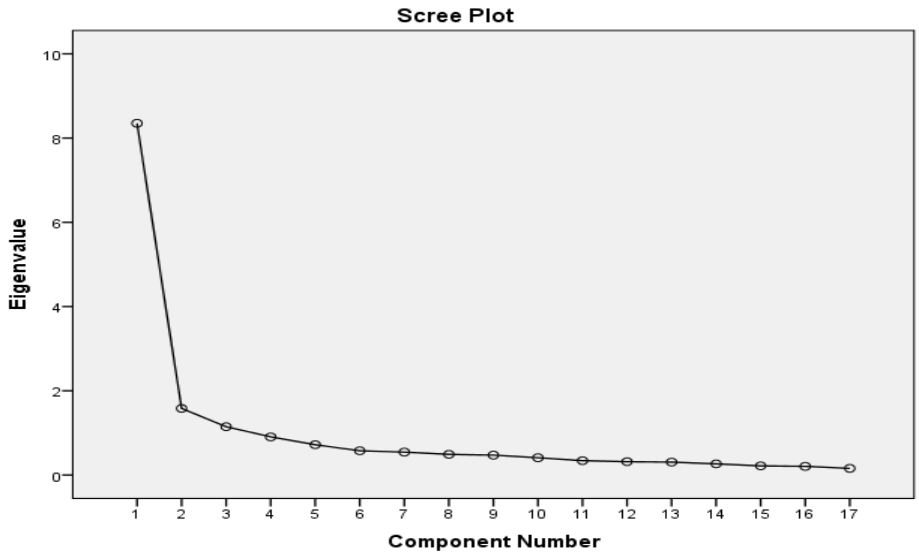


Figure 5.1 Scree plot for nature of training

Figure 5.1 shows three factors with an Eigenvalue above 1.0, implying that there are three significant factors (Cattell 1966). The rotation matrix that emerged, together with the Eigenvalues, percentage of variance after rotation and Cronbach's alpha associated with the three primary components (factors), are presented below in Table 5.4.

Table 5.4 shows that factors related to *work*, *easy and enjoyable*, *information and skills* and *reward remuneration or promotion* are substantially loaded on factor 3, while *work contribution*, *proficient at the job*, *results*, *assists my career* and *objectives* are substantially loaded on factor 2 and all the remaining variables are substantially loaded on factor 1. These factors can be used as variables for further analysis.

Table 5.4 Exploratory factor analysis results with varimax rotation of nature of training

Training variables	Factors		
	1	2	3
Appropriate training	0.72		
Need of training	0.78		
Individual goals	0.75		
Outcome	0.77		
Family responsibilities	0.63		
Transferring knowledge and skills	0.55		
Debates in training	0.58		
Feedback and advice	0.65		
Work contribution		0.65	
Proficient at the job		0.68	
Results		0.86	
Assists my career		0.78	
Objectives		0.66	
Relates to work			0.76
Easy and enjoyable			0.67
Information and skills			0.66
Reward remuneration or promotion			0.68
Total Eigenvalues	8.33	1.58	1.15
Variance explained (%)	27.11	22.42	15.58
Cumulative % variance explained	27.11	49.53	65.11
Cronbach's alpha	.90	.87	.84

The first factor comprises items that relate to the physical nature of training. Therefore, it will be labelled as 'requirements'. The second factor is best described as 'objectives'. Finally, the third factor includes items that reflect the attitude of an employee, and will thus be labelled as 'behaviour'.

Management involvement

The factor analysis of management involvement in training is shown in Table 5.5, followed by the scree plot in Figure 5.2.

Table 5.5 Management involvement—sampling analysis

Kaiser–Meyer–Olkin measure of sampling adequacy	.837
Approx. chi-square	664.858
Bartlett's test of sphericity	28
Sig.	.000

The KMO value 0.837 in Table 5.5 is above the recommended value of 0.6, which suggests that the data are suitable for factor analysis. This is confirmed by the Bartlett's test result of ($p<0.001$).

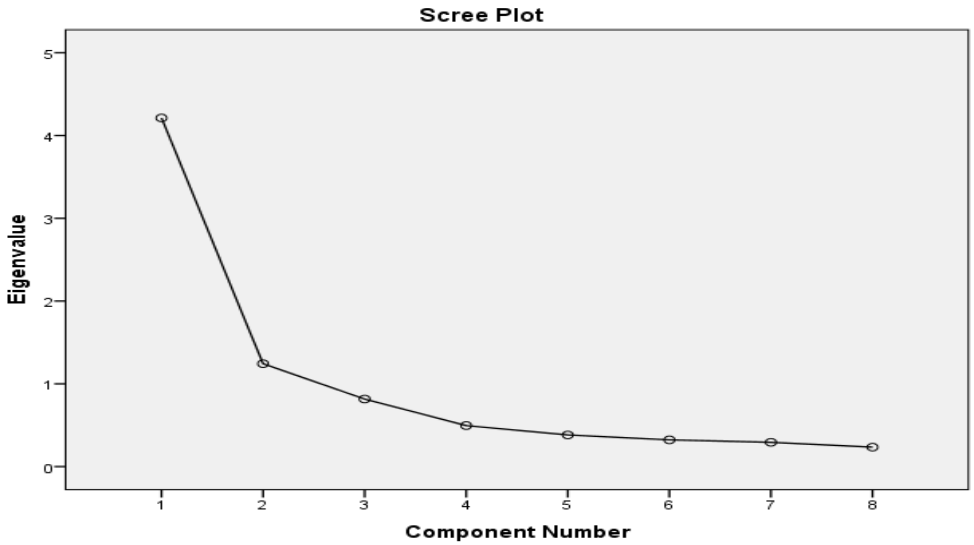


Figure 5.2 Scree plot for management involvement

In the scree plot in Figure 5.2, the 'elbow' starts at Eigenvalue number two, which shows that there are two significant factors (Cattell 1966). The rotation matrix that emerged, together with the Eigenvalues, percentage of variance after rotation and Cronbach's alpha associated with the two primary factors, are presented in Table 5.6 below.

Table 5.6 Exploratory factor analysis results with varimax rotation of management involvement

Variables	Factor	
	1	2
Treated	0.82	
Participants	0.78	
Training techniques	0.81	
Experiences	0.55	
Needs		0.76
Practical		0.77
Update knowledge		0.80
Continue consecutively		0.81
Total Eigenvalues	4.21	1.24
Variance explained (%)	34.91	33.27
Cumulative % variance explained	34.91	68.19
Cronbach's Alpha	.84	.83

Table 5.6 shows that the variables of *treated, participants, training techniques* and *experiences* are substantially loaded on factor 1, while *needs, practical, update knowledge* and *continue consecutively* are loaded on factor 2. These factors can be used as variables for further analysis. The first factor comprises items that perhaps reflect the extent to which management is involved in training and will thus be labelled 'treatments and experiences'. The second factor entails items that assist individuals, and will therefore be referred to as 'needs of training'.

Management motivation

The factor analysis of the variable of management motivation for training is shown in Table 5.7. The scree plot follows in Figure 5.3.

Table 5.7 Management motivation—sampling analysis

Kaiser–Meyer–Olkin measure of sampling adequacy	.912
Approx. chi-square	787.568
Bartlett's test of sphericity	28
Sig.	.000

The KMO value .912 is presented in Table 5.7. As this is above the recommended value of 0.6, the data are suitable for factor analysis. Further, the Bartlett's test result $p<0.001$ further confirms the suitability of the data for factor analysis. In the scree plot shown in Figure 5.3, the 'elbow' starts at Eigenvalue number one, indicating that there is only one significant factor above 1.0 (Cattell 1966).

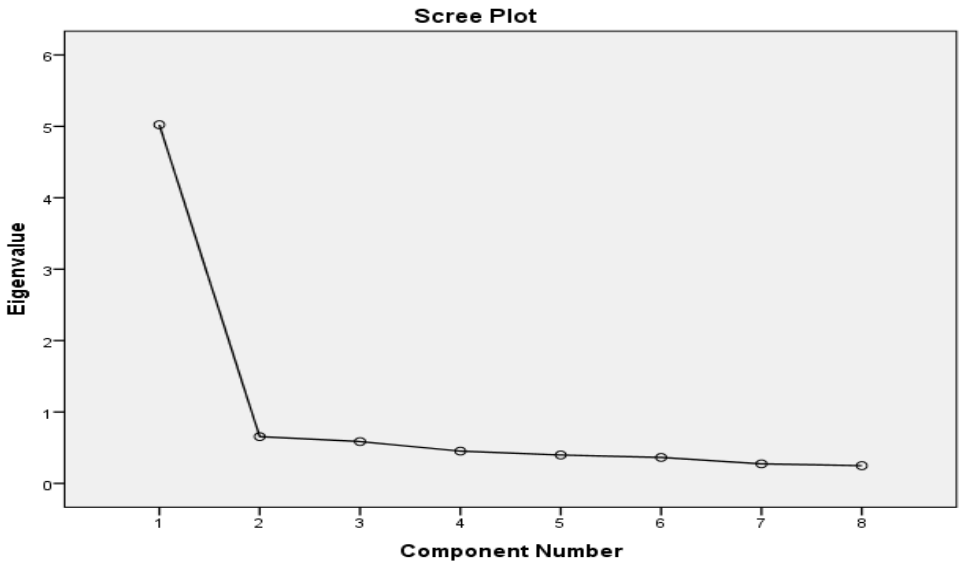


Figure 5.3 Scree plot for management motivation

Table 5.8 presents the rotation matrix that emerged, together with the Eigenvalue, percentage of variance after rotation and Cronbach's alpha associated with the one primary component.

Table 5.8 Exploratory factor analysis results with varimax rotation of management motivation

Variables	Factor 1
Encourages and supports	0.78
Discusses training	0.73
Development goals	0.82
Reviews progress	0.81
Guide	0.76
Technical skill	0.68
Role model	0.82
Motivated	0.85
Total Eigenvalues	5.02
Variance explained (%)	62.78
Cumulative % variance explained	62.78
Cronbach's alpha	.92

Table 5.8 shows that all primary factors are loaded on factor 1, reflecting the reach of management motivations on all items in the survey. This factor will be labelled as 'motivation'.

Training outcome

The factor analysis of training outcome is shown in Table 5.9, followed by the scree plot in Figure 5.4.

Table 5.9 Training outcome—sampling analysis

Kaiser–Meyer–Olkin measure of sampling adequacy	.855
Approx. chi-square	623.271
Bartlett's test of sphericity	36
Sig.	.000

The KMO value .855 is presented in Table 5.9. As this is above the recommended value of 0.6, the data are suitable for factor analysis. The Bartlett's test result ($p<0.001$) further confirms the suitability of the data for factor analysis.

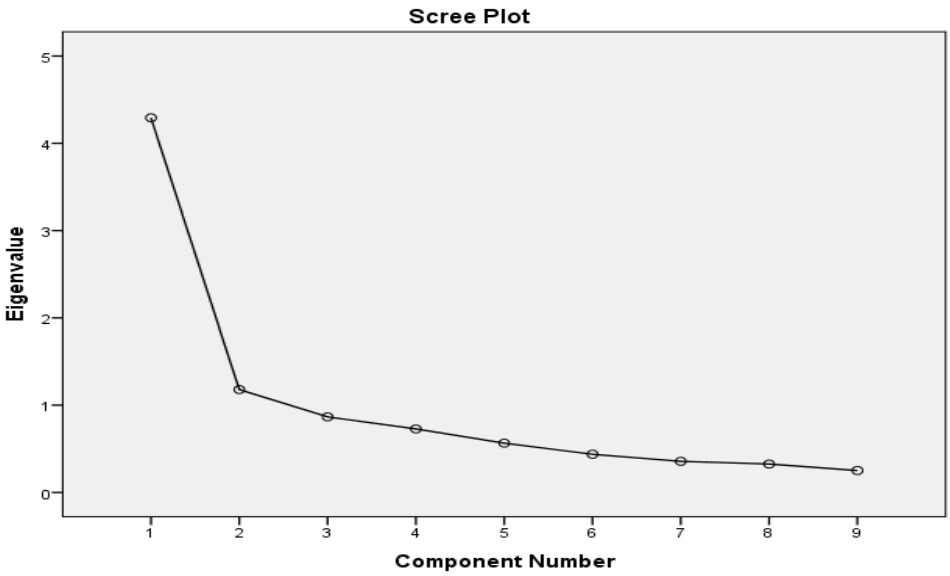


Figure 5.4 Scree plot for training outcome

As shown in the scree plot in Figure 5.4, the 'elbow' starts at the second Eigenvalue. Thus, there are two significant factors above an Eigenvalue of 1.0 (Cattell 1966).

Table 5.10 presents the rotation matrix that emerged, together with the Eigenvalue, percentage of variance after rotation and Cronbach's alpha associated with the two primary factors.

Table 5.10 Exploratory factor analysis results with varimax rotation of training outcome

Variables	Factors	
	1	2
Relevant to skill and knowledge	0.81	
Clear objective	0.78	
Responsibility	0.84	
Financial and other assistance	0.80	
Commitment		0.73
Superior		0.75
Implementing skill		0.63
Communication		0.69
Salary and conditions		0.64
Total Eigenvalues	4.29	1.18
Variance explained (%)	34.67	26.12
Cumulative % variance explained	34.67	60.79
Cronbach's alpha	.85	.76

Table 5.10 shows that the variables *relevant to skill and knowledge*, *clear objective*, *responsibility* and *financial and other assistance* are substantially loaded on factor 1, while *commitment*, *superior*, *implementing skill* and *communication* are loaded on factor 2. These factors can be used as variables for further analysis.

The first factor comprises items on skills and knowledge that can influence training outcomes, and is thus labelled 'skills requirements'. The second factor comprises items relevant to individuals' training needs, and is thus termed 'training needs'.

Firm performance

The factor analysis of firm performance is shown in Table 5.11, and the scree plot follows in Figure 5.5. Table 5.11 presents the rotation matrix that emerged, together with the Eigenvalues, percentage of variance after rotation and Cronbach's alpha associated with one primary factor.

Table 5.11 Firm performance—sampling analysis

Kaiser–Meyer–Olkin Measure of Sampling Adequacy	.879
Approx. Chi-Square	984.019
Bartlett's Test of Sphericity	28
Sig.	.000

The KMO value 0.879 is presented in Table 5.11. As this is above the recommended value of 0.6, the data are suitable for factor analysis. The Bartlett's test result ($p<0.001$) further confirms the suitability of the data for factor analysis.

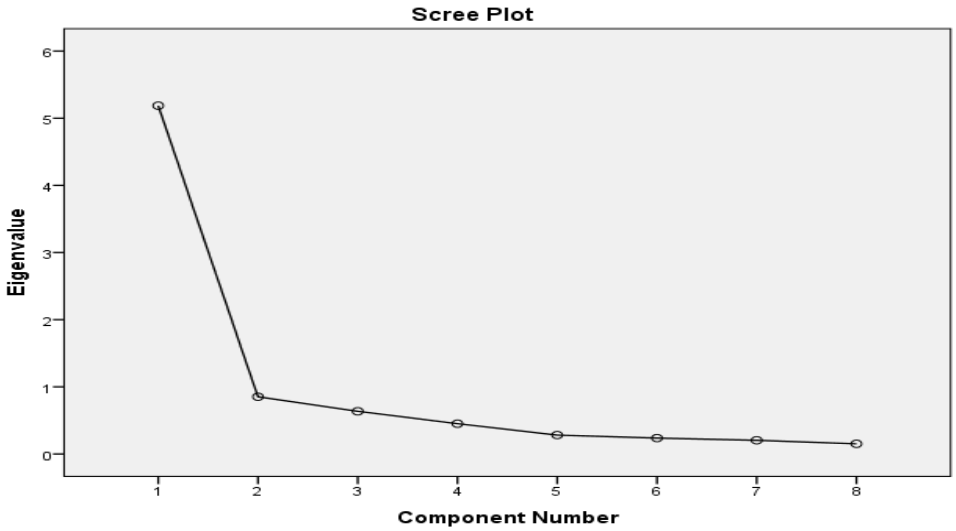


Figure 5.5 Scree plot for firm performance

The scree plot in Figure 5.5 shows that the 'elbow' starts at Eigenvalue one, meaning that there is one significant factor above 1.0 (Cattell 1966).

Table 5.12 shows that primary factors > 0.7 are loaded on factor 1. This factor is termed 'employee satisfaction and motivation'. The Cronbach's alpha value is >0.7, suggesting that the items have relatively high internal consistency.

Table 5.12 Exploratory factor analysis results with varimax rotation of firm performance

Variables	Factor 1
Clear view	0.86
Teamwork	0.68
Question work practices	0.84
Knowledge sharing	0.82
Improve skill	0.85
Work environment	0.84
Update work skill	0.81
Strengths and weaknesses	0.72
Total Eigenvalues	5.19
Variance explained (%)	64.84
Cumulative % variance explained	64.84
Cronbach's alpha	.92

5.3.2 Confirmatory factor analysis for employee data

CFA was employed after undertaking EFA in earlier sections. The factors generated through EFA were used as a guide for CFA. As shown in Table 5.13, CFA deliberated over the measurement model to decide which model fit the data. The measurement model's acceptability is based on the threshold values of the goodness-of-fit indices presented in Table 5.13.

Table 5.13 Goodness-of-fit criteria and acceptable fit interpretation

G-O-F Criterion	Acceptable Level	Interpretation
Chi-square	Probability Level p>0.05	A non-significant chi-square test provides support for the model
CMIN/DF	< 3.00	The ratio of chi-square to df should be less than 3.0
Goodness-of-fit index (GFI)	Value close to or > 0.9	0 (no fit) to 1 (perfect fit)
Adjusted goodness-of-fit index (AGFI)	Value close to or > 0.9	Value adjusted for GFI, with 0.90 a good model fit
Standardised root mean Square residual (RMSR)	Value < 0.08	The lower the value, the better the fit
Tucker-Lewis index (TLI)	Value close to or > 0.95	A low coefficient (closer to 0.50) indicates that the relations among variables are more complex than can be represented by that number of common factors
Normed fit index (NFI)	Value close to or > 0.95	0 (no fit) to 1 (perfect fit)
Comparative fit index (CFI)	Value close to or > 0.9	0 (no fit) to 1 (perfect fit)
Root mean square error of approximation (RMSEA)	Values up to 0.08 are reasonable	Value less than 0.05 indicates a close model fit.

Source: Bollen (1998), Kline (2005)

Nature of training

The goodness-of-fit indices for nature of training are presented in Table 5.14, and the CFA measurement model is depicted in Figure 5.6.

Table 5.14 CFA model fit indices for nature of training

Chi-square	80.5
CMIN/DF	1.964
p value	.000
Bootstrap p value	.282
RMR	.083
GFI	.920
AGFI	.871
TLI	.947
CFI	.960
RMSEA	.076
PCLOSE	.046

From the results in Table 5.14, χ^2 is 80.5 with 1.964 dfs (i.e., CMIN/DF = 1.964), which is not insignificant ($p < 0.001$). However, the Bootstrap p value of .282 ($p > .05$) is supportive of the model and is accepted to be of a suitable fit. The TLI (.947) and CFI (.960) values are above the threshold >.95. The RMSEA value at .076 is under the value .08, which confirms that the model is satisfactory. The improved indices resulted after the removal of the items NT_2.1, 2.2, 2.9, 2.11, 2.12 and 2.14, which were not considered for further analysis. Figure 5.6 shows the CFA model for nature of training. F1 refers to 'requirements', F2 to 'objectives' and F3 to 'behaviour'. These were determined as the factors comprising nature of training in Section 5.3.1.

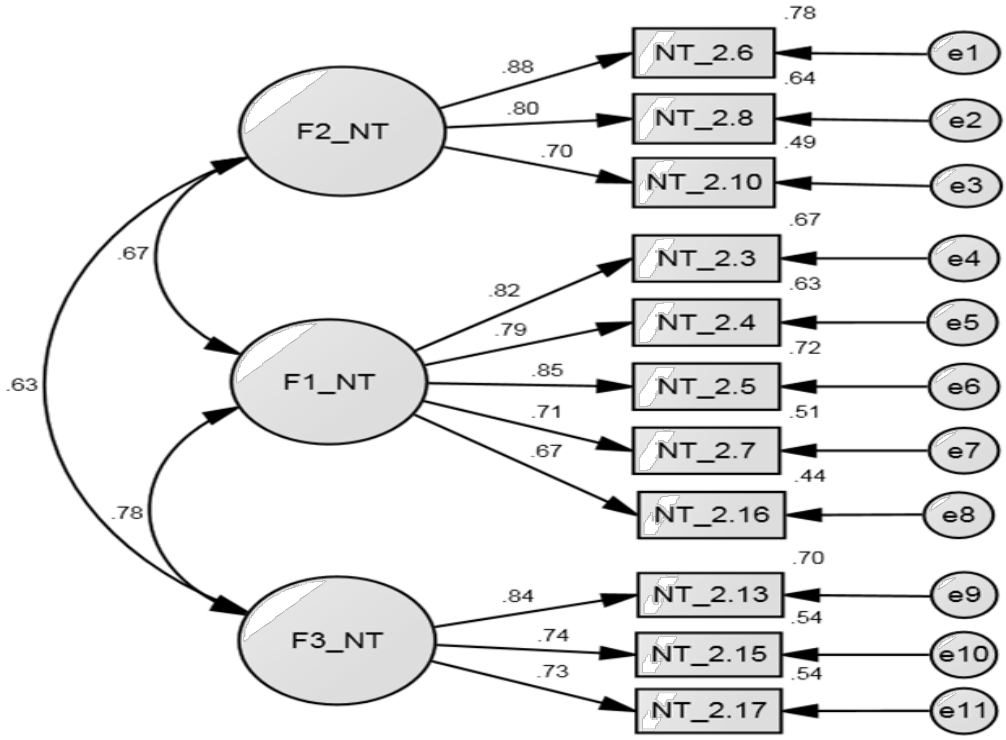


Figure 5.6 Measurement model for nature of training

Management involvement

The goodness-of-fit indices for management involvement are shown in Table 5.15, and the measurement model is shown in Figure 5.7.

Table 5.15 CFA model fit indices for management involvement

Chi-square	4.4
CMIN/DF	.885
P value	.490
RMR	.041
GFI	.990
AGFI	.970
TLI	1.003
CFI	1.000
RMSEA	.000
PCLOSE	.697

The chi-square value is insignificant (χ^2 = 4.4, p < .490) and χ^2/df = 0.885, which indicates that the model adequately fits the data (see Table 5.15). The TLI (1.003) and CFI (1.000) are found to be a good fit. The RMSEA value indicates fit at .000. The PCLOSE value is >0.05 (0.697), confirming that the model is satisfactory. The results were obtained after

removing the items MI_3.1, 3.7 and 3.8. Figure 5.7 shows the CFA model for management involvement. The first factor (F1) for management involvement is 'treatments and experiences'. The second factor (F2) is 'training needs', as determined in Section 5.3.1.

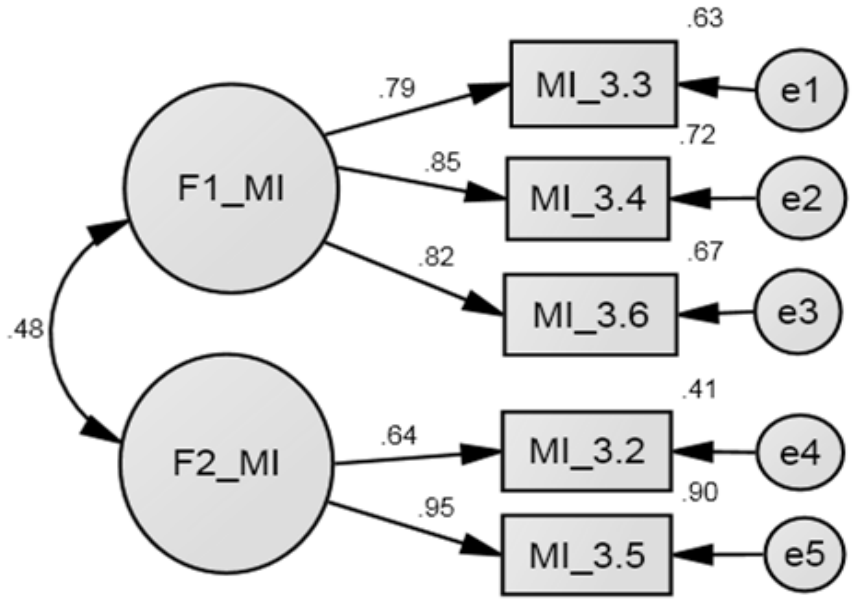


Figure 5.7 Measurement model for management involvement

Management motivation

The goodness-of-fit indices for management motivation are presented in Table 5.16, and the measurement model is given in Figure 5.8.

Table 5.16 CFA model fit indices for management motivation

Chi-Square	20.6
CMIN/DF	1.715
P Value	.057
RMR	.049
GFI	.968
AGFI	.924
TLI	.977
CFI	.987
RMSEA	.065
PCLOSE	.269

Table 5.16 records χ^2 of 20.6, with 1.715 dfs (CMIN/DF) and a p-value of .057, all of which shows an adequate fit. Values for TLI (.977), CFI (.987) and RMSEA (.065) also indicate a good fit. In addition, PCLOSE >0.05 (.269) indicates that the model is satisfactory. Figure 5.8 shows the CFA model for management motivation is composed of one factor. Item MM_4.6 was removed for a better model fit.

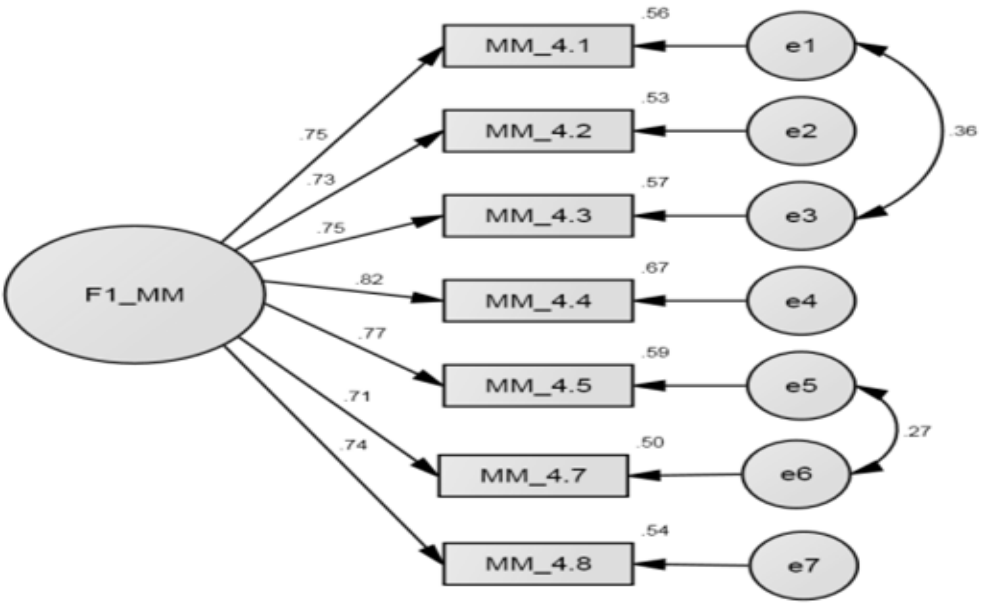


Figure 5.8 Measurement model for management motivation

Training outcome

The goodness-of-fit indices for management motivation are presented in Table 5.17, and the CFA model is in Figure 5.9.

Table 5.17 CFA model fit indices for training outcome

Chi-square	30.7
CMIN/DF	1.921
P value	.015
Bootstrap p value	.250
RMR	.056
GFI	.845
AGFI	.964
TLI	.954
CFI	.975
RMSEA	.059
PCLOSE	.291

Table 5.17 records χ^2 as 30.7, with 1.921 dfs (CMIN/DF). Since the chi-square p value (.015) was non-significant, bootstrap was run for P >.05. The values for TLI (.954), CFI (.975), RMSEA (.059) and PCLOSE (.291) confirm that the model adequately fits, following the removal of variables TO_5.4, 5.5 and 5.9. Figure 5.9 below presents the CFA model for training outcome, with the two factors of 'training needs' and 'skills requirements'.

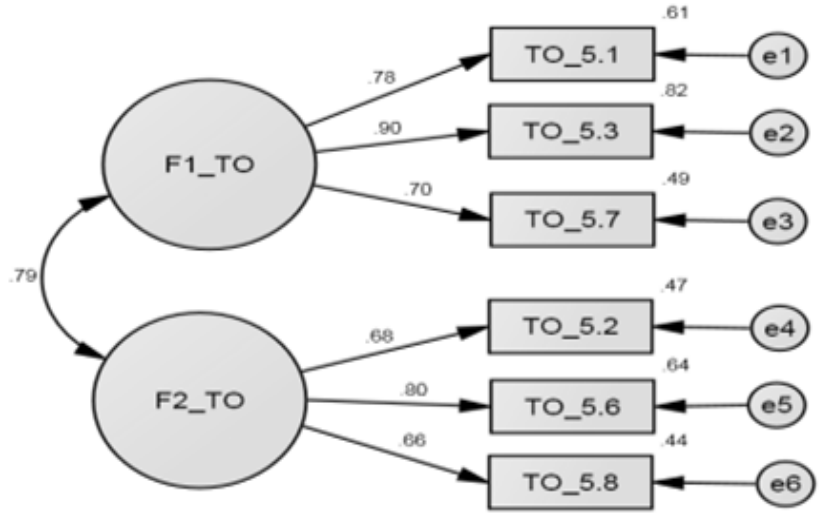


Figure 5.9 Measurement model for training outcome

Firm performance

The goodness-of-fit indices for management motivation are presented in Table 5.18, and the CFA model is in Figure 5.10.

Table 5.18 CFA model fit indices for firm performance

Chi-Square	6.829
CMIN/DF	1.366
P Value	.234
RMR	.043
GFI	.985
AGFI	.955
TLI	.991
CFI	.996
RMSEA	.047
PCLOSE	.449

Table 5.18 shows that χ^2 is 6.829, with 1.366 dfs (CMIN/DF) and p-value of .234. The TLI and CFI values close to 1 indicate a good fit, so TLI (.991) and CFI (.996) are acceptable. RMSEA at .047 and PCLOSE value >0.05 (.449) confirm a good fit. These indices resulted after the removal of items FP_6.4, 6.5 and 6.6. Figure 5.10 presents the CFA model for firm performance.

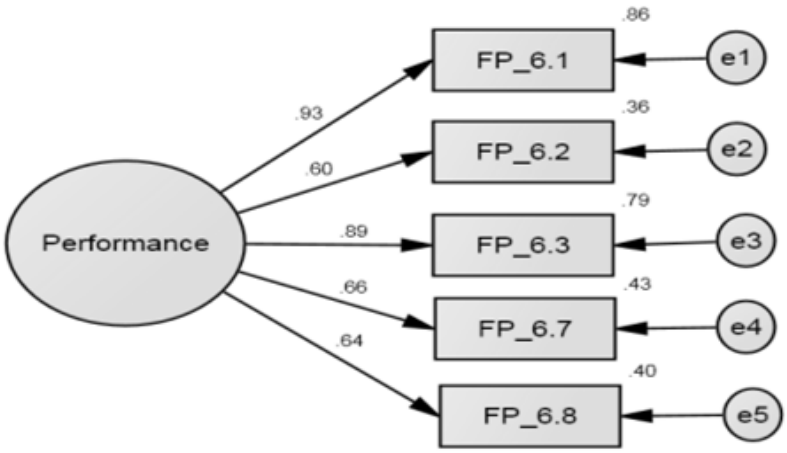


Figure 5.10 Measurement model for firm performance

5.4 Analysis of employee data

5.4.1 Correlation analysis

Zero-order correlations were employed to examine the relationship between all variables. The variables from CFA analysis were used to estimate correlation coefficients followed by regression test. Indeed, correlation and regression analysis used the variables whose values were aggregated from the scale items under each variable. The mean, SD and zero-order correlations were estimated. Table 5.19 shows that training outcome had the highest mean (3.83) and SD = .94, whereas management motivation had the lowest mean (3.27) and SD = 1.07. According to Cohen (1988), a value of .50 to 1.0 indicates a strong correlation as a guideline to interpret the correlation between variables.

Table 5.19 Correlation matrix for employees (N=170)

Variable	Mean, SD and correlation coefficients						
	Mean	S.D	NT	MI	MM	TO	FP
Nature of training (NT)	3.43	.94	*.91*				
Management involvement (MI)	3.49	.94	.76**	*.86*			
Management motivation (MM)	3.27	1.07	.71**	.62**	*.91*		
Training outcome (TO)	3.83	.94	.69**	.73**	.56**	*.85*	
Firm performance (FP)	3.80	1.01	.56**	.65**	.54**	.79**	*86*

*P < .05, **P < .01, Cronbach's alpha italicised along the diagonal

Table 5.19 shows that nature of training (0.56, p<.01), management involvement (0.65, p< .01), management motivation (0.54, p<.01) and training outcome (.79, p<01) are significantly correlated with firm performance. If inter-item correlations are greater than 0.8, the two independent variables are essentially measuring the same entity; this is known as multicollinearity (Hair et al. 2010). In this sample, the highest significant correlation is (.79, p<01); hence, multicollinearity does not appear to be present.

Table 5.19 shows that nature of training (0.69, p<.01), management involvement (0.73, p< .01) and management motivation (0.56, p<.01) are significantly correlated with training outcome. The variable training outcome (0.79, p<.01) significantly correlated with firm performance.

5.4.2 Regression analysis

Hypothesis testing was performed using hierarchical regression (Aiken, West & Reno 1991). The effect of antecedent variables on training outcome and firm performance were examined. Demographic variables such as gender, nationality, education, qualification, experience, position, age and workplace were used as control variables to determine the nature of these relationships. The results are presented in Table 5.20 below.

Table 5.20 shows that nature of training and management involvement contributes significantly to training outcome (0.24, p<.001, 0.45, p<.05 respectively). Hence,

hypotheses H1a and H1b are supported. Management motivation (0.11, p>.05) does not contribute significantly to training outcome and this may mean employees prefer managers to take distant role as motivators. Hence, hypotheses H1c is not supported (see Figure 3.1).

Table 5.20 shows that nature of training (-0.17, p<.05) has a negative and significant contribution to firm performance and the reason could be that employees did not see the direct effect on firm performance. Hence, H2a is not supported. Management involvement (0.20, p<.001) and management motivation (0.15, p<.05) are the significant predictors of firm performance. Hence, hypotheses H2b and H2c are supported.

Table 5.20 shows that training outcome contributes significantly to firm performance (0.66, p<.001); hence, hypothesis H3 is supported.

Table 5.20 Employee data multiple regression analyses (N=170)

Variables	Training outcome (TO)				Firm performance (FP)			
	B	S. E	Beta	T	B	S. E	Beta	T
Gender	-.16	.12	-.07	-1.28	-.17	.12	-.07	-1.40
Nationality	-.18	.08	-.18***	-2.32***	.07	.08	.06	.88
Education	.04	.07	.03	.51	.01	.07	.01	.10
Qualification	.17	.09	.15	1.92	.06	.09	.04	.62
Experience	.10	.06	.10	1.54	-.10	.06	-.10	-1.60
Position	.01	.08	.01	.11	-.14	.08	-.10	-1.84
Age	-.18	.07	-.17***	-2.64***	.04	.07	.03	.51
Workplace training	-.06	.05	-.07	-1.19	-.13	.05	-.12***	-2.36***
Nature of training (NT)	.24	.09	.24*	2.68*	-.18	.09	-.17***	-2.0***
Management Involvement (MI)	.45	.08	.45*	5.35*	.22	.09	.20*	2.38*
Management Motivation (MM)	.09	.06	.11	1.48	.14	.06	.15***	2.26***
Training Outcome (TO)	-	-	-	-	.72	.08	.66*	9.04*

*P<.001, **P< 0.01, ***P< 0.05, B = Unstandardised coefficients, Beta = standardised coefficients, T = t-statistics

5.5 Mediator analysis

Baron and Kenny (1986) suggest a three-step process to examine the mediating effects of training outcome on firm performance. In the first step, training outcome was used as a mediator to regress the effect of independent variables. For the second step, firm performance, as the dependent variable, was regressed on the independent variables. In the third step, firm performance was regressed on the independent variables and training outcome.

According to Baron and Kenny (1986), to examine the mediation effect, these conditions should be met:

a) The predictors—the independent variable (nature of training, management involvement and management motivation)—and the outcome—the dependant variable (training outcome)—should be significantly related.
b) The predictors (nature of training, management involvement and management motivation) should be related to the mediators (training outcome and firm performance).
c) There should be an association between the mediator (training outcome) and the outcome (firm performance).

The correlations for the satisfaction of the above-mentioned conditions can be verified in Table 5.19 and found that all the requirements are met to carry out mediation analysis.

The following hypotheses are formulated to test the mediation effect:

Hypothesis 4 (H4a) Training outcome (TO) mediates the relationship between nature of training (NT) and firm performance (FP).

Hypothesis 4 (H4b) Training outcome (TO) mediates the relationship between management involvement (MI) and firm performance (FP).

Hypothesis 4 (H4c) Training outcome (TO) mediates the relationship between management motivation (MM) and firm performance (FP).

Mediation is also categorised into partial and full mediation. As Baron and Kenny (1986) explained, full or perfect mediation can only be claimed if the independent variable is no longer significant when the mediator variable is controlled for. However, if the independent and mediator variables are both significant, partial mediation is supported.

5.5.1 Training outcome as mediator: nature of training and firm performance

Hypothesis 4 (H4a) Training outcome (TO) mediates the relationship between nature of training (NT) and firm performance (FP).

The mediating effect of training outcome between the independent variable nature of training and the dependent variable firm performance was determined, and the results are presented in Table 5.21. In the first step, training outcome was used as a mediator to regress the independent variable nature of training. For the second step, the dependant variable firm performance was regressed on the independent variable nature of training. In the third step, firm performance was regressed on both nature of training and training outcome.

The Beta coefficients in Table 5.21 represent the standardised regression coefficients for all variables showing significant relationships, except third step (NT = 0.53, 0.66 and 0.4) where training outcome is used as the mediator between nature of training and firm performance. This shows why nature of training leads to desired firm performance. Training outcome thus fully mediates the relationship between nature of training and firm performance.

Table 5.21 Mediation analysis: nature of training, training outcomes, and firm performance

Variables	B	B	T	Adjusted R^2
Step 1				
MV: Training outcome				
IV: Nature of training	.63	.53*	7.98*	0.35
Control variables				
Gender	-.48	-.20*	-3.04*	
Nationality	-.02	-.02	-.23	
Education	.02	.01	.15	
Qualification	.09	.07	.73	
Experience	-.09	-.09	-.10	
Position	-.15	-.11	-1.43	
Age	-.10	-.09	-1.11	
Workplace	-.09	-.08	-1.26	
Step 2				
DV: Firm performance				
IV: Nature of training	.72	.66*	11.32*	0.51
Control variables				
Gender	-.32	-.14**	-2.47**	
Nationality	-.16	-.16	-1.91	
Education	.02	.01	.24	
Qualification	.10	.09	1.09	
Experience	.12	.14	1.90	
Position	.00	.00	-.00	
Age	-.19	-.19**	-2.69**	
Workplace	.00	.00	.04	
Step 3				
DV: Firm performance				
IV: Nature of training	.05	.04	.59	0.65
MV: Training outcome	.81	.75*	10.84*	
Control variables				
Gender	-.23	-.09	-1.84	
Nationality	.10	.10	1.33	
Education	-.00	-.00	-.01	
Qualification	.00	.00	.03	
Experience	-.11	-.11	-1.74	
Position	-.15	-.11	-1.88	
Age	.06	.05	.83	
Workplace	-.09	-.09	-1.68	

*P<.001, **P< 0.01, ***P< 0.05,

b = unstandardised coefficient, B = standardised coefficient, t = t-statistics

5.5.2 Training outcome as mediator of management involvement and firm performance

Hypothesis 4 (H4b) Training outcome (TO) mediates the relationship between management involvement (MI) and firm performance (FP).

The mediating effect of training outcome between the independent variable management involvement and the dependent variable firm performance was determined and the results are presented in Table 5.22. In the first step, training outcome was used as a mediator to regress the independent variable management involvement. For the second step, the dependant variable firm performance was regressed on the independent variable management involvement. In the third step, firm performance was regressed on management involvement and training outcome.

The Beta coefficients in Table 5.22 represent the standardised regression coefficients for management involvement and all variables show significant relationships (MI = 0.70, 0.63 and 0.17) where training outcome is used as the mediator between management involvement and firm performance. This shows why management involvement leads to desired firm performance. Hence, training outcome partially mediates the relationship between management involvement and firm performance.

Table 5.22 Mediation analysis: management involvement, training outcomes, firm performance

Variables	B	B	T	Adjusted R^2
Step 1				
MV =Training outcome				
IV = Management involvement	.70*	.70*	12.37*	0.55
Control variables				
Gender	-.09	-.04	-.70	
Nationality	-.16	-.16***	-2.05***	
Education	.07	.05	.88	
Qualification	.22	.19***	2.43***	
Experience	.10	.11	1.53	
Position	-.01	-.01	-.11	
Age	-.17	-.16***	-2.44***	
Workplace	-.08	-.08	-1.42	
Step 2				
DV = Firm performance				
IV = Management involvement	.68	.63*	10.04*	0.44
Control variables				
Gender	-.25	-.10	-1.67	
Nationality	-.03	-.03	-.29	
Education	.06	.04	.62	
Qualification	.19	.15	1.72	
Experience	-.05	-.05	-.67	
Position	-.15	-.11	-1.57	
Age	-.06	-.06	-.76	
Workplace	-.17	-.16**	-2.56**	
Step 3				
DV = Firm performance				
IV = Management involvement	.18	.17***	2.39***	0.64
MV = Training outcome	.71	.66*	9.29*	
Control variables				
Gender	-.19	-.08	-1.54	
Nationality	.09	.08	1.13	
Education	.01	.01	.12	
Qualification	.03	.02	.33	
Experience	-.12	-.12	-1.94	
Position	-.15	-.10	-1.85	
Age	.06	.05	.83	
Workplace	-.12	-.11***	-2.11***	

*P<.001, **P< 0.01, ***P< 0.05,

b = unstandardised coefficient, B = standardised coefficient, t = t-statistics

5.5.3 Training outcome as mediator of management motivation and firm performance

Hypothesis 4 (H4c) Training outcome (TO) mediates the relationship between management motivation (MM) and firm performance (FP).

The following analysis relates to the effect of training outcomes as mediator variable between the independent variable of management motivation and the dependent variable of firm performance (see Table 5.23). In the first step, training outcome was used as a mediator to regress the independent variable management motivation. For the second step, the dependant variable (firm performance) was regressed on the independent variable (management motivation). In the third step, firm performance was regressed on management motivation and training outcome.

The Beta coefficients in Table 5.23 represent the standardised regression coefficients for management motivation and all variables show significant relationships (MI = 0.53, 0.51 and 0.14) where training outcome is used as the mediator between management involvement and firm performance. This shows why management motivation leads to desired firm performance. Hence, training outcome fully mediates the relationship between management motivation and firm performance.

Table 5.23 Mediation analysis: management motivation, training outcomes and firm performance

Variables	B	B	T	Adjusted R^2
	Step 1			
MV =Training outcome				
IV = Management motivation	.46	.53*	8.31*	0.38
Control variables				
Gender	-.33	-.15***	-2.32***	
Nationality	-.22	-.22***	-2.42***	
Education	.02	.01	.20	
Qualification	.21	.18***	2.00***	
Experience	.24	.26*	3.33*	
Position	-.01	-.01	-.08	
Age	-.31	-.30*	-3.84*	
Workplace	-.03	-.03	-.48	
	Step 2			
DV = Firm performance				
IV = Management motivation	.48	.51*	7.68*	0.34
Control variables				
Gender	-.48	-.20*	-3.01*	
Nationality	-.09	-.09	-.90	
Education	.01	.00	.05	
Qualification	.17	.14	1.48	
Experience	.09	.09	1.06	
Position	-.15	-.10	-1.38	
Age	-.20	-.18***	-2.20***	
Workplace	-.13	-.12	-1.75	
	Step 3			
DV = Firm performance				
IV = Management motivation	.13	.14	2.34	0.64
MV = Training outcome	.76	.70*	11.52*	
Control variables				
Gender	-.23	-.09	-1.92	
Nationality	.08	.07	.98	
Education	-.01	-.01	-.11	
Qualification	.02	.01	.18	
Experience	-.10	-.10	-1.55	
Position	-.14	-.10	-1.79	
Age	.03	.03	.50	
Workplace	-.10	-.10	-1.92	

*P<.001, **P< 0.01, ***P< 0.05,

b = unstandardised coefficient, B = standardised coefficient, t = t-statistics

5.6 Results of Hypotheses testing for employees

This section summarises the results from the hypotheses testing for the statistical procedures performed using hierarchical regression analysis (Aiken, West & Reno 1991). Demographic variables were also used as control variables to determine the nature of these relationships.

The first set of hypotheses was based on desired training outcomes. Training outcomes had a moderate association with the variables nature of training and management motivation, and a strong association with management involvement. The results were statistically significant at $p<0.001$.

> Hypothesis 1 (H1a): Nature of training (NT) has a positive and significant association with desired training outcomes (TO). Hypothesis H1a was supported.
>
> Hypothesis 1 (H1b): Management involvement (MI) in training has a positive and significant association with desired training outcomes (TO). Hypothesis H1b was supported.
>
> Hypothesis 1 (H1c): Management motivation (MM) has a positive and significant association with desired training outcomes (TO). Hypothesis H1c was not supported.

The second set of hypotheses was based on the effect of the independent variables on desired firm performance. For employees, firm performance had a moderate association with nature of training, management involvement and management motivation. The results were statistically significant at $p<0.001$.

Hypothesis 2 (H2a): Nature of training (NT) has a positive and significant association with desired firm performance (FP). Hypothesis H2a was not supported.

Hypothesis 2 (H2b): Management involvement (MI) has a positive and significant association with desired firm performance (FP). Hypothesis H2b was supported.

Hypothesis 2 (H2c): Management motivation (MM) has a positive and significant association with desired firm performance (FP). Hypothesis H2c was supported.

As shown in Table 5.20, the third hypothesis (H3) tested the effect of training outcome as an independent variable of firm performance. For employees, firm performance had a strong association with training outcome. The results were statistically significant at $p<0.001$.

Hypothesis 3 (H3): Training outcome (TO) has a positive and significant association with desired firm performance (FP). Hypothesis H3 was supported.

The final hypothesis tested the effect of training outcome as a mediating variable of firm performance. Here, training outcome, considered as the cumulative result of three other parameters, was tested in relation to desired firm performance.

Testing of hypothesis (H4a) reveals that training outcome fully mediates the relationship between nature of training and firm performance.

H4a Training outcome (TO) mediates the relationship between nature of training (NT) and firm performance (FP). Hypothesis H4a was fully supported.

Testing hypothesis (H4b) reveals that training outcome partially mediates the relationship between management involvement and firm performance (see Table 5.22).

H4b Training outcome (TO) mediates the relationship between management involvement (MI) and firm performance (FP). Hypothesis H4b was partially supported.

Further, as shown in Table 5.23, testing hypothesis (H4c) reveals that training outcome fully mediates the relationship between management motivation and firm performance.

H4c Training outcome (TO) mediates the relationship between management motivation and firm performance (FP). Hypothesis H4a was fully supported.

All of the above hypothesised relationships were thus statistically significant with $p<0.001$ for all aspects of firm performance.

5.7 Chapter summary

This chapter presented the results of the demographic analysis, factorial analysis and hypotheses testing for data collected from employees in selected SMEs in Eastern Province regarding their perceptions on organisational training in small to medium firms in Saudi Arabia. The four hypotheses relating to executive influence on training effectiveness were tested through statistical methods using SPSS. The next chapter presents the results from the analysis of the data collected from the firms' employers, and their perceptions on organisational training in Saudi SMEs.

Chapter 6

Data Analysis II: Survey Responses from Employers

6.1 Introduction

This chapter presents the results from the analysis of the data collected on the perceptions of the employers who participated in the study. As the nature of the data and purpose of analysis is similar to that presented in Chapter 5 for employees, this chapter follows a similar process of analysis and explanation. Accordingly, this chapter first provides an overview of descriptive statistics for the responses as well as the demographic profile of the employers. The second and third sections present the factor analysis conducted to investigate model-fit and the mediator analysis, respectively. The final section summarises the results of the data analysis in relation to the hypotheses.

6.2 Descriptive statistics

This section shows the results from the descriptive analysis of the data gathered from the employers who participated in the study. The first section covers the mean values for responses on all items in the survey and the second part illustrates the demographic characteristics of the participants.

6.2.1 Mean and standard deviation for employer responses

The employers participating in the study were asked to supply information on all the survey items. Table 6.1 provides an overview of the responses from the group on all items, including the mean, SD, skewness and kurtosis.

Table 6.1 Skewness and Kurtosis (N=98)

Items		Mean	SD	Skewness	Kurtosis
1.	Gender	1.16	.372	1.851	1.454
2.	Nationality	1.77	.757	1.295	2.395
3.	Education	1.90	.711	.150	-.987
4.	Qualification	1.96	.919	.978	.371
5.	Experience	2.41	1.111	.144	-1.316
6.	Position	3.36	.966	-1.266	.320
7.	Age	2.20	.941	.335	-.765
8.	Workplace training	2.77	.961	-.363	-.777
9.	Work contributes	4.06	1.024	-1.420	1.852
10.	Appropriate training	3.68	1.206	-.946	.060
11.	Need of training	3.78	1.117	-.992	.420
12.	Individual goals	3.67	1.217	-.888	-.058
13.	Outcome	3.67	.972	-.676	.024
14.	Proficient at the job	3.87	.938	-.879	.728
15.	Family responsibilities	3.44	1.104	-.476	-.377
16.	Results	4.23	.950	-1.299	1.520
17.	Assists my career	4.28	.871	-1.527	3.018
18.	Objectives	3.98	.963	-.948	.414
19.	Relates to work	3.59	.993	-.582	-.286
20.	Transferring knowledge and skills	3.89	.973	-.732	.254
21.	Easy and enjoyable	3.56	1.122	-.447	-.611
22.	Debates in training	3.59	1.024	-1.048	.930
23.	Information and skills	3.91	1.046	-1.302	1.423
24.	Feedback and advice	3.66	1.166	-.783	-.241
25.	Reward remuneration or promotion	3.35	1.415	-.484	-1.013
26.	Needs	3.54	1.168	-.893	.068
27.	Practical	3.55	1.176	-.804	.022
28.	Treated	4.08	1.071	-1.706	2.736
29.	Participants	3.85	.998	-1.018	1.037
30.	Update the knowledge	3.67	1.165	-.811	-.056
31.	Training techniques	3.83	1.046	-1.080	.945
32.	Experiences	3.76	1.046	-.980	.690
33.	Continue consecutively	3.35	1.185	-.480	-.639
34.	Encourages and supports	4.17	1.036	-1.550	2.144
35.	Discusses training	3.95	.999	-1.291	1.652
36.	Development goals	3.82	1.115	-1.038	.552
37.	Reviews progress	3.83	1.084	-1.132	.912
38.	Guide	3.63	1.143	-.799	-.007
39.	Technical skill	3.76	.985	-.808	.468
40.	Role model	4.05	1.009	-1.518	2.447
41.	Motivated	4.21	.966	-1.567	2.560
42.	Relevant to skill and knowledge	4.15	1.087	-1.539	1.893
43.	Commitment	3.91	.996	-.964	.775
44.	Clear objective	4.16	1.002	-1.529	2.386
45.	Superior	3.49	1.169	-.647	-.226
46.	Responsibility	3.81	1.022	-.960	.710
47.	Implementing skill	4.11	.811	-.920	.790
48.	Financial and other assistance	3.66	1.175	-.792	-.146

Items		Mean	SD	Skewness	Kurtosis
49.	Communication	3.78	1.031	-.975	.611
50.	Salary and conditions	3.33	1.376	-.611	-.936
51.	Clear view	3.99	.990	-1.543	2.590
52.	Teamwork	4.03	.936	-1.604	3.486
53.	Question work practices	4.07	.977	-1.637	3.123
54.	Knowledge sharing	4.11	.872	-1.555	3.607
55.	Improve skill	4.17	.985	-1.681	2.991
56.	Work environment	3.97	.957	-1.521	2.870
57.	Update work skill	4.10	.902	-1.494	3.019
58.	Strengths and weaknesses	3.93	1.067	-1.361	1.593

Table 6.1 shows the pattern of survey responses for all items on the questionnaire. Items 1 to 8 collect the demographic characteristics of the employers. Items 9–58, comprising the bulk of the questionnaire, elicit responses on a 5-point Likert scale, from 1 ‘strongly disagree’ to 5 ‘strongly agree’. The skewness and kurtosis values are also presented in Table 6.1. For details on the criteria for determining normality, refer to Section 5.2.1.

The general result for employers differed from that of employees, showing a stronger agreement with the statements in the survey. The highest number of ‘agree’ and ‘strongly agree’ responses pertained to the item ‘training assists my career’ (4.28). This was followed by ‘good training outcomes assists my firm in the marketplace’ (4.23) and ‘I motivate my staff’ (4.21). While still above neutral, the weakest responses were found for ‘I am satisfied with my salary and conditions’ (3.33), ‘I reward successful training (3.35) and ‘Training courses should be consecutive’ (3.35). The last item regarding consecutive training sessions was also the least regarded by employees. The widest divergences between respondents were for consulting with staff regarding training and satisfaction with salary and conditions. The latter finding is similar to that found for employees.

6.2.2 Demographic characteristics of employer participants

The employers participating in the study were asked to supply demographic information. Table 6.2 shows an overview of the demographic profile of the employer respondents, inclusive of gender, nationality, education, qualifications, career, age, position and latest workplace training.

Table 6.2 Characteristics of employer participants (N=98)

Characteristic	Frequency	Percentage
Gender		
Male	82	83.7
Female	16	16.3
Total	98	100
Nationality		
Saudi	36	36.8
Other Arabic	55	56.1
European, North American	1	1.0
Other Asian	6	6.1
Total	98	100
Education		
Diploma	30	30.6
Bachelor degree	48	49.0
Graduate degree	20	20.4
Total	98	100
Place qualified		
Saudi Arabia	32	32.7
Other Arab	49	50.0
Asian	6	6.1
Other	11	11.2
Total	98	100
Career		
< 5 years	26	26.6
5–9 years	28	28.6
10–15 years	22	22.4
> 15 years	22	22.4
Total	98	100
Age		
< 30 years	25	25.5
30–39 years	38	38.8
40–49 years	25	25.5
> 50 years	10	10.2
Total	98	100
Position		
Owner	7	7.1
CEO/executive	13	13.3
Line manager	16	16.3
Contractor	62	63.3

Total	98	100
Last workplace training		
Never	12	12.4
< 2005	23	23.7
2005–2009	39	40.2
2010–2011	24	23.7
Total	98	100

Table 6.2 shows the gender divide in Saudi workplaces, with women representing less than one in six employers (16.3%) and men dominating the sector (83.7%). Those with an Arabic background represent 56.1 per cent of the sample, with over one-third (36.8%) being Saudi nationals, and only a few being non-Arabs (7.1%). All respondents had some form of qualification, with university graduates dominating at 69.4 per cent, most (82.7%) of whom were educated in Arab countries. The biggest majority of participants were in their thirties (38.8%), followed by an equal proportion of people (25.5%) in their twenties and forties and only 10 per cent aged 50 years or older. In terms of the length of their career, the proportion of people in each category of work experience was relatively even: less than 5 years (26.6%), between 5 and 9 years (28.6%) and between 10 and 15 years and over 15 years (both at 22.4%). Job classification of the respondents showed that two-thirds (63.3%) were contractors, nearly one-third (29.6%) were employed as executives and line managers of firms, and the smallest proportion owned firms (7.1%). Over one-third (36%) of the participants had no relevant training, and less than one-quarter had received training in the two years prior to the survey.

6.3 Exploratory factor analysis

This section shows the results from the EFA of the data gathered from the employers that participated in the study.

6.3.1 Principle component analysis for employer data

The KMO and Bartlett's test (see Table 6.3) provided information about the factorability of the data. As mentioned in Section 5.3.1, the KMO measure of sampling adequacy reports the amount of variance in the data that can be explained by the factors. A value of 0.6 or above is recommended as acceptable (Pallant 2010). Bartlett's test of sphericity is acceptable at $p<0.05$ (Kaiser 1974). The tests were carried out for all independent and dependent variables.

Nature of training

The sampling analysis for nature of training is shown in Table 6.3, followed by the scree plot in Figure 6.1.

Table 6.3 Nature of training—sampling analysis

Kaiser–Meyer–Olkin measure of sampling adequacy	.896
Approx. chi-square	970.758
Bartlett's test of sphericity	136
Sig.	.000

As the KMO value .896 is larger than the recommended value of 0.6, the data are suitable for factor analysis. Further, the Bartlett's test result of ($p<0.001$) confirms the suitability of the data for factor analysis.

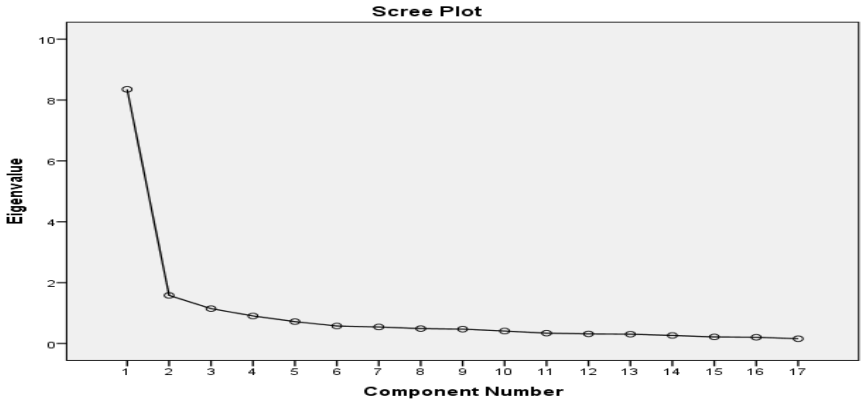


Figure 6.1 Scree plot for nature of training

In Figure 6.1, the ‘elbow’ starts at Eigenvalue number one, indicating two significant factors above Eigenvalue 1.0 (Cattell 1966).

The rotation matrix that emerged, together with the Eigenvalues, percentage of variance after rotation and Cronbach’s alpha associated with the three primary factors, are presented in Table 6.4.

Table 6.4 Exploratory factor analysis results with varimax rotation of nature of training

Variables	Factor	
	1	2
Appropriate training	0.71	
Need of training	0.67	
Individual goals	0.81	
Outcome	0.55	
Understand and enjoyable	0.60	
Working conditions	0.54	
Transferring knowledge and skills	0.54	
Easy and enjoyable	0.61	
Debates in training	0.59	
Information and skills	0.61	
Tips and suggestions	0.83	
Reward remuneration or promotion	0.81	
Contributes		0.62
Proficient in management		0.60
Results		0.81
Functionality		0.81
Objectives		0.75
Total Eigenvalues	8.30	1.47
Variance explained (%)	32.88	24.63
Cumulative % variance explained	32.88	57.51
Cronbach’s alpha	.92	.82

Table 6.4 shows that Cronbach’s alpha is >0.7, suggesting that the items have relatively high internal consistency. The variables *contributes, proficient in management, results, functionality* and *objectives* are loaded on factor 2, while *appropriate training, need of training, individual goals, outcome, understand and enjoyable, working conditions, transferring knowledge and skills, easy and enjoyable, debates in training, information and*

skills, tips and suggestions and *reward remuneration or promotion* are loaded on factor 1. These factors can be used as variables for further analysis.

The first set of factor comprised employers' training and their work experience, and will thus be labelled as 'employers' training requirements and work experience'. The second factor is labelled as 'proficiency and objectives of training'.

Management involvement

The sampling analysis of management involvement in training is shown in Table 6.5, followed by the scree plot in Figure 6.2.

Table 6.5 Management involvement—sampling analysis

Kaiser–Meyer–Olkin measure of sampling adequacy	.870
Approx. chi-square	375.922
Bartlett's test of sphericity	28
Sig.	.000

As the KMO value .870 is larger than the recommended value of 0.6, the data are suitable for factor analysis. The Bartlett's test result of ($p<0.001$) further confirms the suitability of the data for factor analysis.

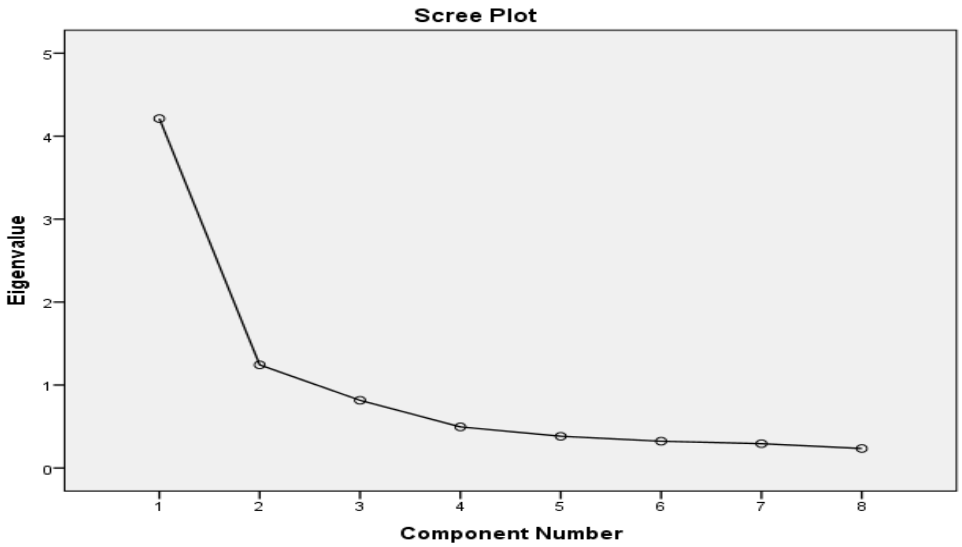


Figure 6.2 Scree plot for management involvement

In the scree plot in Figure 6.2, the 'elbow' starts at Eigenvalue one, which shows that there is one significant factor above 1.0 (Cattell 1966).

The rotation matrix that emerged, together with the Eigenvalues, percentage of variance after rotation and Cronbach's alpha associated with the two primary factors, are presented in Table 6.6.

Table 6.6 Exploratory factor analysis results with varimax rotation of management involvement

Variables	Factor 1
Needs	0.82
Practical	0.73
Treated	0.78
Participants	0.68
Update knowledge	0.79
Training techniques	0.77
Experiences	0.66
Continue consecutively	0.73
Total Eigenvalues	4.46
Variance explained (%)	55.80
Cumulative % variance explained	55.80
Cronbach's alpha	.89

Table 6.6 shows that the variables of *needs, practical, treated, participants, update the knowledge, training techniques, experiences* and *continue consecutively* are loaded on factor 1. Factor 1 contains items relating to manager training, and will thus be labelled as 'management training experience'. *Participants* and *experiences* have lower Cronbach's alpha values, showing relatively low internal inconsistency between these and other variables, so they were deleted.

Management motivation

The factor analysis of management motivation for training is shown in Table 6.7. The scree plot follows in Figure 6.3.

Table 6.7 Management motivation—sampling analysis

Kaiser–Meyer–Olkin measure of sampling adequacy	.877
Approx. chi-square	457.641
Bartlett's test of sphericity	28
Sig.	.000

As the KMO value .877 is larger than the recommended value of 0.6, the data are suitable for factor analysis. In addition, Bartlett's test result of ($p<0.001$) confirms the suitability of the data for factor analysis.

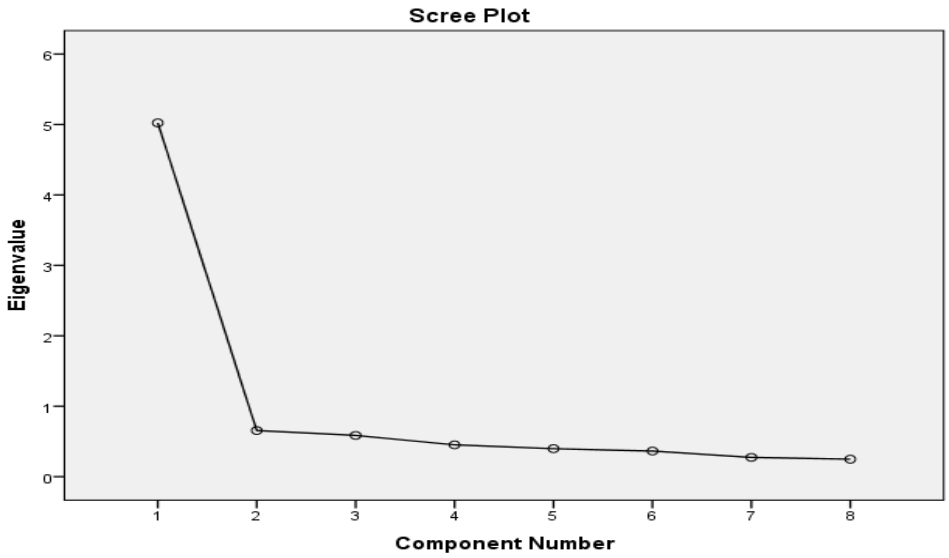


Figure 6.3 Scree plot for management motivation

In the scree plot in Figure 6.3, the 'elbow' starts at eigenvalue number one, thus showing that there is one factor above 1.0 (Cattell 1966). Table 6.8 presents the rotation matrix that emerged, together with the eigenvalue, percentage of variance after rotation and Cronbach's alpha associated with the one primary factor.

Table 6.8 Exploratory factor analysis results with varimax rotation of management motivation

Variables	Factor 1
Encourages and supports	0.78
Discusses training	0.73
Development goals	0.82
Reviews progress	0.81
Guide	0.76
Technical skill	0.68
Role model	0.82
Motivated	0.85
Total Eigenvalues	4.95
Variance explained (%)	61.44
Cumulative % variance explained	61.44
Cronbach's alpha	.91

Table 6.8 shows that all the primary factors > 0.7 are loaded on factor 1, which was labelled as 'motivation and support'.

Training outcome

The factor analysis of training outcome is shown in Table 6.9. The scree plot follows in Figure 6.4.

Table 6.9 Training outcome—sampling analysis

Kaiser–Meyer–Olkin Measure of Sampling Adequacy	.758
Approx. chi-square	276.587
Bartlett's test of sphericity	36
Sig.	.000

As the KMO value .758 is larger than the recommended value of 0.6, the data are suitable for factor analysis. Moreover, the Bartlett's test result of ($p<0.001$) confirms the suitability of the data for factor analysis.

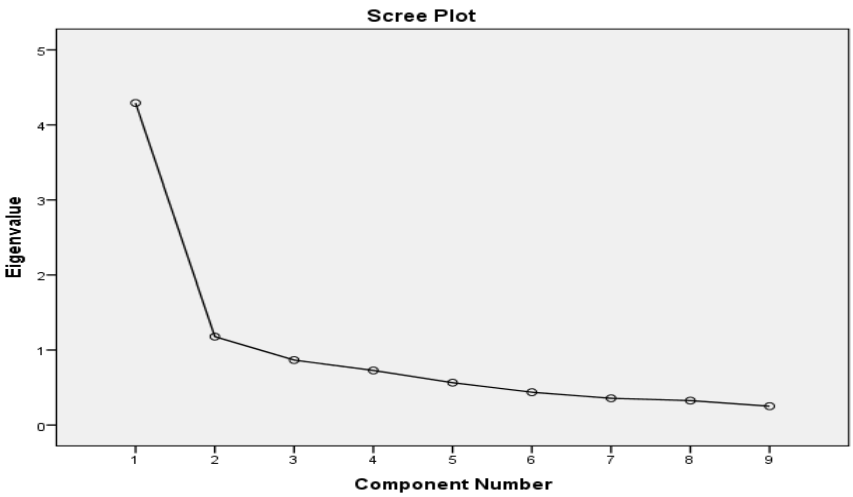


Figure 6.4 Scree plot for training outcome

With the scree plot in Figure 6.4, the ‘elbow’ starts above eigenvalue number one, which shows that there are two significant factors above 1.0 (Cattell 1966).

The rotation matrix that emerged, together with the Eigenvalues, percentage of variance after rotation and Cronbach’s alpha associated with the two primary factors, are presented in Table 6.10.

Table 6.10 shows that the variables of *superior, responsibility, financial and other assistance, communication* and *salary and conditions* are loaded on factor 2, while *relevant to skill and knowledge, commitment, clear objective* and *implementing skill* are loaded on factor 1. The first factor comprises items that reflect the influence of managers’ skills and knowledge on training outcomes, and thus will be labelled as ‘managers’ skills requirements’. The second factor refers to ‘managers’ responsibility and training elements’. A further five items—*implementing skill, superior, responsibility, financial and other assistance* and *communication*—have lower Cronbach’s alpha values, and thus show relatively low internal inconsistency with the other parameters in Table 6.10.

Table 6.10 Exploratory factor analysis results with varimax rotation of training outcome

Variables	Factor	
	1	2
Relevant to skill and knowledge	0.67	
Commitment	0.77	
Clear objective	0.69	
Implementing skill	0.78	
Superior		0.68
Responsibility		0.66
Financial and other assistance		0.63
Communication		0.64
Salary and conditions		0.68
Total Eigenvalues	3.75	1.18
Variance explained (%)	29.27%	25.48
Cumulative % variance explained	29.27%	54.75
Cronbach's alpha	.79	.71

Firm performance

The sampling analysis of firm performance is shown in Table 6.11, and the scree plot follows in Figure 6.5.

Table 6.11 Firm performance—sampling analysis

Kaiser–Meyer–Olkin measure of sampling adequacy	.856
Approx. Chi-Square	543.408
Bartlett's Test of Sphericity	28
Sig.	.000

As the KMO value .856 is larger than the recommended value of 0.6, the data are suitable for factor analysis. Further, the Bartlett's test result of ($p<0.001$) confirms the suitability of the data for factor analysis.

Figure 6.5 Scree plot for firm performance

In the scree plot in Figure 6.5, the 'elbow' starts at eigenvalue number one. Thus, there is one significant factor above 1.0 (Cattell 1966).

Table 6.12 presents the rotation matrix that emerged, together with the Eigenvalues, percentage of variance after rotation and Cronbach's alpha associated with the one primary factor. Table 6.12 shows that the primary factors > 0.7 are loaded on factor 1, which can be labelled as 'managers' satisfaction'.

Table 6.12 Exploratory factor analysis results with varimax rotation of firm performance

Variables	Factor 1
Clear view	0.87
Teamwork	0.76
Question work practices	0.78
Knowledge sharing	0.76
Improve skill	0.84
Work environment	0.83
Update work skill	0.75
Strengths and weaknesses	0.82
Total Eigenvalues	5.12
Variance explained (%)	64.02
Cumulative % variance explained	64.02
Cronbach's alpha	.92

6.3.2 Confirmatory factor analysis for managers data

As shown in Table 5.13, CFA deliberates over the measurement model to decide which model fits the data.

Nature of training

The goodness-of-fit indices for nature of training are presented in Table 6.13, and the CFA measurement model is depicted in Figure 6.6.

Table 6.13 CFA fit indices for nature of training

Chi-square	17.0
CMIN/DF	1.306
p value	.200
RMR	.046
GFI	.956
AGFI	.905
TLI	.977
CFI	.968
RMSEA	.056
PCLOSE	.399

Table 6.13 shows that χ^2 for goodness-of-fit is 17.0, with 1.306 dfs (CMIN/DF) and p-value of .200. The TLI and CFI values are satisfactory at >.95 (.977 and .986, respectively). The RMSEA value.056 is under the recommended value .08, which confirms that the model is satisfactory. The improved indices resulted after removal of items NT_2.2, 2.4, 2.6, 2.10, 2.11, 2.12, 2.13, 2.14, 2.16 and 2.17. Figure 6.6 shows the CFA model for nature of training. F1 refers to ‘requirements’ and F2 to ‘objectives’, as determined under Section 6.3.1.

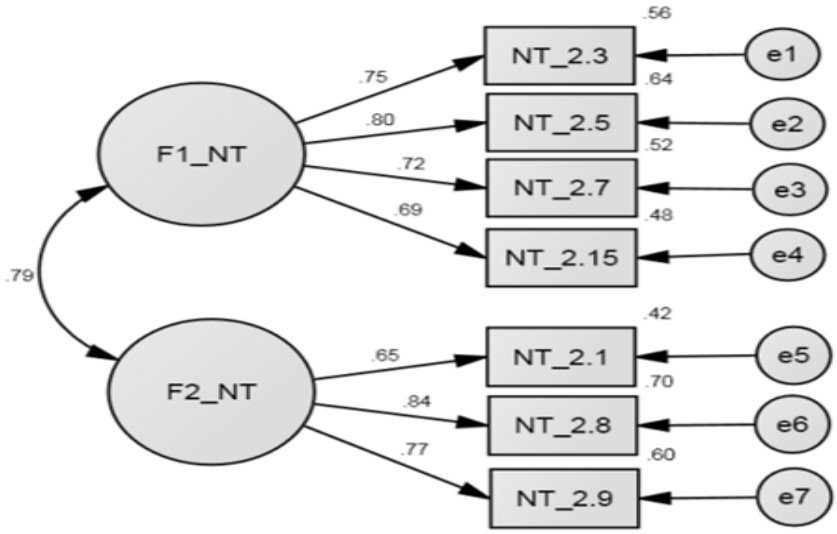


Figure 6.6 Measurement model for nature of training

Management involvement

The goodness-of-fit indices for management involvement are shown in Table 6.14, and the CFA model is depicted in Figure 6.7.

Table 6.14 CFA fit indices for management involvement

Chi-square	7.2
CMIN/DF	1.433
p value	.209
RMR	.043
GFI	.973
AGFI	.919
TLI	.977
CFI	.988
RMSEA	.067
PCLOSE	.331

Table 6.14 shows that χ^2 is 7.2, with 1.433 dfs (CMIN/DF) and a corresponding p-value of .209. The TLI and CFI values are satisfactory at >.95 (.977 and .988, respectively). The RMSEA value .067 is under the value .08, which confirms that the model is satisfactory. The improved indices resulted after the removal of items MI_3.2, 3.4 and 3.7. Figure 6.7 shows the CFA model for management involvement.

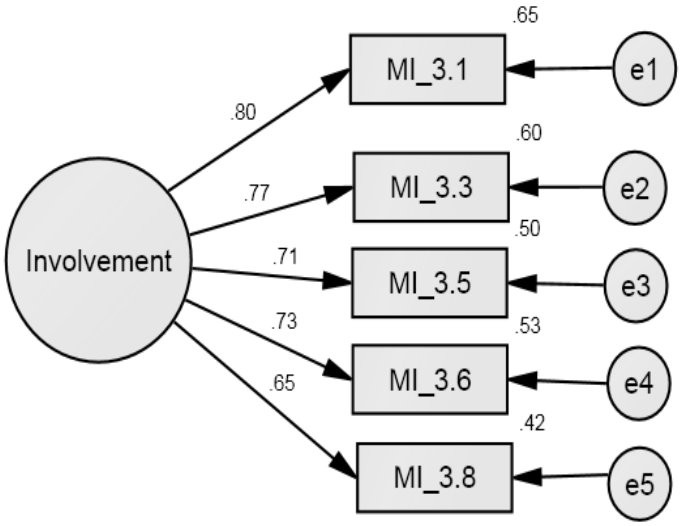


Figure 6.7 Measurement model for management involvement

Management motivation

The model fit indices for management motivation are presented in Table 6.15, and the measurement model is shown in Figure 6.8.

Table 6.15 Model of fit measures for management motivation

Chi-square	6.5
CMIN/DF	1.297
p value	.262
RMR	.031
GFI	.973
AGFI	.919
TLI	.987
CFI	.993
RMSEA	.055
PCLOSE	.392

Table 6.15 shows that χ^2 for goodness-of-fit is at 6.5, with 1.297 dfs (CMIN/DF) and a p-value of .262. The TLI and CFI values are satisfactory at >.95 (.977 and .993, respectively). The RMSEA value .055 is under the value .08, which confirms that the model is satisfactory. The improved indices resulted after the removal of items MM_4.1, 4.6 and 4.7. Figure 6.8 shows the CFA model for management motivation.

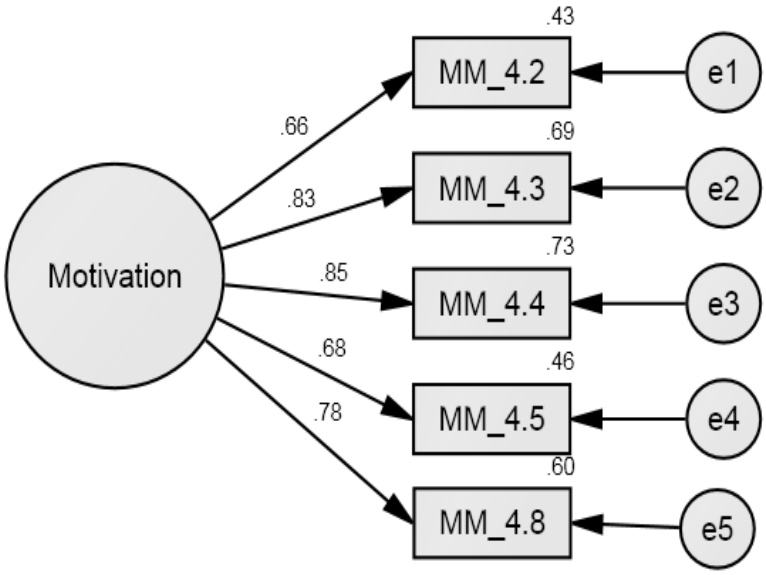


Figure 6.8 Measurement model for management motivation

Training outcome

The model fit indices for training outcome are presented in Table 6.16, and the CFA model is illustrated in Figure 6.9.

Table 6.16 Model fit indices for training outcome

Chi-square	16.1
CMIN/DF	1.241
P value	.242
RMR	.041
GFI	.959
AGFI	.913
TLI	.975
CFI	.984
RMSEA	.050
PCLOSE	.452

Table 6.16 shows that χ^2 is at 16.1, with 1.241 dfs (CMIN/DF) and a p-value of .242, which adequately fit. The TLI and CFI values are satisfactory at >.95 (.975 and .984, respectively). The RMSEA value .050 is under the value .08, which confirms that the model is satisfactory. The improved indices resulted after the removal of items TO_5.4 and

5.9. Figure 6.9 shows the CFA model for training outcome. F1 refers to ‘requirements’ and F2 to ‘objectives’, as determined under Section 6.3.1.

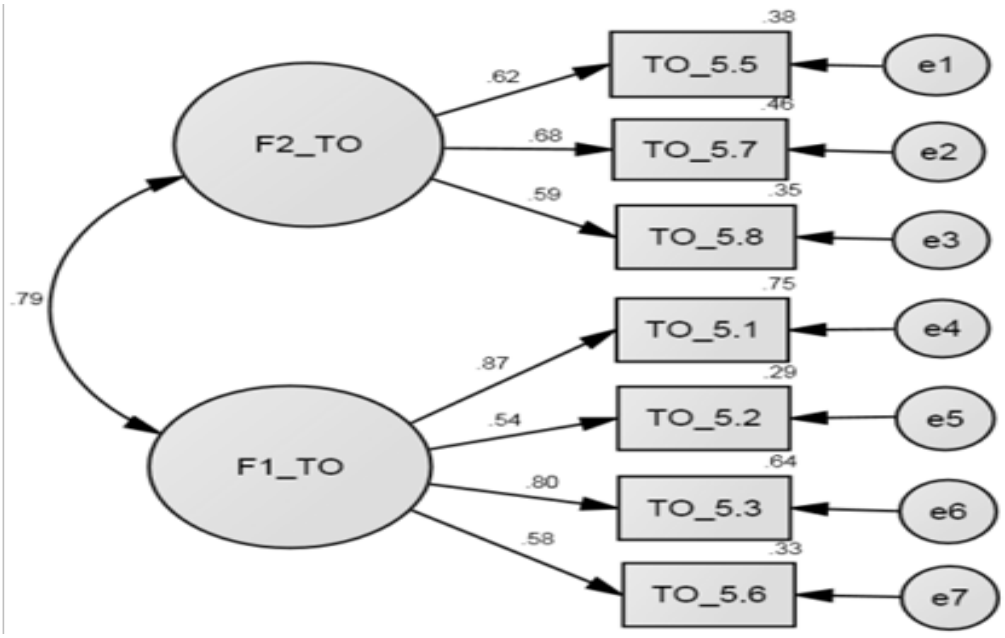


Figure 6.9 Measurement model for training outcome

Firm performance

For the variable of firm performance, the model fit indices are shown in Table 6.17. The contributory factor analysis model is presented in Figure 6.10.

Table 6.17 Model fit indices for firm performance

Chi-square	2.6
CMIN/DF	1.315
P value	.269
RMR	.018
GFI	.987
AGFI	.937
TLI	.992
CFI	.997
RMSEA	.057
PCLOSE	.351

Table 6.17 shows χ^2 is 2.6, with 1.315 dfs (CMIN/DF) and p-value of .269, which shows adequate fit. The TLI and CFI values are satisfactory at >.95 (.992 and .997, respectively). The RMSEA value .057 is under the value .08, which confirms that the model is

satisfactory. The improved indices resulted after the removal of items FP_6.2, 6.3, 6.4 and 6.7. Figure 6.10 shows the measurement model for firm performance.

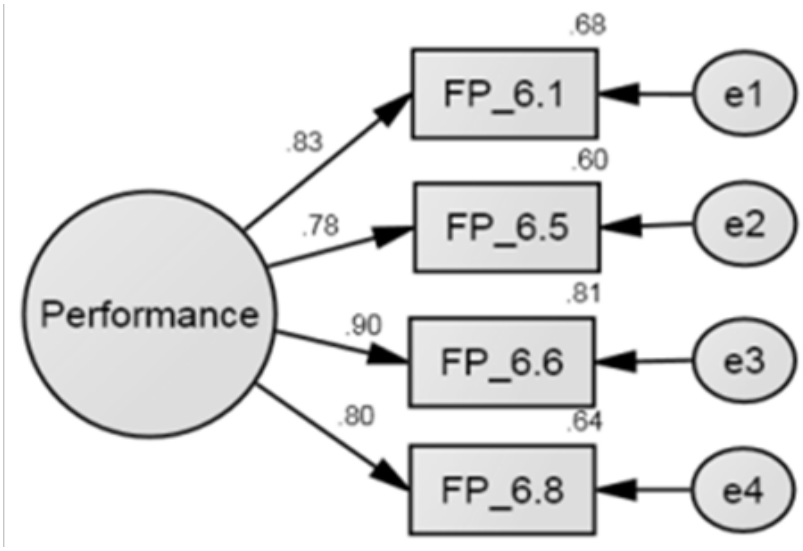


Figure 6.10 Measurement model for firm performance

6.4 Analysis of employer data

6.4.1 Correlation analysis

Zero-order correlations were employed to examine the relationship between all variables. The mean, SD and zero-order correlations are presented in Table 6.18. Table 6.18 shows that firm performance had the highest mean (4.02) and SD = .87. Management involvement had the lowest mean (3.70) and SD = .89. According to Cohen (1988), the value of .50 to 1.0 indicates a strong correlation as a guideline to interpret the correlation between variables.

Table 6.18 Correlation matrix for employers (N=98)

Variable	Mean, SD and correlation coefficients						
	Mean	S.D	NT	MI	MM	TO	FP
Nature of training (NT)	3.91	.76	.87				
Management involvement (MI)	3.70	.89	.71**	.85			
Management motivation (MM)	3.89	.86	.76**	.69**	.87		
Training outcome (TO)	3.94	.71	.73**	.57**	.73**	.82	
Firm performance (FP)	4.02	.87	.65**	.53**	.79**	.71**	.89

*p < .05, **p < .01, Cronbach's alpha italicised along the diagonal

Table 6.18 shows that nature of training (0.65, p<.01), management involvement (0.53, p< .01), management motivation (0.79, p<.01) and training outcome (.71, p>01) significantly correlated with firm performance. The highest significant correlation is management motivation (0.79, p<.01); thus, the data is free from multicollinearity.

Table 6.18 shows that nature of training (0.73, p<.01), management involvement (0.57, p< .01) and management motivation (0.73, p<.01) are significantly correlated with training outcome. The variable of training outcome (0.71, p<.01) is significantly correlated with firm performance.

6.4.2 Regression analysis

Hypothesis testing was performed using hierarchical regression (Aiken, West & Reno 1991). Further, the antecedent variables that affect training outcome and firm performance were examined. Demographic variables such as gender, nationality, education, qualification, experience, position, age and workplace were also used as control variables to determine the nature of these relationships. The results are presented in Table 6.19.

Table 6.19 Employer data multiple regression analyses (N=98)

Variables	Training outcome (TO)				Firm performance (FP)			
	B	S.E	Beta	T	B	S.E	Beta	T
Gender	-.03	.14	-.01	-.19	.09	.15	.04	.62
Nationality	.03	.07	.03	.39	.03	.07	.02	.36
Education	-.11	.09	-.11	-1.29	.10	.09	.08	1.09
Qualification	-.02	.06	-.02	-.23	.02	.07	.03	.36
Experience	-.07	.06	-.11	-1.21	-.11	.06	-.15	-1.79
Position	.12	.06	.16***	2.10***	-.02	.06	-.02	-.31
Age	.12	.07	.16	1.71	-.04	.07	-.04	-.49
Workplace training	.02	.06	.03	.32	-.04	.60	-.04	-.67
Nature of training (NT)	.40	.12	.43*	3.70*	-.03	.12	-.02	-.23
Management	-.10	.08	-.12	-1.18	-.04	.09	-.04	-.50

involvement (MI)								
Management motivation (MM)	.40	.10	.49*	4.17*	.49	.11	.49*	4.44*
Training outcome (TO)	-	-	-	-	.55	.11	.45*	4.90*

*P<.001, **P< 0.01, ***P< 0.05, b = Unstandardised coefficients, Beta= standardised coefficients, T= t-statistics

Table 6.19 shows that nature of training (0.43, p< .001) and management motivation (.49, p< .05) contribute significantly to training outcome. Hence, hypotheses H1a and H1c are supported. Management involvement does not significantly contribute (-0.12, p>.05). Hance, H1b is not supported and the reason could be that employer did not see the benefit of involvement in the training process.

Table 6.19 shows that nature of training (-0.02, p>.05) and management involvement (-0.04, p>.05) do not contribute significantly to firm performance; thus, hypotheses H2a and H2b are not supported. The reason could be that employer did not see direct effect of training on firm performance. Conversely, management motivation contributes significantly to firm performance (0.49, p< .05). Hence, H2c is supported.

Table 6.19 shows that training outcome also contributes significantly to firm performance (0.45, p< .05). Hence, H3 is supported.

6.5 Mediator analysis

In Section 5.5, Baron and Kenny's (1986) three-step process for examining the mediating effects of training outcome on firm performance was outlined. As mentioned in that section, the following hypotheses were formulated to test the mediation effect:

Hypothesis 4 (H4a) Training outcome (TO) mediates the relationship between nature of training (NT) and firm performance (FP).

Hypothesis 4 (H4b) Training outcome (TO) mediates the relationship between management involvement (MI) and firm performance (FP).

Hypothesis 4 (H4c) Training outcome (TO) mediates the relationship between management motivation (MM) and firm performance (FP).

Mediation is also categorised into *partial* and *full* mediation. As Baron and Kenny (1986) explained, full or perfect mediation can only be claimed if the independent variable is no longer significant when the mediator variable is controlled for. However, if the independent and mediator variables are both significant, partial mediation is supported.

6.5.1 Training outcome as mediator: nature of training and firm performance

The mediating effect of training outcome between the independent variable nature of training and the dependent variable firm performance was determined, and the results are shown in Table 6.20. In the first step, training outcome was used as a mediator to regress on the independent variable nature of training. For the second step, the dependant variable firm performance was regressed on the independent variable nature of training. In the third step, firm performance was regressed on nature of training and training outcome.

The Beta coefficients in Table 6.20 represent the standardised regression coefficients for nature of training. All variables show significant relationships (NT = 0.73, 0.65 and 0.20) where training outcome is used as the mediator between nature of training and firm performance. This shows why nature of training leads to desired firm performance. Hence, training outcome partially mediates the relationship between nature of training and firm performance.

Table 6.20 Mediation Analysis: nature of training, training outcomes, and firm performance

Variables	B	B	T	Adjusted R^2
		Step 1		
MV =Training outcome				
IV = Nature of training	.68	.73*	10.22*	0.53
Control variables				
Gender	.19	.10	1.29	
Nationality	-.02	-.03	-.32	
Education	-.10	-.10	-1.07	
Qualification	.02	.02	.27	
Experience	-.10	-.15	-1.49	
Position	.08	.11	1.30	
Age	.15	.20***	2.06***	
Workplace training	.05	.06	.78	
		Step 2		
DV = Firm performance				
IV = Nature of training	.75	.65*	8.64*	0.48
Control variables				
Gender	.46	.20***	2.45***	
Nationality	-.05	-.05	-.56	
Education	.05	.04	.40	
Qualification	.07	.08	.81	
Experience	-.20	-.26***	-2.40***	
Position	-.02	-.02	-.24	
Age	.10	.11	1.06	
Workplace training	.03	.03	.38	
		Step 3		
DV = Firm performance				
IV = Nature of training	.23	.20***	2.21***	0.65
MV = Training outcome	.76	.62*	6.71*	
Control variables				
Gender	.32	.14***	2.06***	
Nationality	-.04	-.03	-.45	
Education	.12	.10	1.24	
Qualification	.06	.06	.80	
Experience	-.13	-.17	-1.85	
Position	-.08	-.09	-1.21	
Age	-.01	-.02	-.18	
Workplace training	-.01	-.01	-.09	

*p<.001, **p< 0.01, ***p< 0.05, b = unstandardised coefficient, B = standardised coefficient, t = t-statistics

6.5.2 Training outcome as a mediator of management involvement and firm performance

The mediating effect of training outcome between the independent variable management involvement and the dependent variable firm performance was determined and the results are shown in Table 6.21. In the first step, training outcome was used as a mediator to regress the independent variable management involvement. For the second step, the dependant variable firm performance was regressed on the independent variable management involvement. In the third step, firm performance was regressed on management involvement and training outcome.

The Beta coefficients in Table 6.21 represent the standardised regression coefficients for management involvement, and all variables show significant relationships (MI = 0.52, 0.50 and 0.14) where training outcome is used as the mediator between management involvement and firm performance. This shows why management involvement leads to desired firm performance. Hence, training outcome fully mediates the relationship between management involvement and firm performance.

Table 6.21 Mediation analysis: management involvement, training outcomes, and firm performance

Variables	B	B	T	Adjusted R^2
		Step 1		
MV =Training outcome				
IV = Management involvement	.41	.52*	5.61*	0.25
Control variables				
Gender	.07	.04	.38	
Nationality	.03	.04	.37	
Education	-.02	-.02	-.21	
Qualification	.01	.01	.07	
Experience	-.10	-.16	-1.23	
Position	.02	.02	.20	
Age	.04	.05	.41	
Workplace training	.04	.06	.56	
		Step 2		
DV = Firm performance				
IV = Management involvement	.49	.50*	5.57*	0.28
Control variables				
Gender	.34	.14	1.55	
Nationality	.01	.01	.09	
Education	.14	.11	.96	
Qualification	.06	.07	.60	
Experience	-.20	-.26***	-2.04***	
Position	-.09	-.10	-1.00	
Age	-.03	-.03	-.26	
Workplace training	.02	.02	.21	
		Step 3		
DV = Firm performance				
IV = Management involvement	.14	.14	1.90	0.68
MV = Training outcome	.86	.70*	9.53*	
Control variables				
Gender	.28	.12	1.82	
Nationality	-.02	-.02	-.26	
Education	.16	.13	1.57	
Qualification	.06	.06	.79	
Experience	-.12	-.15	-1.63	
Position	-.10	-.12	-1.62	
Age	-.06	-.07	-.79	
Workplace training	-.02	-.02	-.28	

*p<.001, **p< 0.01, ***p< 0.05,

b = unstandardised coefficient, B = standardised coefficient, t = t-statistics

6.5.3 Training outcome as mediator of management motivation and firm performance

The following analysis relates to the effect of training outcomes as the mediator variable between the independent variable of management motivation and the dependent variable of firm performance (see Table 6.22). In the first step, training outcome was used as a mediator to regress the independent variable management motivation. For the second step, the dependant variable firm performance was regressed on the independent variable management motivation. In the third step, firm performance was regressed on management motivation and training outcome.

The Beta coefficients in Table 6.22 represent the standardised regression coefficients for management motivation. All variables in Table 6.22 show significant relationships (MM = 0.77, 0.78 and 0.47) when training outcome acts as a mediator between management motivation and firm performance. Hence, training outcome partially mediates the relationship between management motivation and firm performance.

Table 6.22 Mediation analysis: management motivation, training outcomes, and firm performance

Variables	B	B	T	Adjusted R^2
		Step 1		
MV =Training outcome				
IV = Management motivation	.64	.77*	11.15*	0.58
Control variables				
Gender	-.18	-.10	-1.32	
Nationality	.08	.09	1.19	
Education	-.09	-.09	-.97	
Qualification	-.07	-.09	-1.01	
Experience	-.06	-.09	-.96	
Position	.11	.16***	2.00***	
Age	.07	.09	.97	
Workplace Training	.01	.01	.17	
		Step 2		
DV = Firm performance				
IV = Management motivation	.81	.78*	12.74*	0.66
Control variables				
Gender	.03	.01	.20	
Nationality	.07	.06	.90	
Education	.06	.05	.64	
Qualification	-.02	-.03	-.33	
Experience	-.15	-.19***	-2.11***	
Position	.03	.03	.49	
Age	.00	.00	.04	
Workplace training	-.03	-.03	-.44	
		Step 3		
DV = Firm performance				
IV = Management motivation	.49	.47*	5.52*	0.73
MV = Training outcome	.50	.41*	4.75*	
Control variables				
Gender	.12	.05	.88	
Nationality	.03	.02	.40	
Education	.11	.09	1.20	
Qualification	.01	.01	.14	
Experience	-.12	-.15	-1.85	
Position	-.03	-.03	-.46	
Age	**-.03**	**-.03**	**-.44**	
Workplace training	-.03	-.04	-.58	

*p<.001, **p< 0.01, ***p< 0.05, b = unstandardised coefficient, B = standardised coefficient, t = t-statistics

6.6 Results of hypotheses testing on data from employer

The first set of hypotheses sought to determine the effect of the independent variables on desired training outcome. The analysis of the data collected from employers shows that nature of training and management motivation in training has a strong and significant positive effect on training outcome. Management involvement has got a moderate effect on nature of training.

Hypothesis (H1a): Nature of training has a positive and significant association with desired training outcome. Hypothesis H1a was supported.

Hypothesis (H1b): Management involvement has a positive and significant association with desired training outcomes. Hypothesis H1b was not supported.

Hypothesis (H1c): Management motivation has a positive and significant association with desired training outcome. Hypothesis H1c was supported.

The second set of hypotheses was based on the effect of the independent variables on desired firm performance. For employers, firm performance had a moderate association with nature of training and management involvement, and a strong association with management motivation.

Hypothesis 2 (H2a): Nature of training (NT) has a positive and significant association with desired firm performance. Hypothesis H2a was not supported.

Hypothesis 2 (H2b): Management involvement (MI) has a positive and significant association with desired firm performance. Hypothesis H2b was not supported.

Hypothesis 2 (H2c): Management motivation (MM) has a positive and significant association with desired firm performance. Hypothesis H2c was supported.

The third hypothesis tested the effect of training outcome as an independent variable of firm performance. For employers, firm performance had a strong association with training outcome.

> Hypothesis (H3): Training outcome has a positive and significant association with desired firm performance (FP). Hypothesis H3 was supported.

The final hypothesis tested the effect of training outcome as a mediating variable of firm performance. Here, training outcome, considered as the cumulative result of three other parameters, was tested in relation to desired firm performance.

> Hypothesis (H4a): Training outcome (TO) partially mediated the relationship between nature of training (NT) and firm performance (FP). Hypothesis H4a was partially supported.

> Hypothesis (H4b): Training outcome (TO) fully mediated the relationship between management involvement (MI) and firm performance (FP). Hypothesis H4b was fully supported.

> Hypothesis (H4c): Training outcome (TO) partially mediated the relationship between management motivation (MM) and firm performance (FP). Hypothesis H4c was partially supported.

6.7 Chapter summary

This chapter presented the results of the analysis conducted on the data collected from employers. The findings were interpreted in relation to firm performance, with all hypotheses tested using regression and mediator analysis. The next chapter reviews the results presented in Chapters 5 and 6 and offers a critical discussion of the findings.

Chapter 7

Discussion

7.1 Introduction

This study investigated factors relating to the adoption of organisational training and its impact on improved productivity and work ethics in Saudi SMEs from the perspective of employers and employees. The results from the detailed data analyses are presented in chapters 5 and 6. This chapter discusses the findings in relation to the literature. The chapter begins with a summary of the hypothesis testing and its results. This is followed by a critical discussion of the findings, with reference to the respective literature.

7.2 Discussion of results

The argument of this research is not merely about the importance of training. The entire chapter on the research context as well as the introductory chapter to the thesis have made it amply clear that the Saudi context makes this issue complex. While the importance of training is the initial point from which the thesis takes off, more specific questions—about the compatibility of global training templates in Saudi management style, the scepticism of Saudi managers vis-a-vis training programs, the ability of training to serve the specific goals of the Nitaqat program—have all been flagged throughout the thesis.

The structure of labour market and conservative nature of Saudi society have impeded the participation of the Saudi workforce in the private sector in the country. Another factor is that graduates and school leavers shun private industry and prefer to wait as unemployed for the security and working conditions of the public sector (Randeree 2012). This preference was made clear in 2006, that nationals comprised 95 per cent of the public

sector, and 20 per cent of the private sector (Baldwin-Edwards 2011). By 2011, nationals held 92 per cent of total public sector employment and just 8 per cent of total private sector employment (Saudi Gazette 2012). Thus, the situation for nationals is worsening and there are large numbers of foreign employees working in smaller firms.

The management's cost sensitivity towards employee training, whether Saudi or non-Saudi, is short-term and profit-based, despite Nitaqat's demand of skilling up the national workforce. The two aims are incompatible and it appears that the government may have to provide bridging training both before and during employment. Private sector skills are not only being effectively delivered in Eastern Province but the situation is the same in other provinces. Thus this finding can readily be generalised throughout the country. Saudi educational institutions are not well regarded by employers who claim that training standards are not aligned to industry needs (Baqadir, Patrick & Burns 2011). The authors note that the Saudi government provides resources to improve the quality of vocational education, and now employs Nitaqat for this purpose. The skills shortage in KSA is endemic and results from a collective acceptance of this situation from the mid-twentieth century until the government restructured its education system over the last decade (Al-Rasheed 2012). This effectively denied training to school leavers and graduates until the recent Nitaqat reform. Lack of national skills in SME firms results from inadequate training, both before recruitment and as a staff member. Smaller firms lack the internal skills to undertake formal training, and they find private sector training irrelevant to some extent and expensive as well. So it falls to the TVTC to impart generic skills. While the TVTC has partnerships with the larger firms, and can be expected to tailor courses towards a private firm's needs, this is not possible or practicable with smaller firms i.e. SMEs. Therefore, the only focus for vocational employees is training on industry; retail, manufacturing, transport, food service and tourism streams, among others, are available.

Continuous training is essential for nationals to achieve competency in their jobs and for firms' survival (AlMunajed 2012).

Given this situation, this study examines the interrelationships between the four independent variables of nature of training, management involvement, management motivation and training outcome, and the dependent variable of firm performance. The sample included employers concerned with staff training, and employees from over 30 SMEs in Eastern Province. The analysis revealed the significant relationships between the independent variables and the dependent variable, 'firm performance'; while training outcome was used as a mediator for the above relationships. This was followed by an investigation of the consolidated effects of the first three independent variables on the variables of training outcome and firm performance, as well as the mediating effect of training outcome on firm performance. The conceptual framework shown in Figure 3.1 illustrated these relationships. This section presents the results of the hypothesis testing, and situates these results in the broader social and commercial setting of SMEs in Eastern Province, KSA. The discussion also moves to consider the survey findings with specific reference to the Saudi working environment (the main aspects of the Saudi national and business contexts were explained in Chapters 2 and 3).

Table 7.1 summarises the results of the hypothesis testing, examining the effects of nature of training, management involvement, management motivation and training outcome on firm performance, from the perspectives of both employees and employers.

Table 7.1 Results of hypothesis testing

Hypotheses	Employees	Employers
Hypothesis 1: Effect on training outcome		
H1a: Nature of training (NT) is positively associated with desired training outcome (TO)	Supported	Supported
H1b Management involvement (MI) is positively associated with desired training outcomes (TO)	Supported	Not supported
H1c Management motivation is positively associated with desired training outcomes (TO)	Not supported	Supported
Hypothesis 2: Direct effect on firm performance		
H2a Nature of training (NT) is positively associated with desired firm performance (FP)	Not supported	Not supported
H2b Management involvement (MI) is positively associated with desired firm performance (FP)	Supported	Not supported
H2c Management motivation (MM) is positively associated with desired firm performance (FP)	Supported	Supported
Hypothesis 3: Training outcome on firm performance		
H3 Training outcome (TO) is positively associated with desired firm performance (FP)	Supported	Supported
Hypothesis 4: Mediator effect on firm performance		
H4a Training outcome (TO) mediates the nature of training (NT) and firm performance (FP)	Fully supported	Partially supported
H4b Training outcome (TO) mediates the management involvement (MI) and firm performance (FP)	Partially supported	Fully supported
H4c Training outcome (TO) mediates the management motivation (MM) and firm performance (FP)	Fully supported	Partially supported

The findings for the hypotheses listed in Table 7.1 show that study participants agree on training outcome affecting firm performance (H3), although there are some reservations held by employers about the direct effect of the type of training and employers' input on the firm's performance. Overall, in both the employer and employee data, the variable 'training outcome' mediates firm performance through the independent variables of nature of training, management involvement and management motivation. The analyses show

significant relationships and support between all the variables for both employee's and employer's data.

The purpose of training is to impart knowledge or improve skills. The results from the first hypothesis (H1a) show that the type of training significantly affects the outcome in relation to promoting productivity in both employee and employer training. In providing leadership and resources, 'management involvement' in training (H1b) is viewed by participant groups as crucial to the outcome of the course for employees but not for employers. Further, 'management motivation', the intention of management to provide equity and openness in training opportunities to staff (H1c), is seen as an effective contributor to training results for employers but not for employees.

For the second set of hypotheses, the nature of training, management involvement and management motivation, are tested against firm performance to examine whether there is a direct relationship between the nature of the training (H2a), management involvement in training courses (H2b) and management motivation (H2b) with a perceived outcome for the firm's performance; that is, its profitability. The variables of nature of training (H2a) is perceived to have a negative effect by both employees and employers; management involvement (H2b) is viewed by employees as important but not by employers; management motivation (H2c) is seen as an effective contributor to training results for both groups.

The final set of hypotheses, the nature of training, management involvement and management motivation, are tested in the foregoing hypotheses, where outcome from the training (independent variable) is tested for its mediating effect on the nature of training (H4a), management involvement in training courses (H4b) and management motivation (H4c) on firm performance. The nature of training (H4a), management involvement (H4b)

and management motivation (H4c) are perceived to have a positive effect by employees and employers. The analysis of employees' and employers' data shows significant relationships and support between all variables.

7.3 Nature of training→Training outcome→Firm performance

In this research, employees and employers agreed that while nature of training positively influences training outcome, it, however, does not have a significant positive influence on firm performance. The variable nature of training concerns the type of training available for employers and employees. The variable includes training purpose (knowledge or skills), type (formal), means (lecture/presentation, conferences or seminars, focus or work groups, one-to-one mentoring, online courses) and place (off-site or in-house, government or privately provided) regardless who receives it.

This support for the effect of nature of training on desired training outcome is line with studies in the field which find that the nature of training does affect the desired training outcome. Chi et al. (2008) found an improved outcome for employers from technical training as compared to higher level leadership training. Ng and Dastmalchian (2011) stated that firms committed to a range of training interventions experienced greater transfer of learning but this not necessarily translated into superior firm performance. On the other hand, the hypothesis for the effect of nature of training on the actual firm performance is not supported by the data from both employers and employees. While the type of training imparted to employees may determine the immediate outcome of the program, both categories of respondents perceived to have no ultimate impact of this on the actual performance of the firm. This direct effect of training outcome on firm performance has also been found in McNamara et al. (2012) study who asserted that cognitive learning courses are not useful for the immediate performance needs of the firm Although Blume et

al. (2010) oppose this finding. Further, Taylor et al. (2007) argue that staff training changes workers' behaviour to increase their commitment to achieving the firm's objectives.

Consequent to this, the implications of this finding for training in Saudi SMEs are:

To operate effectively, all firms need to impart information to their employees, whether this is informal, through on-the-job training; or formal, as induction training or periodic training. Further, new functional skills are required to address technological change or expansion of the firm into new markets. Training focuses on basic skills, work ethic, computer skills and the English language. Bridging courses for those finishing formal education are necessary to introduce them to the working environment and also to assist those who are long-term unemployed (AlMunajed 2012)

Given some two-thirds of the employees in this study are expatriate workers (61.8%), it will be difficult for training purposes for management to separate employees by nationality, particularly if the training is imparting knowledge about the firm's planning, competitors or market. As with functional change such as new technology, all staff needs skills training.

Management training must be concentrated on leadership skills, finance, marketing and ICT. Vocational training courses need to be strengthened and popularised (e.g., through awareness programs) to meet the skills shortages; and tailored to the industry and individual firms' unique requirements.

7.4 Management involvement→Training outcome→Firm performance

Management involvement (H2b) is perceived to have a positive effect by employees but not employers. The variable management involvement in training and its relationship with firm performance can also be viewed differently by the respondents. For example, there is

managerial support for training in providing resources, such as funding the training and taking time off work for courses; or it could refer to physical intervention, such as mentoring or supervision on the job (Baron & Morin 2010; Pech 2009). Whilst employees in this study regarded all managerial intervention favourably, again, the employers did not.

While specific training for employers such as computer-based training and financial statement management can be readily supported, companies need managers to have effective leadership skills to direct these programs. For SME training, the executive may be instrumental in guiding supervisors and team leaders in the firm's business model, future requirements and technology change. It is argued that such management involvement in training is a primary factor in the successful transfer of formal training into workplace practices. While Arab executives are characterised by their remote management style (Ramady 2010), their involvement in in-house staff training can provide the opportunity to improve communication, monitor performance and encourage greater innovation in task completion.

The findings of this study are that the decision makers in the smaller firms recognise the issues created by inadequate attention to achieving and maintaining firm competencies, and management reliance on purchasing skills on demand. This short-term view does not result in either effective management development or employee skills acquisition.

Although the Islamic work ethic includes concepts of effort, competition, transparency and morally responsible conduct, there are well-documented issues with management productivity (Al-Raisi, Amin & Tahir 2010; Ali 2005; Ashrafi & Murtaza 2010). Islamic decision-making advocates for consultation, which serves justice and social cohesiveness; however, the management style in Islamic businesses tends towards a centralisation of power and reliance on personal relationships.

While Arab executives are characterised by a remote management style (Ramady 2010),their involvement in-house staff training can provide the opportunity to improve communication, monitor performance and encourage greater innovation in task completion. In this research, management involvement is supported in all the hypotheses by employees but employers did not see this benefit in regards to firm performance. The respondents report that inadequate support from management affects training outcome and contributes to underperformance for Saudi SMEs. This is consistent with the findings of Ali (2005), Al-Raisi et al. (2010) and Ashrafi and Murtaza (2010). The frequent use of foreign employers in Saudi firms may further reduce the owners' interaction with an international employee base.

7.5 Management motivation→Training outcome→Firm performance

Management motivation towards training (H2c) is seen by both groups as an important factor in improving firm performance. Motivation through leadership is necessary to promote a common work ethic, while Amabile (1993) earlier declares that intervention to enhance employee attitudes is a fundamental aspect of management. Management motivation includes, on the one hand, training for employers' own career aspirations and management training to meet the firm's objectives; and on the other, management's interest in employee productivity. In terms of incentives for motivation, Boswell and Boudreau (2000) consider performance appraisal systems to be an effective tool to promote organisational productivity by encouraging feedback from employees and relating rewards to improving performance levels. However, Hyde (2005) shows that remuneration incentives for employees do not always improve their performance. Further, there may be a cultural factor in motivation and improving performance. Management motivation is

accepted by the participants in all instances, a result that is also well supported in the literature.

It is surprising here that while employers rejected the importance of management involvement, in the last hypothesis they accepted the importance of management motivation. This may mean that employers prefer managers to take a more distant role as motivators rather than being directly involved in the training process. Since most of the training programs in the country's firms are contracted from external agencies, management involvement in the training process may be unnecessary as it may detract from the focus of the training and waste the managers' time too. Instead of being directly involved in the training process, managers may monitor and motivate the trainees intermittently.

Skill training is part of the Nitaqat objectives. Randeree (2012) notes that employee training is fundamental to profitability for firms subject to Nitaqat. Jones (2008) and Pech (2009) question whether importing training courses and trainers is successful in a collectivist society, positing that Arab social culture is best suited to more humanistic methods such as case studies, mentoring and discussion groups. The bureaucratic nature of Saudi firms is also an issue, and inter-cultural team building, whereby teams take on responsibility for performance and targets may also be a subject for consideration (Baron & Morin 2010).

7.6 Training outcome→Firm performance

The findings for this research are that all independent variables have a level of influence on the dependent variable, firm performance. Further, taken as a moderating variable, training outcome is found to have a positive relationship with firm performance. While researchers seek linkages between organisational training and firm performance, this study places

training outcome as an independent variable as well as a mediator variable on firm performance. Training outcome is defined as the effect of training on individuals' performance, which arguably influences the performance of the firm. Apart from firm performance, this study also examines the result of training outcome on organisational environment, employee skills and workplace conditions. Results may not necessarily be reflected in the firm performance measure by profit or per capita output; however, there can be long-term benefits in organisational and work situations (Aguinis & Kraiger 2009). The results of this study from the analyses of both the employees' and employers' data show that all aspects of training are associated with desired training outcome except employees.

In the literature, firm performance has a mixed relationship with organisational training (Blume et al. 2010; Chi, Wu & Lin 2008), although none of these studies dealt directly with Arab firms; thus, national differences may need to be considered (Horgan & Mühlau 2006).

Hassan (2012) raises concerns regarding whether investments in ICT and education have had a significant effect in changing the mindset of Saudis or improving their faculty of critical thinking in problem solving. Hassan notes that the Saudi government appears more concerned with numbers and higher salaries for Saudi employees than with the per capita output. The findings of this research are therefore that extensive investment in training is required for employees and employers under Nitaqat before the country can improve its GDP and provide sufficient employment for its youth.

7.7 Chapter summary

This study concerns executive influence on training, and the transfer of that training to influence firm performance. In the context of KSA's traditional management attitudes,

including an overt reliance on imported knowledge and skills, the country has not built indigenous capacity in industry or human capital. There is no history of the private sector influencing the education system to produce employable school leavers and graduates; and employers are now tasked with taking young Saudis through Nitaqat to teach them the requisite skills. Unless SME employers become fully committed to training Saudi nationals, little effect will be seen in firm performance.

In most instances, employers and employees believe that the nature of training, management involvement and management motivation influence firm performance. To conclude this discussion, the findings of this research suggest a positive relationship between all variables, with the exception of nature of training and management involvement on firm performance and employees' management involvement on training outcome. The conclusion for this research is, therefore, that organisational training offers improved outcomes for trainees and may lead to enhanced firm performance, especially if the training is aligned directly to the firm's objectives. The conclusion for this research is, therefore, that organisational training offers improved outcomes for trainees and may lead to enhanced firm performance, especially if the training is aligned directly to the firm's objectives.

While this research relates to firms training their employers and employees, the findings are that smaller firms lack the internal skills to undertake formal training, and they find private sector training irrelevant and expensive. Employee training thus falls to the TVTC to impart generic skills. While the TVTC has partnerships with the larger firms, and can be expected to tailor courses towards a private firm's needs, this is not possible or practicable with smaller firms. Therefore, the only focus for vocational employee training is on

industry; retail, manufacturing, transport, food service and tourism streams, among others, are available.

The findings of this study are that the decision makers in the smaller firms recognise the issues created by inadequate attention to achieving and maintaining firm competencies, and management reliance on purchasing skills on demand. This short-term view does not result in either effective management development or employee skills acquisition. Private sector skills are not being effectively delivered in Eastern Province and this finding can readily be generalised throughout the country. The skills shortage in KSA is endemic and results from a collective acceptance of this situation from the mid-twentieth century until the government restructured its education system over the last decade (Al-Rasheed 2012). This effectively denied training to school leavers and graduates until the recent Nitaqat reform.

The significance of this work in the literature is that it explores issues which are common to all SMEs. In Saudi Arabia, the private sector's training systems and structures to support SMEs are not that robust. These structures can be strengthened and deepened by a focus on training that will address the endemic issues of low productivity and high reliance on foreign workers' knowledge and skills. Considerable investment in training infrastructure within the education system is required to provide the skills needed to employ the country's youth. There is scant literature on training in relation to SMEs as most studies in the Arab region on training do not focus on SMEs. There is also the factor of time, as the Saudi government fundamentally changed its approach to youth unemployment in 2011, and the literature has yet to reflect this change. For example, the Saudi vocational authority is now working with the Chambers of Commerce and Industry to write curricula.

The results from the analysis of the employer and employee responses show that there is broad agreement between the two groups, supporting the positive effect of the independent

variables on firm performance. This study conflicting results for ‘management involvement’ (MI) as employees perceived it as a positive factor behind firm performance but the employers rejected this. However, when mediated by training outcome, MI was accepted to have a positive effect by both groups. This shows that employers need to rethink this issue as employees seem to value management involvement in training programs. The recommendations in the final chapter provide a comprehensive list of measures for management practitioners about how to boost their level of involvement for more effective forms of training. The next chapter presents the conclusion to the thesis, with recommendations, limitations and directions for further study.

Chapter 8

Conclusions, Recommendations and Limitations

8.1 Introduction

The conclusions drawn from the findings and the implications of these results for small to medium size businesses in Eastern Province, Saudi Arabia are first discussed in this chapter, followed by recommendations to the Saudi authorities on possible interventions to assist SME employers in training their staff. The limitations and contributions of the research are presented, and the thesis concludes with suggestions indicating directions for further study.

8.2 Conclusions

In line with other Arab countries, human resource development is of major concern in Saudi Arabia. In this study, there are four independent variables: nature of training, management involvement, management motivation and training outcome. These are investigated in relation to their influence on the dependent variable, firm performance. The results show that training outcome mediates firm performance through nature of training, management involvement and management motivation in the SME employee and employer data. Both the employee and employer results show relationships and support between all of the variables.

Firms can benefit through participation and involvement of management in company training programs. Arguably, executive employers fail to place value on their involvement in training. This study concludes that by being actively involved in training decisions and their execution within the firm, employers and employees can work together to satisfy the

firm's objectives. Employer support assists the learning process, and that training should be formalised and conducted within a supportive environment to enhance the freedom of the trainees to express their opinions and insight. However, the findings also reveal that Saudi firms do not see the value in training as an investment in their firms, instead regarding it as an expense that can be avoided.

While the findings in this study indicate that employers are well aware of the issues arising from inadequate training, they lack the impetus to upgrade skills and knowledge. This is underpinned by assumptions by employers that superior skills can be brought in at a discount to the cost of local labour; that Saudi employees are not loyal to a firm; and that Saudi employees frequently take up private employment to gain experience only to soon leave. Decision makers in smaller firms recognise these issues, but do not resolve them, either through effective management or employee skills acquisition. Decision makers in smaller firms also recognise the issues created by inadequate attention to achieving and maintaining firm competencies, and management reliance only on purchasing skills on demand. This short-term view does not result in either effective management development or employee skills acquisition.

8.3 Implications

In this brief review of the thesis, a number of dimensions of training are considered. The results are drawn from the data analysis chapters, which present the hypothesis testing results for employees and employers (see Table 7.1). The findings from the participants' responses to the survey questions are used in this section to give depth to the conclusions from this study in the form of implications for theory, the government and SMEs in KSA.

8.3.1 Implications for theory

The benefits of this study to the body of knowledge and for decision-makers are that it provides a measured response to the employee-training problem in the Kingdom and advocates for a strategic management approach within small family firms. Buckley and Caple (2010) find that executive management is a key factor in successful outcomes for firms, and this study finds evidence to support that contention. This research thus explores training theory, employee engagement and the transfer of global organisational concepts to an Arab environment. Using theory and empirical research, the practical outcome for this study is to present evidence of the need for a concerted SME effort to skill employers and employees, improve management training practices and provide more jobs in the process. Thus, it fulfils the recent calls of Shafloot (2012) and Kattuah (2013) for further research on private sector employee training with its outcome and impact on firm performance.

Employee training for Saudi SMEs is left to the government's Nitaqat intervention, the technical and vocational training centres of which are used for generic training such as English fluency, computer system learning, customer service and administration, book keeping and marketing. In-house training on firm's goals, performance objectives (for performance review), competition and the market environment are rare, and when such courses do occur, there is no follow-up or assessment by management. This study advocates for functional area training as vital for both employees and employers.

Further, while Muslim organisations frequently adopt international structures for their firms, Ali (2005) notes that this may conflict with Saudi societal norms and values. Of concern, and probably due to the transient nature of many international workers, human resource management is not appropriately pursued in modern Islamic organisations (Ali 2005; Kazmi 2006). These writers consider that recruitment and selection, and training and development, lack appropriate transparency and decision-making rigour, noting that Islam

requires just reward for performance. Branine and Pollard (2010) concur, arguing that lack of progress in Islamic management practices stems from a disconnect between individualist-aligned global management practices and the requirements of a collectivist society. Their call for the development of a best practice style of management in Arab countries is supported by this research. In particular, findings support the need for reverse diffusion of host-country management knowledge and work values to global enterprises for their effective management of human resources in those countries.

8.3.2 Implications for government decision makers

Private sector skills are not being effectively delivered in Eastern Province. New functional skills are required to address technological change or expansion of firms into new markets (Tidd & Bessant 2011). A collaborative, high-level approach between the Ministry of Labour, the Human Resources Development Fund, the Technical and Vocational Training Fund and the Saudi CCI is required to identify the gaps between the generic training being offered and the technical and informational requirements of industry. It is important to move away from the *ad hoc* approach to training currently used by Saudi SMEs in skilling the Saudi labour force, and this is especially true for women. The findings of this research support those of Achoui (2009), AlMunajed (2012), Al-Rasheedi (2012), Al-Saleh (2012), Baqadir et al. (2011) and others who advocate for a concerted national effort to train the national labour force and bring Saudi labour law into line with global economic practices.

Employees need to be trained based on their individual needs, as well as in the generic basic training offered by the government. The small business sector should have greater access to resources such as working capital and skills acquisition in the fields of finance, leadership, marketing, ICT and strategic planning. These matters are lately part of the Saudi government's renewal policies, addressing at least employment and salaries, if not

productivity. Small businesses will be encouraged under Nitaqat to address skills issues in their firms.

8.3.3 Implications for SMEs

Both employers and employees seek training, and that initiative is necessary to achieve firm performance. However, there are many training issues to be resolved (Al-Saleh 2012; Baqadir, Patrick & Burns 2011). While Nitaqat delivers government-paid training to Saudis seeking jobs, this training is quite generic (e.g., English language, computer literacy, workplace practices), whereas the nature of small business training is individualistic and industry-based, focusing on functional areas. Given that SMEs must meet their Saudi quotas under Nitaqat, employers cannot afford the cost of tailoring external training to their specific needs, and struggle to organise the internal resources required to train new recruits to a productive standard. Individual SMEs would be better off using reduced-cost industry training from their local CCI, which could be supported by the Human Resources Development Fund. The government acknowledges its support for SMEs as the generators of the majority of jobs in the Kingdom; thus, an advisory group of SME is recommended, to communicate directly with the government to avoid delays caused by bureaucratic processes.

8.4 Recommendations

By taking a strategic position to direct employee education and training towards an improved organisational environment, Saudi employers can achieve greater return, profitability and higher-quality outcomes (Barba Navaretti et al. 2010; Jennex 2008).

Several recommendations can be derived from the findings for both employers and employees towards organisational goal.

1. *ICT training* ICT training in the myriad devices and applications now available is probably the most cost-effective training available in the world today. Further, regular information briefings and work group discussions are invaluable within a commercial and working environment. As all experienced employees are knowledgeable of the current trading environment and firm goals, teams can plan their work objectives accordingly. According to Storey (2004), ICT skills training improves firm performance. This has been confirmed in Saudi Arabia by Randeree (2012), who attributes improved GDP per capita to the adoption of ICT throughout the economy rather than to improved human performance.

2. *Cost* The argument of cost constraints to training for smaller firms is countered by Chi et al. (2008), who state that specific knowledge, for instance, operators' training, customer service and health and safety measures, can be supported by online training, mentoring, conference attendance or focus groups among firms in an industry. Such sector training could be assisted by employer associations such as Chambers of Commerce, or the relevant public authorities could underwrite conferences or online training to address identified skill needs.

3. *Incentive to train* Nitaqat empowers management to rate staff according to their willingness to work and their productivity. A recommendation of this study is that the government makes awards in each sector for outstanding employee productivity to act as publicity for Nitaqat and to break the nexus of apathy between governments, employers and jobseekers. It would be more productive to celebrate success in the firm through employee of the month programs, for example, than to dwell on the perceived failure of work ethics.

4. *Effective training* Management should review their good understanding of employee training and the outcomes expected from it. Senior management leadership and organisational commitment is enhanced when they participate in training. Quality of services and products is enhanced with executive commitment to training, through improved planning and monitoring; and incentives to undertake training, such as increased opportunities for promotion, enhance employee motivation. Employee training generally relates to increased productivity, directed towards skills for staff such as dealing with the needs of customers.

5. *Joint ventures in training* The conclusion for this study is that the skills shortage in Saudi Arabia is endemic and that as a result firms are constrained in their growth. To access the work that is readily available, small firms can form joint ventures in their industry, or pool their resources to bid for work from the government, or work together with the large firms that win the contracts. This will have the additional effect of reducing the cost of formal training for key employers and executives and raising productivity for all firms. Skills acquisition can then be used for the SME's expansion.

8.5 Limitations and future research

This research involves many limitations that also represent challenges for future research. On the methodological side, it must be noted that the sample size is relatively small and that a larger sample would be desirable to increase the statistical power. The research setting of employee–employer training involvement in one region and country could also limit the generalisability of the findings. Future research could involve SME samples involving more industries from a broader segment to validate this finding. The research was also not able to draw causal inferences because of the cross-sectional nature of the

data. Longitudinal data are needed for studying causations. Although this research has undertaken mediator analysis, which is unique to this study as compared to earlier work, the small sample size has restricted the use of SEM to test the predictive power of the antecedents on firm performance. Future research with a larger sample size should be able to undertake SEM analysis and other related analyses such as group comparison between employee and employer responses. However, the results of the study were broadly in line with recent Arab literature on the topic of organisational training.

On the theoretical side, this research ignored issues on employer factors, training factors, organisational factors and employee factors (Al-Saleh 2012; Baqadir, Patrick & Burns 2011) to explore the influence of executive involvement in employee training effectiveness. A future research framework could include these factors to determine the changes in the current results. Further, a shift from the employee–employer training issues internal to the firm to external issues such as the work-readiness training currently being offered by the Saudi government (i.e., the Tatweer program) could be pursued for an integrated research model. More attention on this kind of external program could reduce SME employer–employee training issues. Future research could also focus on developing a best practice framework looking at principal guidelines of Islamic management styles to develop appropriate training modules for Saudi SMEs. Finally, a future research agenda could be to integrate perspectives from the extant literature on cultural crossvergence for analysing the empirical situation on transfer of globally accepted practices of management and training to Saudi firms.

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Appendix A

Questionnaire English Version

Survey for Employers

Executive Influence on Employee Training Effectiveness in Saudi Arabian SME Firms

The aim of this survey is to collect workplace training information to determine the training practices that firms find most successful to improve their business practices. The survey is part of an academic project to examine executive management practices on employee training.

The questions in the survey were developed through consultation with Saudi employment authorities and SME business employers who undertake extensive staff training. The results of the questionnaire are intended to draw out factors which contribute to training success, and issues that prevent desired training outcomes.

It should only take a few minutes to answer the questionnaire. All the information will be collected and held under strict privacy conditions and no names or distinguishing characteristics will be attributed to the responses. The survey is to be returned to HR office and will be collected from that office.

Thank you for your interest in completing the survey. I am available to answer any questions that may arise about the survey.

Mr. Salem Shiryan
DBA candidate
Victoria University, Melbourne

Survey on Executive Management's Role in Employee Training in SME Saudi Arabia

1. Personal Characteristics:

This information is used only to inform the study, and will not be divulged to anyone else. Please answer by ticking the appropriate box:

1.1 Gender

Male ☐ Female ☐

1.2 Nationality

Saudi ☐
Other Arab ☐
European, Nth American, similar ☐
Other Asian ☐

1.3 Highest education

Diploma or under ☐
Undergraduate degree ☐
Graduate degree ☐
Other ☐

1.4 Where was last qualification earned?

Saudi Arabia ☐
Other Arab country ☐
Asian country ☐
European or similar ☐

1.5 Career experience

Under 5 years ☐
5 – 9 years ☐
10 – 15 years ☐
over 15 years ☐

1.6 Current position

Owner ☐
CEO/Executive ☐
Line manager ☐
Contractor ☐

1.7 Age

Under 30 years of age ☐
30 – 39 years ☐
40 – 49 years ☐
50 years + ☐

1.8 When did you last undertake Workplace training?

Never ☐
Before 2005 ☐
2005-2009 ☐
2010-2011 ☐

2. Nature of Training:

This section relates to the role of executive management in employee training, identifies the organisation's needs, and sets the required standards.

Using the scale below, please circle a number from 1 to 5 which corresponds to your view on each matter.

1	2	3	4	5
Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**

2.1	I know how my work contributes to the firm's objectives	1	2	3	4	5
2.2	I receive appropriate training to fulfil the duties of my position	1	2	3	4	5
2.3	I discuss the need for training and development with staff	1	2	3	4	5
2.4	I set individual goals for training and career development through consultation with staff	1	2	3	4	5
2.5	I discuss the outcomes of training with staff	1	2	3	4	5
2.6	I expect to be proficient in management training	1	2	3	4	5
2.7	I find training programs at my firm easy to understand and enjoyable	1	2	3	4	5
2.8	I consider that good training results help my firm to compete in the marketplace	1	2	3	4	5
2.9	I believe that good training and helps contribute to achieve the functionality expected	1	2	3	4	5
2.10	The content of workplace training always relates to the firm's objectives	1	2	3	4	5
2.11	The content of training is usually connected to working conditions	1	2	3	4	5
2.12	The trainers are highly competent in transferring knowledge and skills and the training program is usually varied and interesting	1	2	3	4	5
2.13	The training programs in the company an easy and enjoyable	1	2	3	4	5
2.14	I always let staff express their view and contribute to debates in training and about training	1	2	3	4	5
2.15	Employee can usually apply the information and skills acquired by training in the workplace	1	2	3	4	5
2.16	Employee receives tips and suggestions on the new skills after the training	1	2	3	4	5

2.17	I reward remuneration or promotion for successfully undertaking training and/or receiving qualifications aligned with the firm's objectives	1	2	3	4	5

3. Management Involvement in Training:

This section relates to the Chief Executive Officer or senior management's commitment to training.

Using the scale, please circle the number which best reflects your response.

1	2	3	4	5
Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**

3.1	Most training programs can fulfil the management needs.	1	2	3	4	5
3.2	Most of the training is practical and relates to actual problems at work	1	2	3	4	5
3.3	I treated staff politely in training sessions	1	2	3	4	5
3.4	Trainers allow input from participants during the session	1	2	3	4	5
3.5	Many training programs build on previous training to update staff knowledge	1	2	3	4	5
3.6	I am able to test out training techniques in my work so that the training objectives are achieved.	1	2	3	4	5
3.7	Employee learn from our experiences during the training	1	2	3	4	5
3.8	Training programs continue consecutively	1	2	3	4	5

4. Management Motivation:

Management's involvement in the training program is the topic for this section.

Please circle a number from 1 to 5 using the scale below which corresponds to your view.

1	2	3	4	5
Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**

4.1	I encourage and support Staff to take advantage of training and development opportunities	1	2	3	4	5
4.2	I regularly discusses training and development needs with Staff	1	2	3	4	5
4.3	I jointly set tasks and development goals with Staff	1	2	3	4	5
4.4	I jointly reviews progress on tasks and development goals at timely intervals	1	2	3	4	5
4.5	I guide Staff effectively	1	2	3	4	5
4.6	I provide a platform to showcase technical skills	1	2	3	4	5
4.7	I mentor another people in organization as role model	1	2	3	4	5
4.8	I make staff feel more motivated at work	1	2	3	4	5

5. Training Outcome:

This section concerns the outcomes from training**.**

Please circle a number from 1 to 5 using the scale below to answer.

1	**2**	**3**	**4**	**5**
Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**

5.1	Training programs must be relevant to skills and knowledge required by the firm	1	2	3	4	5
5.2	Staff commitment and market success depend on the quality of the firm's training	1	2	3	4	5
5.3	Training programs must have clear objectives and measurable outcomes to meet the needs of the firm	1	2	3	4	5
5.4	Training programs originating in Saudi Arabia are now superior to imported programs tailored for Saudi use	1	2	3	4	5
5.5	The standard of employee training outcomes is the responsibility of the trainer	1	2	3	4	5
5.6	Employees are primarily responsible for implementing skills they learn in training	1	2	3	4	5
5.7	I offer financial and other assistance to employees who pursue further professional qualifications in the interests of the firm	1	2	3	4	5
5.8	There are adequate communication systems throughout the firm	1	2	3	4	5
5.9	I am satisfied with Staff salary and workplace conditions	1	2	3	4	5

6. Firm Performance:

This section seeks information regarding organisational performance which is directly related to employee training.

Please circle a number from the scale below to indicate your response.

1	2	3	4	5
Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**

6.1	Training programs establish a clear view of work roles and increase performance	1	2	3	4	5
6.2	Training programs encourage teamwork	1	2	3	4	5
6.3	Training programs encourage Staff to question work practices to improve productivity	1	2	3	4	5
6.4	Training programs promote knowledge sharing through the organisation	1	2	3	4	5
6.5	Training programs improve Staff skills and knowledge	1	2	3	4	5
6.6	Training programs provide a supportive work environment	1	2	3	4	5
6.7	Training programs provide updated work skills that increase Staff on–the–job performance	1	2	3	4	5
6.8	Training programs provide the opportunity to communicate openly and honestly with Staff subordinates so that I know staff strengths and weaknesses	1	2	3	4	5

7. Other matters regarding training and education in your firm:

If there are other matters you wish to add, please do so here.

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If you would like an electronic copy of the survey report, Please write your email in the space provided in the questionnaire.

Email:

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Thank you for your assistance in completing the survey

Survey for Employees

Executive Influence on Employee Training Effectiveness in Saudi Arabian SME Firms

The aim of this survey is to collect workplace training information to determine the training practices that firms find most successful for improved business practices,

The survey is part of an academic project to examine senior management's influences on a firm's employee training. This has been approved by the relevant authorities and by your management.

It should only take a few minutes to answer the questionnaire. All the information will be collected and held under strict privacy conditions and no names or distinguishing characteristics will be attributed to the responses. The completed survey should be returned to HR office and will be collected from that office.

Thank you for your interest in completing the survey. I am available to answer any questions that may arise about the survey.

Mr. Salem Shiryan
DBA candidate
Victoria University, Melbourne

Survey of Employees' Views on Training in SME Saudi Arabia

1. Personal Characteristics:

This information is used only to inform the study, and will not be divulged to anyone else. Please answer by ticking the appropriate box:

1.1 Gender

Male ☐ Female ☐

1.2 Nationality

Saudi ☐
Other Arab ☐
European, Nth American, similar ☐
Other Asian ☐

1.3 Highest education

Diploma or under ☐
Undergraduate degree ☐
Graduate degree ☐
Other ☐

1.4 Where was last qualification earned?

Saudi Arabia ☐
Other Arab country ☐
Asian country ☐
European or similar ☐

1.5 Career experience

Under 5 years ☐
5 – 9 years ☐
10 – 15 years ☐
over 15 years ☐

1.6 Current position

Owner ☐
CEO/Executive ☐
Line manager ☐
Staff ☐

1.7 Age

Under 30 years of age ☐
30 – 39 years ☐
40 – 49 years ☐
50 years + ☐

1.8 When did you last undertake Workplace training?

Never ☐
Before 2005 ☐
2005-2009 ☐
2010-2011 ☐

2. Nature of Training:

This section relates to the role of executive management in employee training, identifies the organisation's needs, and sets the required standards.

Using the scale below, please circle a number from 1 to 5 which corresponds to your view on each matter.

1	2	3	4	5
Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**

2.1	I know how my work contributes to the firm's objectives	1	2	3	4	5
2.2	I receive appropriate training to fulfil the duties of my position	1	2	3	4	5
2.3	My manager discusses the need for training and development with staff	1	2	3	4	5
2.4	My manager sets individual goals for training and career development through consultation with staff	1	2	3	4	5
2.5	My manager discusses the outcomes of training with staff	1	2	3	4	5
2.6	I expect to be proficient at my job at the end of the training	1	2	3	4	5
2.7	My family responsibilities are considered by management and I can always attend staff training sessions	1	2	3	4	5
2.8	I consider that good training results help my firm to compete in the marketplace	1	2	3	4	5
2.9	I believe that good training helps my work and assists my career prospects	1	2	3	4	5
2.10	The content of workplace training always relates to the firm's objectives	1	2	3	4	5
2.11	I find that training content usually relates to my work	1	2	3	4	5
2.12	The trainers are highly competent in transferring knowledge and skills and the training program is usually varied and interesting	1	2	3	4	5
2.13	I find training programs at my firm easy to understand and enjoyable	1	2	3	4	5
2.14	I always express my view and contribute to debates in training and about training	1	2	3	4	5
2.15	I can usually apply the information and skills I learn in workplace training	1	2	3	4	5

2.16	I receive feedback and advice on my new skills and knowledge after training	1	2	3	4	5
2.17	I receive rewards as remuneration or promotion for successfully undertaking training and/or receiving qualifications aligned with the firm's objectives	1	2	3	4	5

3. Management Involvement in Training:

This section relates to the Chief Executive Officer or senior management's commitment to training.

Using the scale, please circle the number which best reflects your response.

1	2	3	4	5
Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**

3.1	Most training programs can fulfil my needs.	1	2	3	4	5
3.2	Most of the training is practical and relates to actual problems at work	1	2	3	4	5
3.3	I am treated politely in training sessions	1	2	3	4	5
3.4	Trainers allow input from participants during the session	1	2	3	4	5
3.5	Many training programs build on previous training to update my knowledge	1	2	3	4	5
3.6	I am able to test out training techniques in my work so that the training objectives are achieved.	1	2	3	4	5
3.7	We learn from each other's experiences during training	1	2	3	4	5
3.8	Training programs continue consecutively	1	2	3	4	5

4. Management Motivation:

Management's involvement in the training program is the topic for this section.

Please circle a number from 1 to 5 using the scale below which corresponds to your view.

1	**2**	**3**	**4**	**5**
Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**

4.1	The manager encourages and supports us to take advantage of training and development opportunities	1	2	3	4	5
4.2	The manager regularly discusses training and development needs with us	1	2	3	4	5
4.3	The manager jointly sets tasks and development goals with us	1	2	3	4	5
4.4	The manager jointly reviews progress on tasks and development goals at timely intervals	1	2	3	4	5
4.5	The manager guides us effectively	1	2	3	4	5
4.6	The manager providing a platform to showcase technical skills	1	2	3	4	5
4.7	The manager mentoring another people in organization as role model	1	2	3	4	5
4.8	The manager make us feel more motivated at work	1	2	3	4	5

5. Training Outcomes:

This section concerns the outcomes from training**.**

Please circle a number from 1 to 5 using the scale below to answer.

1	**2**	**3**	**4**	**5**
Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**

5.1	Training programs must be relevant to skills and knowledge required by the firm	1	2	3	4	5
5.2	Staff commitment and market success depend on the quality of the firm's training	1	2	3	4	5
5.3	Training programs must have clear objectives and measurable outcomes to meet the needs of the firm	1	2	3	4	5
5.4	Training programs originating in Saudi Arabia are now superior to imported programs tailored for Saudi use	1	2	3	4	5
5.5	The standard of employee training outcomes is the responsibility of the trainer	1	2	3	4	5
5.6	Employees are primarily responsible for implementing skills they learn in training	1	2	3	4	5
5.7	Management should offer financial and other assistance to employees who pursue further professional qualifications in the interests of the firm	1	2	3	4	5
5.8	There are adequate communication systems throughout the firm	1	2	3	4	5
5.9	I am satisfied with my salary and workplace conditions	1	2	3	4	5

6. Firm Performance:

This section seeks information regarding organisational performance which is directly related to employee training.

Please circle a number from the scale below to indicate your response.

1	2	3	4	5
Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**

6.1	Training programs establish a clear view of work roles and increase performance	1	2	3	4	5
6.2	Training programs encourage teamwork	1	2	3	4	5
6.3	Training programs encourage me to question work practices to improve productivity	1	2	3	4	5
6.4	Training programs promote knowledge sharing through the organisation	1	2	3	4	5
6.5	Training programs improve my skills and knowledge	1	2	3	4	5
6.6	Training programs provide a supportive work environment	1	2	3	4	5
6.7	Training programs provide updated work skills that increase my on–the–job performance	1	2	3	4	5
6.8	Training programs provide the opportunity to communicate openly and honestly with my subordinates so that I know my strengths and weaknesses	1	2	3	4	5

7. Other matters regarding training and education in your firm:

If there are other matters you wish to add, please do so here.

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Email:

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Thank you for your assistance in completing the survey

Appendix B

Questionnaire Arabic Version

استبيانات خاصة للمدراء والمشرفين

لأثر الايجابي بمشاركة المدراء التنفيذيين على فعالية التدريب للموظفين في الشركات السعودية الصغيرة والمتوسطة

الهدف من هذا لاستبيان هو جمع بيانات حول التدريب في مكان العمل لتحديد الممارسات التدريبية التي تجدها الشركات اكثر نجاحا لتحسين نشاطاتها التجارية. الاستبيان هو جزء من مشروع اكاديمي لدراسة ممارسات الإدارة التنفيذية على تدريب الموظفين. وقد وضعت الأسئلة في لاستبيان من خلال التشاور مع أرباب العمل القائمين علي الأعمال الصغيرة والمتوسطة واسعة النطاق لتدريب الموظفين. والغاية من نتائج هذا الاستبيان استخلاص العوامل التي تسهم في نجاح التدريب وتحديد ألا سباب التي تحول دون تحقيق النتائج المرجوة من التدريب. الإجابة على الاستبيان لن تستغرق اكثر من دقائق معدودة. وسيتم التعامل مع كافة المعلومات التي سوفا تدلي بها بنوع من السرية التامة.

شكرا لاهتمامك ومساعدتك في استكمال لاستبيانات. وأنا مستعد للرد على أية أسئلة قد تنشأ عن الدراسة

سالم شريان

جامعة فيكتوريا

أستراليا

دراسة استقصائية عن دور الإدارة التنفيذية في تدريب العاملين في الشركات السعودية الصغيرة والمتوسطة

1. الخصائص الشخصية

تستخدم هذه المعلومات فقط لإتمام هذه الدراسة ، ولن يكشف عنها لأي جهة آخرى.

أرجو الإجابة بوضع علامة صح في المربع المناسب

1.1 الجنس

ذكر ☐ أنثي ☐

1.2 الجنسية	
سعودي	
عربي	
أميركي أو أوربي	
أسيوي	

1.3 التعليم	
ثانوي أو دبلوم	
بكالوريوس	
ماجستير	
أخري	

1.4من اين حصلت على اخر درجة علمية	
المملكة العربية السعودية	
دولة عربية أخرى	
دولة اسيوية	
دولة أوربية أو مشابهة لها	

1.5 الخبرات العملية السابقة	
اقل من 5 سنوات	
من 5 الى 9 سنوات	
من 10 الى 15 سنة	
اكثر من 15 سنة	

1.6 نوع الوظيفة	
مالك	
مدير إقليمي أو تنفذي	
مدير عام	
عقد	

1.7 العمر	
-30	
39-30	
49-40	
+50	

1.8متى كانت أخر دورة تدريبية حصلت عليها	
لم احصل على اي دورة تدريبية	
قبل 2005	
2009-2005	
2011-2010	

2 - طبيعة التدريب

هذا القسم عن دور الإدارة في تدريب الموظفين و تجديد احتياجات المنظمة إضافة إلى وضع المعايير المطلوبة لإنجاح المهمة التدريبية.

يرجى وضع دائرة على الإجابة المناسبة

1	2	3	4	5
أعارض بشدة	**أعارض**	**غير متأكد**	**أوافق**	**أوافق بشدة**

2.1	أنا أعرف كيف يساهم عملي في تحقيق أهداف الشركة	1	2	3	4	5
2.2	الموظف يتلق التدريب المناسب للقيام بواجبات وظيفته	1	2	3	4	5
2.3	أناقش احتياجات التدريب والتطوير مع الموظفين	1	2	3	4	5
2.4	أ قوم بالتشاور مع الموظفين لتحديد الأهداف الشخصية المطلوبة للتدريب والتطوير الوظيفي	1	2	3	4	5
2.5	أقوم بنقاش مخرجات التدريب مع الموظفين	1	2	3	4	5
2.6	أتوقع أن يكون الموظف بارعا في عملة في نهاية التدريب	1	2	3	4	5
2.7	الإدارة تتفهم مسؤوليات الموظف الأسرية عند حضور الدورات التدريبية	1	2	3	4	5
2.8	أنا على علم أن التدريب الجيد يساعد شركتي على المنافسة في سوق العمل	1	2	3	4	5
2.9	أنا اعتقد أن التدريب الجيد يساعد ويساهم في تحقيق الاداء الوظيفى المتوقع	1	2	3	4	5
2.10	محتوى التدريب في مكان العمل يسهم دائما في تحقيق أهداف الشركة	1	2	3	4	5
2.11	أجد أن محتوى التدريب عادة متصل بشروط العمل	1	2	3	4	5
2.12	المدربين على درجة عالية من الكفاءة في نقل المعرفة والمهارات وبرامج التدريب عادة متنوعة ومثيرة للاهتمام	1	2	3	4	5
2.13	أجد برامج التدريب في الشركة سهلة وممتعة	1	2	3	4	5
2.14	داما يستطيع الموظف أن يعطي رأيه ويساهم في المناقشات التي تجرى في التدريب وحول التدريب	1	2	3	4	5
2.15	يمكن للموظف عادة تطبيق المعلومات والمهارات التي يكتسبها من التدريب في مكان العمل	1	2	3	4	5
2.16	يتلقى الموظف اقتراحات ونصائح بشأن المهارات الجديدة بعد التدريب	1	2	3	4	5
2.17	يتلقى الموظف مكافأة أو ترقية أو شهادة تقدير بعد نجاح التدريب أو عند تحقيق أهداف الشركة	1	2	3	4	5

3 - مشاركة الإدارة

هذا القسم حول التزام الإدارة بالتدريب.

يرجى وضع دائرة على الإجابة المناسبة.

1	2	3	4	5
أعارض بشدة	**أعارض**	**غير متأكد**	**أوافق**	**أوافق بشدة**

3.1	معظم برامج التدريب تلبي احتياجات العمل	1	2	3	4	5
3.2	معظم برامج التدريب عملية ومتعلقة بمشاكل العمل الفعلية	1	2	3	4	5
3.3	يعامل الموظف باحترام خلال التدريب	1	2	3	4	5
3.4	المدربين يسمحون بمداخلات من المشاركين خلال الدورة التدريبية	1	2	3	4	5
3.5	العديد من البرامج التدريبية تكون مكملة لبرامج تدريب سابقه لتحديث معرفة الموظف	1	2	3	4	5
3.6	الموظف قادرا على تجربة تقنيات التدريب في مجال العمل مما يثبت تحقق اهداف التدريب	1	2	3	4	5
3.7	يتعلم الموظف من تجاربنا أثناء التدريب	1	2	3	4	5
3.8	البرامج التدريبية متوالية باستمرار	1	2	3	4	5

4 - الحافز من الإدارة

هذا القسم حول مشاركة الادارة في برامج التدريب.

يرجى وضع دائرة على الإجابة المناسبة

1	2	3	4	5
أعارض بشدة	**أعارض**	**غير متأكد**	**أوافق**	**أوافق بشدة**

4.1	أنا مشجع وداعم للاستفادة من فرص التدريب والتطوير	1	2	3	4	5
4.2	أناقش بانتظام التدريب واحتياجاته مع الموظفين	1	2	3	4	5
4.3	أنا و بمشاركة الموظفين أضع المهام والأهداف الإنمائية في الشركة .	1	2	3	4	5
4.4	أنا و بمشاركة الموظفين أراجع تطور الأداء و الاهداف المرجوه على فترات مناسبة	1	2	3	4	5
4.5	أقوم بقيادة التدريب بفعالية	1	2	3	4	5
4.6	أقوم بتوفير برامج لعرض المهارات التقنية	1	2	3	4	5
4.7	أقوم بتوجيه العاملين في الشركة من خلال اسلوب القدوه الحسنة	1	2	3	4	5
4.8	أقوم ببث الحماس في العمل	1	2	3	4	5

5 - النتائج التدريب

هذا القسم يهتم بمخرجات التدريب.

يرجى وضع دائرة على الإجابة المناسبة

1	2	3	4	5
أعارض بشدة	**أعارض**	**غير متأكد**	**أوافق**	**أوافق بشدة**

5.1	برامج التدريب يجب ان تكون ذات صله بالمعارف والمهارات التي تحتاجها الشركة	1	2	3	4	5
5.2	التزام الموظفين والنجاح في سوق العمل معتمد على نوعية التدريب في الشركة	1	2	3	4	5
5.3	برامج التدريب يجب أن تكون لها أهداف واضحة ونتائج قابلة للقياس لتلبية احتياجات الشركة	1	2	3	4	5
5.4	برامج التدريب سعودية المنشأ هي الآن أفضل من البرامج المستوردة للاستخدام السعودي	1	2	3	4	5
5.5	مستوى جودة مخرجات التدريب مسؤولية المدرب	1	2	3	4	5
5.6	الموظفين مسؤلين عن تنفيذ المهارات التي تم اكتسابها من خلال التدريب	1	2	3	4	5
5.7	أقوم بتقديم حوافز مادية ومساعدات اخرى للموظفين اللذين يسعون للحصول على مؤهلات مهنية اضافية تتناسب مع حاجات الشركة	1	2	3	4	5
5.8	يوجد نظم اتصال كافيه داخل الشركة	1	2	3	4	5
5.9	أنا راض عن مرتب و بيئة العمل في الشركة	1	2	3	4	5

6 - أداء الشركة

يرتبط هذا القسم بأداء الشركة المرتبط بتدريب الموظفين.

يرجى وضع دائرة على الإجابة المناسبة

1	2	3	4	5
أعارض بشدة	**أعارض**	**غير متأكد**	**أوافق**	**أوافق بشدة**

6.1	برامج التدريب تؤسس رؤية واضحة للأدوارفي العمل وزيادة في الأداء	1	2	3	4	5
6.2	برامج التدريب تشجيع العمل الجماعي و ثقافة الفريق الواحد	1	2	3	4	5
6.3	برامج التدريب تشجع على ممارسة الاستفهام في العمل التي تؤدي الى تطوير الإنتاجية	1	2	3	4	5
6.4	برامج التدريب تعزز من فرص تبادل المعرفة داخل الشركة	1	2	3	4	5
6.5	برامج التدريب تساعد على تطوير مهارات وأداء الموظف	1	2	3	4	5
6.6	برامج التدريب تساعد على توفير بيئة عمل داعمه	1	2	3	4	5
6.7	برامج التدريب توفر تحديث لمهارات العمل والتي تزيد من القدرة على الأداء في العمل	1	2	3	4	5
6.8	برنامج التدريب يوفر فرصة تواصل مباشر وصريح مع المرؤوسين	1	2	3	4	5

7 - مزيد من التعليقات

إذا كانت هناك مسائل أخرى ترغب في أضافتها ، يرجى القيام بذلك هنا

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اذا كنت ترغب في الحصول علي نسخة من نتائج الدراسة الرجاء التفضل بتعبئة البيانات الموضحة ادناه

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العنوان:

شكرا لكم على مساعدتكم في استكمال لاستبيانات

استبيانات خاصة للموظفين

الأثر الايجابي لمشاركة المدراء التنفيذيين على فعالية تدريب الموظفين في الشركات السعودية الصغيرة والمتوسطة

الهدف من هذا المسح هو جمع بيانات عن التدريب في مكان العمل لتحديد الممارسات التدريبية التي تجدها الشركات أكثر نجاحا لتحسين نشاطاتها التجارية ، هذه الاستبانة جزء من مشروع اكاديمي لدراسة تأثير الإدارة العليا على تدريب الموظفين في الشركة. وقد اعتمدت هذه الاستبانة من قبل الجهة المختصة وكذلك إدارة شركتكم. . الإجابة على الاستبيان لن تستغرق اكثر من دقائق معدودة. وسيتم التعامل مع كافة المعلومات التي سوفا تدلي بها بنوع من السرية التامة.

شكرا لاهتمامك ومساعدتك في استكمال لاستبيانات. وأنا مستعد للرد على أية أسئلة قد تنشأ عن الدراسة

سالم شريان

جامعة فيكتوريا

أستراليا

دراسة استقصائية عن دور الإدارة التنفيذية في تدريب العاملين في الشركات السعودية الصغيرة والمتوسطة

1. الخصائص الشخصية

تستخدم هذه المعلومات فقط لإتمام هذه الدراسة ، ولن يكشف عنها لأي جهة آخرى.

أرجو الإجابة بوضع علامة صح في المربع المناسب

1.1 الجنس

ذكر ☐ أنثي ☐

1.2 الجنسية	
سعودي	
عربي	
أميركي أو أوربي	
أسيوي	

1.3 التعليم	
ثانوي أو دبلوم	
بكالوريوس	
ماجستير	
أخري	

1.4من اين حصلت على اخر درجة علمية	
المملكة العربية السعودية	
دولة عربية أخرى	
دولة اسيوية	
دولة أوربية أو مشابهة لها	

1.5 الخبرات العملية السابقة	
اقل من 5 سنوات	
من 5 الى 9 سنوات	
من 10 الى 15 سنة	
اكثر من 15 سنة	

1.6 نوع الوظيفة	
مدير إقليمي أو تنفيذي	
مدير عام	
موظف	
عقد	

1.7 العمر	
-30	
39-30	
49-40	
+50	

1.8متى كانت أخر دورة تدريبية حصلت عليها	
لم احصل على اي دورة تدريبية	
قبل 2005	
2009-2005	
2011-2010	

2 - طبيعة التدريب

هذا القسم عن دور الإدارة في تدريب الموظفين و تجديد احتياجات المنظمةاضافة الى وضع المعايير المطلوبة لإنجاح المهمة التدريبية.

يرجى وضع دائرة على الإجابة المناسبة

1	2	3	4	5
أعارض بشدة	**أعارض**	**غير متأكد**	**أوافق**	**أوافق بشدة**

2.1	أنا أعرف كيف يساهم عملي في تحقيق أهداف الشركة	1	2	3	4	5
2.2	أتلقى التدريب المناسب للقيام بواجبات وظيفتي	1	2	3	4	5
2.3	المدير يناقش احتياجات التدريب والتطوير مع الموظفين	1	2	3	4	5
2.4	المدير يقوم بالتشاور مع الموظفين لتحديد الأهداف الشخصية المطلوبة للتدريب والتطوير الوظيفي	1	2	3	4	5
2.5	المدير يناقش مخرجات التدريب مع الموظفين	1	2	3	4	5
2.6	أتوقع أن اكون بارعا في عملي في نهاية التدريب	1	2	3	4	5
2.7	الإدارة تتفهم مسؤولياتي الأسرية ويمكنني دائما حضو الدورات التدريبية مع الموظفين	1	2	3	4	5
2.8	أنا على علم أن التدريب الجيد يساعد شركتي على المنافسة في سوق العمل	1	2	3	4	5
2.9	أنا اعتقد أن التدريب الجيد يساعدني في عملي ويساهم في تحقيق الاداء الوظيفى المتوقع	1	2	3	4	5
2.10	محتوى التدريب في مكان العمل يسهم دائما في تحقيق أهداف الشركة	1	2	3	4	5
2.11	أجد أن محتوى التدريب عادة متصل بعملي	1	2	3	4	5
2.12	المدربين على درجة عالية من الكفاءة في نقل المعرفة والمهارات وبرامج التدريب عادة متنوعة ومثيرة للاهتمام	1	2	3	4	5
2.13	أجد برامج التدريب في الشركة سهلة وممتعة	1	2	3	4	5
2.14	داما استطيع أن أعطي رأيي واساهم في المناقشات التي تجرى في التدريب وحول التدريب	1	2	3	4	5
2.15	يمكنني عادة تطبيق المعلومات والمهارات التي اكتسبتها من التدريب في مكان العمل	1	2	3	4	5
2.16	أتلقى اقتراحات ونصائح بشأن مهاراتي الجديدة بعد التدريب	1	2	3	4	5
2.17	أتلقى مكافأة أو ترقية أو شهادة تقدير بعد نجاح التدريب أو عند تحقيق أهداف الشركة	1	2	3	4	5

3 - مشاركة الإدارة

هذا القسم حول التزام الإدارة بالتدريب.

يرجى وضع دائرة على الإجابة المناسبة.

1	2	3	4	5
أعارض بشدة	**أعارض**	**غير متأكد**	**أوافق**	**أوافق بشدة**

3.1	معظم برامج التدريب تلبي احتياجات العمل	1	2	3	4	5
3.2	معظم برامج التدريب عملية ومتعلقة بمشاكل العمل الفعلية.	1	2	3	4	5
3.3	أعامل باحترام خلال التدريب	1	2	3	4	5
3.4	المدربين يسمحون بمداخلات من المشاركين خلال الدورة التدريبية	1	2	3	4	5
3.5	العديد من البرامج التدريبية تكون مكملة لبرامج تدريب سابقه لتحديث معرفتي	1	2	3	4	5
3.6	أنا قادرا على تجربة تقنيات التدريب في مجال العمل مما يثبت تحقق اهداف التدريب	1	2	3	4	5
3.7	نتعلم من تجاربنا أثناء التدريب	1	2	3	4	5
3.8	البرامج التدريبية متوالية باستمرار	1	2	3	4	5

4 - الحافز من الإدارة

هذا القسم حول مشاركة الادارة في برامج التدريب.

يرجى وضع دائرة على الإجابة المناسبة

1	2	3	4	5
أعارض بشدة	**أعارض**	**غير متأكد**	**أوافق**	**أوافق بشدة**

4.1	المدير مشجع وداعم لنا للاستفادة من فرص التدريب والتطوير	1	2	3	4	5
4.2	المدير يناقش بانتظام التدريب واحتياجاته معنا	1	2	3	4	5
4.3	المدير و بمشاركتنا يضع المهام والأهداف الإنمائية في الشركة .	1	2	3	4	5
4.4	المديرو بمشاركتنا يراجع تطور الاداء و الاهداف المرجوه على فترات مناسبة	1	2	3	4	5
4.5	المديرو يقودنا بفعالية	1	2	3	4	5
4.6	المدير يوفر برامج لعرض المهارات التقنية	1	2	3	4	5
4.7	المدير يوجه العاملين في الشركة من خلال اسلوب القدوه الحسنة	1	2	3	4	5
4.8	المدير يجعلنا نشعر أكثر حماس في العمل	1	2	3	4	5

5 - النتائج التدريب

هذا القسم يهتم بمخرجات التدريب.

يرجى وضع دائرة على الإجابة المناسبة

1	2	3	4	5
أعارض بشدة	**أعارض**	**غير متأكد**	**أوافق**	**أوافق بشدة**

5.1	برامج التدريب يجب ان تكون ذات صله بالمعارف والمهارات التي تحتاجها الشركة	1	2	3	4	5
5.2	التزام الموظفين والنجاح في سوق العمل معتمد على نوعية التدريب في الشركة	1	2	3	4	5
5.3	برامج التدريب يجب أن تكون لها أهداف واضحة ونتائج قابلة للقياس لتلبية احتياجات الشركة	1	2	3	4	5
5.4	برامج التدريب سعودية المنشأ هي الآن أفضل من البرامج المستوردة للاستخدام السعودي	1	2	3	4	5
5.5	مستوى جودة مخرجات التدريب مسؤولية المدرب	1	2	3	4	5
5.6	الموظفين مسؤلين عن تنفيذ المهارات التي تم اكتسابها من خلال التدريب	1	2	3	4	5
5.7	الادارة ينبغي ان تقدم حوافز مادية ومساعدات اخرى للموظفين اللذين يسعون للحصول على مؤهلات مهنية اضافية تتناسب مع حاجات الشركة	1	2	3	4	5
5.8	يوجد نظم اتصال كافيه داخل الشركة	1	2	3	4	5
5.9	أنا راض عن مرتبي و بيئة العمل في الشركة	1	2	3	4	5

6 - أداء الشركة

يرتبط هذا القسم بأداء الشركة المرتبط بتدريب الموظفين.

يرجى وضع دائرة على الإجابة المناسبة

1	2	3	4	5
أعارض بشدة	**أعارض**	**غير متأكد**	**أوافق**	**أوافق بشدة**

6.1	برامج التدريب تؤسس رؤية واضحة للأدوارفي العمل وزيادة في الأداء	1	2	3	4	5
6.2	برامج التدريب تشجيع العمل الجماعي و ثقافة الفريق الواحد	1	2	3	4	5
6.3	برامج التدريب تشجعني على ممارسة الاستفهام في العمل التي تؤدي الى تطوير الإنتاجية	1	2	3	4	5
6.4	برامج التدريب تعزز من فرص تبادل المعرفة داخل الشركة	1	2	3	4	5
6.5	برامج التدريب تساعد على تطوير مهاراتي وادائي	1	2	3	4	5
6.6	برامج التدريب تساعد على توفير بيئة عمل داعمه	1	2	3	4	5
6.7	برامج التدريب توفر تحديث لمهارات العمل والتي تزيد من قدرتي على الاداء في العمل	1	2	3	4	5
6.8	برنامج التدريب يوفر فرصة تواصل مباشر وصرايح مع المرؤوسين ولذلك اعرف نقاط ضعفي وقوتي	1	2	3	4	5

7 - مزيد من التعليقات

إذا كانت هناك مسائل أخرى ترغب في أضافتها ، يرجى القيام بذلك هنا

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اذا كنت ترغب في الحصول علي نسخة من نتائج الدراسة الرجاء التفضل بتعبئة البيانات الموضحة ادنا

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العنوان:

شكرا لكم على مساعدتكم في استكمال لاستبيانات