

HRM Context: Saudi Culture, “Wasta” and Employee Recruitment Post-Positivist Methodological Approach, the Case of Saudi Arabia

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Abstract

This research aims to identify the sources and methods used in the recruitment of staff in the Saudi banking sector, which is witnessing remarkable development in the services it provides to customers. This development shows that Saudi banks are keen to recruit the best applicants, in spite of human resource departments in Saudi organizations suffering from widespread nepotism (“wasta”), which forms an important part of Saudi culture. Apparently, however, Saudi banks have overcome this phenomenon by using sources and methods of recruitment that prevent the intervention of wasta, such as coordination with universities to recruit the best graduates. The results of this research, which was conducted in accordance with the post-positivist approach, point to Saudi banks always having sought to develop their banking services, and they are working to create new services to meet the needs of customers, as shown in the Annual Reports of the Al Ahli Bank and the Saudi Hollandi Bank.

Keyword: Culture; Recruitment; HRM; HR Practices; Bank Services; Banks in Saudi Arabia; Wasta

Introduction

The Saudi banking sector is characterized by effectiveness, efficiency and global market (Haque & Sharma, 2011). It is known that there are several factors behind these qualities, such as the availability of financial and technological resources, but, most important of these, is the availability of human resources who are able to manage and invest these resources efficiently and effectively.

Many organizations fail to achieve their goals, despite the possession of material resources, technology and other devices such as equipment and financing. The reason for this failure in many cases may be due to the lack in such an organization of a human element that is capable of managing and investing these resources in an effective manner to achieve the goals of the organization. This is especially so in the creation of a competitive advantage for an organization that distinguishes it from others and preserves its existence and continuation. The process of recruiting staff in Saudi organizations may collide with the prevailing culture in Saudi Arabia, where nepotism (“wasta”) plays an important role in the recruitment of many jobseekers. However, Saudi banks have realized that wasta imposes itself when using the method of recruiting staff by advertising in newspapers. Therefore, banks have found that the best methods of recruitment are as follows: coordination with universities to recruit the best graduates, and the method of employee referral. This research seeks to reveal the sources and methods of recruitment followed by Saudi banks, as represented by the Saudi Hollandi Bank (SHB) and the Al Ahli Bank to obtain effective employees who can invest their potential and talents in the development of the banking services offered to customers, and create new services that fit the needs of existing customers and target new ones.

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The Importance of the Study

This study was conducted in Saudi banks to detect how they carry out practices of human resource management (HRM), particularly recruitment activities, to achieve the effectiveness of staff. The choice of the banking sector as the community of this study was the result of the researcher's conviction that the banking sector is likely to offer suitable opportunities for examining the impact of strategies and methods of recruitment of staff on achieving employee effectiveness in terms of performance and behaviour in a society governed by cultural and social values that may conflict with globalization and its consequences, such as Saudi society in particular and most of the Gulf states in general. For the purpose of this research, performance can be measured through the development of the banking services offered to customers, while behaviour can be assessed through how employees communicate with customers to know their needs and to meet these needs through creating new banking services.

This study meets a demand by research and academic institutions, not only in Saudi Arabia, but also in the Arab world as a whole, to enrich the Arabic library with studies on human capital, in order to help the Arab administration in the transition from a traditional and narrow view, which regards employees as a mere cost, to a more comprehensive strategic horizon that looks to human capital as a valuable asset. Therefore, the results of this study will open the eyes of the managers to the importance of the recruitment process.

In addition, the results of this research may be applicable, not only to banks operating in the Kingdom of Saudi Arabia, but also to other Gulf countries, as it contains a focus on human resource management as a strategy compatible with the overall strategy of the bank, which focuses on customer service and thus achieving employee effectiveness. This is because the success of a bank depends on how employees deal with clients, and this in turn depends on the quality of staff, their behaviour, and knowledge of how to provide a good service in an acceptable amount of time, and this cannot be achieved without the best practice of the recruitment of staff. This research shows that there is a linear relationship between the quality of recruits on the one hand and the effectiveness of the staff on the other.

Moreover, at the level of Saudi society and culture, the importance of this research lies in the fact that all the respondents agreed on the need to reduce the intervention of nepotism and cronyism (wasta) in employment issues, which can be considered an incentive for Saudi society to eradicate some cultural beliefs that discourage development.

Finally, the application of the outcomes of the research by the banks in the Arab region would increase the confidence of international banks in the Arab banking sector, which would facilitate Arab banks' eventual branching out, competitiveness, and increased share in the global market.

The Study Problem and Study Questions

Organizations have now entered a race to acquire the best human resources in terms of talent, skills and qualifications as a prelude to recruiting individuals who possess these qualities, and then hiring the best of those who have the ability to contribute to developing existing services and creating new banking services. There is no doubt that this constitutes a major challenge for the management of human resources in organizations because this need may clash with the dearth of such people in the labour market. The laws and regulations applicable in a country may also prevent the access of an organization to those with particular skills and talents.

The dominant culture that governs the community in which an organization operates may be one of the most important obstacles facing human resource management in the recruitment and employment of appropriate human resources to work in that organization.

For example, the prevalence of nepotism and cronyism (wasta) in a country may deprive organizations of the ability to hire the desired competencies and talents. Moreover, there may be factors which are against the employment of women in certain sectors. Therefore, in order to overcome these obstacles, organizations should adopt a strategy for human resources which includes a consideration of the quality of the staff to be employed in terms of their talents, behaviour and qualifications. The strategy must also identify the recruitment sources which may provide the desired type of employees, in addition to the methods of recruitment that may help the organization to recruit the best applicants. This study shows the role of recruitment strategies and methods in achieving the effectiveness of both the employees and the banking services offered to the customers as two faces of the same coin in the Saudi banks mentioned in the introduction to this research.

This problem will be discussed according to the following questions:

1. What are the Saudi banks' recruitment strategies and sources for improving banking services?
2. How does the culture of Saudi Arabia influence a bank's recruitment methods in achieving employee effectiveness?
3. What is the role of employees in the two banks (Hollandi and Al Ahli) in the development of banking services and in creating new banking services?

The Objectives of the Study

This research aims to achieve the following:

- To establish the extent of the implementation of recruitment strategies in two of Saudi banks.
- To determine the sources and methods used by banks operating in the Kingdom of Saudi Arabia in recruiting employees, and the contribution of these methods in achieving employee effectiveness.
- To assess how employees can contribute to the development of the bank's services.

Research Methodology

This research was conducted according to the post-positivist methodological approach. Data were collected by distributing a questionnaire to a sample of employees in two banks (Al Ahli and Saudi Hollandi) in order to identify the methods and sources of employee recruitment used by the two banks and the impact of these methods and these sources on the employment of talented candidates who can contribute to the development of existing banking services and create new services that meet customers' needs.

Research Model

Since the purpose of this research is to explore how employee recruitment activity can be a key to the development of banking services, the independent variables must be the recruitment methods, the recruitment sources, and the prevailing culture of wasta; how these variables can impact on the selection of employees who can turn to developing banking services is the dependent variable.

Post-positivist Methodological Approach

Researchers using the post-positivist methodology approach can ensure meaning and accessing of the knowledge, and they are able to support the social movements which have already been committed by society towards achieving social justice. Ryan (2006) has summarized the characteristics of the post-positivist approach as follows:

- Research is wider than many different phenomena that known as a research.

- Theory and practice must not be separated, so we cannot ignore theory by accessing only the facts.
- The motivations of the researcher to commit seriously to his research are critical and central to such research projects.
- The common idea that research is interested only in using useful techniques for collecting and categorizing data have now become inadequate.

Therefore, one can say that the post-positivist social researcher plays a learning role, rather than a testing role using a ready hypothesis. This means that the researcher can conduct the research without having previously prepared a hypothesis.

Review of the Literature

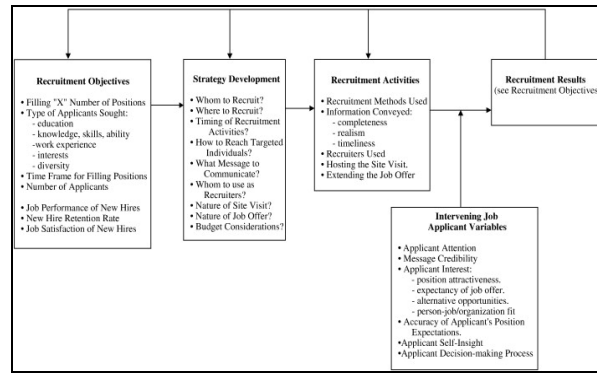
Historically, it could be argued that organizations believed that the most important goal of the recruitment process was to mobilize the largest possible number of employment seekers, which these organizations justified under the pretext of reducing the cost of recruitment (Wanous, 1992). Others, including Morse and Popovich (2009), saw that the traditional philosophy of recruitment was no more than the selling of the organization to outsiders. According to some researchers (Singh & Finn, 2003), organizations have relied on traditional methods of recruiting employees, such as newspaper advertisements and employee referrals, which were based on the use of relatively low-tech approaches.

Today's business environment has forced organizations to change their perspectives about the recruitment process because of the influence of a number of constraints on recruitment activities. According to one piece of research (Cascio, 2003), reductions in the labour pool brought recruitment the greatest organizational attention. Another suggested reason (Thompson & Aspinwall, 2009) is that the supply of qualified workers will never match the demand in the labour market. Moreover, it could be argued that this is especially true in some professions and disciplines, such as nursing, brokering in the financial markets, banking, certified public accounting, and education (Alhusary et al., 2006).

Some authors have also pointed to a critical issue, which is the compatibility between the expectations of the applicant towards occupying the post, in terms of the benefits that will be obtained by accepting the role, and what will actually be presented by the organization (Noe et al., 2008). It has also been highlighted that employees' requirements are changing: "Today's employees are becoming increasingly concerned with balancing their work and family lives, and they are said to highly value organizations that help them achieve this balance" (Thompson & Aspinwall, 2009, p. 196).

These challenges and others have developed the concept of the recruitment process to one of an organizational strategy that includes those practices and activities carried out by the organization with the essential objective of describing the employees needed based on their skills, qualifications and abilities, and then attracting them in order to hire some of them (Breugh & Starke, 2000).

The most important characteristic of the recruitment process in this current era is that it has come to be aimed at putting the right person in the right place (Knowles et al., 2002). This goal was emphasized in the human resource literature. According to Croy and Duggan (2005), a company's most valued asset is its human capital, as it makes the difference between success and failure. Therefore, the recruitment process should be carried out using a systematic approach to achieving the recruitment goals successfully. The figure below shows a model for the organizational recruitment process:



Source: Breaugh (2008, p. 408).

Figure 1: A model of the organizational recruitment process

The figure shows that the first stage of the recruitment process is to identify targets. This stage is very important because without specifying clear objectives, the recruitment strategy will become meaningless (Rynes & Barber, 1990). Some authors have indicated that recruitment must be managed through a systems approach (Carroll et al., 1999), and that the systematic procedure of recruitment can be performed in four stages, each of which constitutes a sub-system which interacts with the other three, and all interact with the recruitment process as a whole (Lewis et al., 1997). These stages have been defined as follows: an evaluation of the vacancy in terms of its need to be filled or not; the strategy development of whom, where and when to recruit; the preparation of the job's analysis; and the listing of the person specification (Carroll et al., 1999). The most important aspect in this phase, as stated in the human resource management literature, is that there must be a broad consensus between the HR strategy and the organizational strategy (Sheehan & Scafidi, 2005). In spite of the integration of HRM activities within the organizational strategy, there is recognition that the strategic role of human resource management is still in the process of verification (Michelson & Kramar, 2003). However, human resource management can impose a strategic role by harnessing its activities and practices to supporting the philosophy and strategy of the organization (Mayer, 1999).

In order to enhance its strategic role in organizational success, HRM must design the recruitment plan after close coordination with the other departments within the organization (Mayer, 2008). In this regard, some researchers have suggested that the plan should hold answers to questions such as: when to begin recruiting? What is the most appropriate text of the message to be delivered to the targeted applicants? Who are the recruiters? (Breaugh, 2008). Several studies are unanimous in including in this stage a focus on the targeted person, referred to by the term "Person Centered" (Alvesson & Willmott, 2002). In this approach, the recruitment plan should align some key questions with the recruitment goals, most of these questions taking account of the intangible qualities within a person, such as values and attitudes, and whether they match the organization's beliefs (Townsend, 2007).

The most critical issue which should be taken into account is the cost of attracting and training new candidates (Zottoli & Wanous, 2000). Therefore, in some cases, the recruitment allocation should be one of the largest items in the whole budget, especially if inexpensive resources, such as employee referrals, are not sufficient. Organizations incur considerable costs in recruiting and training new employees. Recruiting costs include advertising expenses, expenses connected with liaising with universities and other sources of prospective employees, the cost of the analysis of the applications to ensure that the qualifications and skills required are available, and then the salaries of those who are employed (Ehrenberg & Smith, 2002). Thus, organizations must bear the following in mind:

Because of the cost of recruiting and training workers, employers must decide on an overall hiring strategy. Firms choosing a high wage strategy generate many applicants for each opening and can be selective, taking only trained, experienced workers. By paying high wages they avoid explicit and implicit costs of hiring the inexperience (Ehrenberg & Smith, 2002, p. 99).

It must be noted here that HR managers can reduce the cost of screening job applicants and, at the same time, acquire the best applicants. This is achieved as soon as they understand that there is a large gap between knowledge and practice (Ryan & Tippins, 2004). This results in an understanding that performance indicators measure and compare what has been achieved as a result of the diligence of the individual, not the level of intelligence of that individual. Therefore, those organizations which screen job applicants for values have a higher employee performance than those which simply screen for intelligence (Delaney & Huselid, 1996).

Good practice in recruitment requires HR managers to know that the use of certain recruitment tools can affect employee effectiveness and diversity. Employee referrals, for example, affect workforce diversity adversely (Sackett et al., 2001). Good practice in recruitment also requires knowledge of how technology can facilitate a task and reduce its cost.

Before moving to discuss recruitment resources and how to use them, and examining the advantages and disadvantages of each, it should be noted that relatively recent literature has raised a very important topic which can be adopted by organizations in the process of attracting the best applicants. According to one study, organizations are tending now to publish their names, philosophies and attributes in order to attract recruits through a technique termed "Employer Branding" (Backhaus & Tikoo, 2004). Employer branding was defined by Sullivan (2004) as a long-term strategy to make the organization the focus of employees and potential employees and other relevant stakeholders (Sullivan, 2004). Employer branding contributes to the formation of a positive mental image for potential employees, and even on the level of society as a whole. This drives jobseekers to work in a particular organization because they will reap a number of benefits in terms of a high salary and leave allowances, as well as social respect. Other researchers have defined the term "Employer Branding" as the total of an organization's efforts to communicate with current and potential employees (Lloyds, 2002).

In research aimed at developing and validating a scale to assess employer attractiveness (Berthon et al., 2005), the study population involved students at a large Australian university. The study sample consisted of 683 students divided into two samples, the first including 340, the second 343. The researchers used five factors to describe the underlying structure of employer attractiveness. Factor no. 1, "Interest value", evaluates the individual level of attraction to working in an organization because of the benefits and inducements offered by the organization, such as an exciting work environment, advanced work practices, and what employees would call their creations by producing innovative products and services.

Factor no. 2, "Social value", assesses the impact of a fun working environment, good relationships with peers in the workplace, and working as a team on employer attractiveness. Factor no. 3, "Economic value", assesses the extent to which an individual is attracted to an employer that pays a good salary. Factor no. 4, "Development value", assesses the impact of recognition, self-worth, confidence, and the career development programmes provided by the employer on its attractiveness. Factor no. 5, "Application value", assesses the impact of providing an opportunity to employees to apply what they have learned in the workplace on employer attractiveness. The research findings indicated that 153 of the respondents stated that all five factors have a significant impact on employer attractiveness, ranked by the importance of each factor as follows, the most important listed first: Economic, Social, Development, Interest and Application.

The importance of the research lies in its being considered as an intermediate between two stages of the recruitment process: designing the plan and choosing the recruitment source, because it means that an organization that aims to recruit the best applicants must publish factual and honest information about the working conditions and benefits granted to employees, together with other information designed to attract the required competences.

The extent of the impact of the recruitment process on an organization differs according to the recruitment resources used. Some researchers consider that there are three recruitment resources: internal recruitment, external recruitment, and walk-in (Wanous, 1992), while other researchers (Hunter & Schmidt, 1990) have described how the recruitment resources themselves may be formal or informal. Whatever the source of recruitment, the goal is to increase the attractiveness of the organization as an employer by communicating with potential applicants through the message reaching them from a particular source and an effective communication channel (Barber, 1998).

Internal recruitment resources are preferred by organizations because they allow the organization to fill a vacancy from a known pool of employees and because these resources are under the organization's control (Van Hove & Lievens, 2005). One of the internal recruitment resources is job postings, a form of recruitment advertising (Kotler & Keller, 2000) that can be defined as any internal announcement by an organization. Employees are considered as a wide pool from which to fill job vacancies in an organization. Internal job postings require issuing a circular regarding these vacancies for all employees in the organization, which provides an opportunity for employees who have the necessary efficiency, capabilities, and competences to apply for the vacancies (Haroon, 2010; Torrington et al., 2009).

Employee referrals are an internal channel for recruiting highly skilled employees. Large organizations now depend increasingly on their employees to recruit specific candidates for job openings. Employee referrals are also the easiest source of recruitment because they do not require rigour on the part of the organization and the onus is on relatives and friends (Kugler, 1997).

According to Nicu and Sturz (2008) and Noe et al. (2008), the personal recruitment inside organizations offers a number of advantages, such as the following:

- The organization has complete information about candidates, which enables (HR) to assess each one based on his or her strengths and weaknesses. The advantage of this format is that it can belong to the activity of recruitment and of selection, according to the current researcher's belief. Its greatest advantage is that the applicants are well known to the organization (Noe et al., 2008).
- It is easier to attract candidates because they are better known. However, this mixes HRM activities when proposing advantages for using internal recruitment resources because better known candidates can be targeted by external sources (Nicu & Sturz, 2008). However, other authors are more specific when addressing the advantages of internal recruitment resources for the recruitment process itself. In this regard, the following have been added to the previous advantages (Noe et al., 2008).
- The applicants are relatively knowledgeable about the organization's vacancies.
- Using internal resources to fill vacancies is cheaper and faster than using external resources. Meanwhile, it has been pointed out that the main advantage of using employee referrals is that an existing employee, through providing knowledge about the organization to the targeted person, could attract a strong candidate (Robbins & Coulter, 2005).

At the same time, using internal recruitment resources as a policy could result in the following disadvantages: recruiting from inside an organization stops the infusion of new blood and limits the number of new applications (Linnehan & Blau, 2003). This could also lead to a reduction in new ideas from outside the business and may decrease the diversity of employees (Tipper, 2004).

According to one study (Fisher et al., 1993), the formal methods of external recruitment include newspaper, magazine and journal advertising, in addition to using employment agencies and, in the current era, job/career fairs and e-recruitment. External recruitment sources are not under the control of the organization, as jobseekers can obtain information from external sources, such as word of mouth and publicity. Publicity is an external source of information related to the recruitment process (Collins & Stevens, 2002), while Van Hoye and Lievens (2009) define word of mouth as the exchange of information through conversation between friends and relatives or from college instructors, although such information may include negative as well as positive aspects.

Regardless of which resource is used, in many situations there is a good case for using different methods in combination when looking to fill the same vacancy (Torrington et al., 2009). Research conducted to measure the relationship between the different sources of recruitment and the effectiveness of employees at work by Conrad and Ashworth (1986) reported the survival rates in jobs arranged by the recruitment sources used with the following results: employee referrals (61.25%), employment agencies (48.4%), advertisements (44.8%), and walk-ins (58.4%) .

The results of the research in terms of survival rates in jobs were that referrals are more effective than advertisements, referrals are better than agencies, referrals and walk-ins are of equal reliability, walk-ins are better than advertisements, and walk-ins are also better than agencies. In this regard, the percentage of use for each of the recruitment resources by 803 organizations in 2006 has been listed as follows (Torrington et al., 2009): advertising in the local press (79%), recruitment agencies (76%), specialist journal and trade press (66%), word of mouth (49%), referral (47%), newspapers (45%), websites (75%) and other (11%).

Saudi Arabia is a country of 19 million people, over 6 million were non-nationals in the mid-1990s, representing no less than 6% of the working population and more than 93% of private sector employees. The government issued legislation in the mid-1990s which compelled private organizations to employ Saudis wherever possible. Firms also had to increase the number of Saudis employed by 5% a year or face sanctions. However, despite these laws and regulations, and media hype regarding "Saudization", the employment of local people in the private sector has not changed significantly. One reason behind the private sector's resistance to Saudization is that foreign labour is cheaper than recruiting local people. Moreover, the national culture has contributed to two interrelated main factors: the influence of religion and the influence of tribal and family traditions (Gerhart, 2009). Family traditions in some cases, for example, mean that a Saudi worker does not want to go to a business and work opposite a Korean or Filipino; he wants a manager's job from day one (Budhwar & Debrah, 2001).

Public sector employment increased along with economic development at an annual rate of 9% over the period 1975-1995, employment in this sector rising rapidly as the role of public agencies grew. However, the scope of Saudization differs across the private and public sectors, as non-Saudis make up only around 20% of employees in the public sector, while comprising 90% of private sector employment. As mentioned previously, a government decree instructed private firms employing 20 workers and over to reduce their non-Saudi labour force annually by at least 5% and to increase their employment of Saudi workers accordingly (Madhi & Barrientos, 2003). Another important challenge that influences the recruitment activity in Saudi organizations is the prevailing culture, which encourages nepotism (wasta) and subjectivity in the selection process.

Therefore, managers find themselves forced to comply with common societal expectations to employ relatives and friends (Ali, 2009). In Saudi Arabia, for example, research confirms the prevalence of nepotism and cronyism in the area of employment opportunities among qualified job applicants. In a survey conducted by the AL Sharq Al Awsat newspaper in Saudi Arabia, the results of which were adopted by the King Abdul Aziz Centre for National Dialogue, more than 60% of respondents (public sector managers and employees, bank managers and employees) expressed the view that nepotism and cronyism have a critical impact on the recruitment process (Al-Souhiel, 2011). In spite of this, employment through nepotism and cronyism is a cornerstone of Saudi culture, but, recently, many practitioners and academics have seen it as a social dilemma that must be eradicated (Long, 2005).

According to their websites, Saudi banks and official private sector organizations prefer to use online recruitment and professional agencies. Professional employment agencies such as Bayt.com and Next Move have contracts with Saudi organizations to recruit potential skilled employees through either the local labour market or foreign markets. The banking sector in Saudi Arabia also relies strongly on these agencies to provide them with experienced employees; this is the practice of the Alrajhi Bank and the National Commercial Bank, as well as many other large organizations. The Saudi Arabia Government's efforts to improve and educate Saudi workers have included establishing specialized universities and training institutions in order to decrease the need for foreign labour and replace it with Saudi personnel, especially in the private sector.

Employees who were selected and employed according to the best recruitment strategy have sufficient knowledge about the strategy of the whole bank in terms of achieving the strategic goals. Therefore, they will do their best to offer existing banking services to clients in the best way. They can also feel the customers' needs and work to meet them through the development of current banking services and methods of submission, and by making suggestions for creating new services.

However, customer focus from the perspective of the researchers is the direction of all activities exercised by all members of an organization for the benefit of the customers, and the creation of a shared understanding inside the organization that customers' interests do not conflict with those of the organization because the customer is the basis for the existence of the organization. In addition, these activities must be practiced both in the presence or absence of customers.

Analysis and Discussion

In the current study, the results of the data used in Saudi banks are those based on internal recruitment, as the proportion of those who agreed with this reached 64% of the total number of members of the sample. This means that 64% of the respondents believed that the use of an internal recruitment strategy provided employees who are able to meet the needs of the bank's customers. It can also be seen that the Saudi banks use a strategy of recruitment from external sources, as the answers regarding the banks' recruiting strategy for high performance applicants through a rival bank showed that the percentage of those who agreed that the participating banks in the sample were recruiting employees with outstanding talent from rival banks amounted to 57.4%.

Another important result shown by analysing the answers regarding using an external source strategy such as the best university graduates was that 52.9% of the respondents believed that Saudi banks adopt a strategy of hiring new graduates because they are best able to achieve a competitive advantage, as mentioned in the previous section of this chapter regarding the analysis of the demographic factors. However, from the perspective of the researchers and others (Al-Asmari, 2008), the employment of new graduates cannot be considered a strategy specific to Saudi banks, but a national strategy consistent with the policy of Saudization.

Looking at the relationships between employee age and recruitment strategy variables, it was found that of those who agreed with the strategy of recruiting the best graduates to support the competitive advantage, 56% were young people and 44% older participants, which supports the finding that Saudi banks are using multiple strategies to recruit employees.

Relationships regarding the number of years of experience with recruitment strategy support this finding, as the highest proportion of those who agreed with the internal recruitment sources strategy was of employees who held 1-9 years of experience (67%). Meanwhile, the proportion of those who agreed with an internal recruitment sources strategy had long experience (20-over 30 years) with 42.4%, which means that the Saudi banks tend to use an internal recruitment strategy, which provides employees who are able to respond to the needs of the customers. This supports the findings reached when analysing the impact of demographic factors on the opinions of the participants, which indicated that the least experienced in terms of the number of years belonged to the category of young people, and that these were the most likely to acquire adaptive behaviour compared with the older participants. There is also compelling evidence that Saudi banks are using multiple strategies to recruit employees, in that questionnaire questions one and two relate to an external recruitment strategy, and the proportion of those who agreed from the category of those with a few years of experience amounted to 62.6% and 59.1%, respectively.

The evidence for the validity of this result lies in the responses to “Recruitment strategy in the bank is based on the diversification of recruitment methods and sources to get the best staff in terms of performance and behaviour”, as 53% of the total members of the sample agreed, while those who did not agree accounted for only 26%. If the neutral responses, which amounted to 21%, are excluded, the proportion of those who agreed becomes 68%; 32% for those who did not agree.

This result is strengthened by more significant evidence, in that the banks participating in the sample use both internal and external recruitment strategies regardless of the nationality of the bank. The percentages indicating that the participants agreed that the bank uses an internal recruitment strategy to achieve the effectiveness of the staff for each bank were as follows: Foreign Bank 67%; National Bank 66%;. The rates for using external recruitment strategies were as follows: Foreign Bank 61%; National Bank 55%; as shown in the bank relationship with regard to recruitment strategy questions represented as internal recruitment sources, external recruitment sources and recruiting based on performance and appearance. Since there is a convergence between the rates of those who agreed with the strategy of internal and external recruitment sources in achieving performance hence effectiveness, this means that the banks are using recruitment strategies that enable them to attract the best applicants to ensure their effectiveness in the future, as well as responding to the policy of the Saudi Government aimed at the localization of jobs.

After discussing all the methods of employee recruitment from the viewpoint of the employees of Saudi banks, it was found that Saudi banks are now using all the methods but to varying degrees. The table of ranking for recruitment methods showed that recruitment through universities took the first position and strongly contributes to achieving employee effectiveness. Saudi banks can also achieve the desired level of attractiveness through the method of employee referrals, which ranked second among recruitment methods. In addition, the other reasons that pushed Saudi banks to use these two methods were mainly, as mentioned earlier, that Saudization and Saudi culture have played their role in the preference for one method rather than another. The lowest ranking (6) concerned the method of “job advertisements” because it allows the intervention of nepotism and cronyism (wasta) in the recruitment process, which may have a negative effect on employee effectiveness.

Development of non-routine banking services in the two banks

SHB and Al Ahli Bank have made significant progress in the development of the banking services they already provided and the innovation of new services that have been reached through effective communication with existing customers and target customers, in order to bridge the gap between what they were offering in banking services and customer expectations over the two years of 2011 of 2012.

For SHB, the Annual Report for 2011 noted that 2011 was the second year of the “Al Heen” strategy, which was extended to three years. This was in personal banking services through the provision of high quality services. Based on this strategy, the bank achieved the following accomplishments in 2011:

- Acquisition of the financial Saudi Hollandi Company (SHC), which exercises dealing as principal and agent in the areas of financial intermediation for individuals, and asset management, corporate finance, and advice in the field of investment activities and arranging debt and custody services.
- In December 2011, the bank owned the Saudi Hollandi Insurance Agency, which was due to start operations in 2012.
- The bank bought 20% of the shares of the National Insurance Company, in order to meet the needs of the services sector for banking products in the field of insurance.
- The establishment of several branches of the bank, whereby the number of branches of the bank at the end of 2011 amounted to 44, including 15 branches for women.
- The installation of 31 ATMs in 2011.

In 2012, the bank achieved the following accomplishments:

- The bank launched new products such as: a merchant financing programme and credit card business, and a business debit card that uses an automated processing system allowing customers to obtain the required approvals within 48 hours.
- The launch of the website of the bank and the implementation of banking operations via the Internet, which allows customers to find a wide range of possibilities for carrying out banking operations.
- The establishment of a new branch which increased the number of branches of the bank to 45.
- The installation of 23 ATMs, bringing the total number of ATMs to 257.

While for Al-Ahli Bank, the Annual Report for 2011 indicated the following achievements:

- The establishment of 11 new branches and corporate service centres.
- The installation of 138 ATMs.
- The installation of 1,731 POS devices.
- The launch of four new centres for corporate services in remote regions and industrial areas in the Kingdom, in order to meet the daily needs of customers.
- The number of quick payment centres reached 25 by the end of the year, providing services to nearly 185,000 customers. In 2012:
- Al Ahli Bank established two new branches, reaching a total of 290, including 68 branches for women.
- The bank added 169 ATMs, bringing the total to 1,960.
- The creation of a new job, which is the first of official customer and whose mission is to monitor the experience of all the bank’s customers in order to determine priority areas for development.

- The bank launched the service called Al-Ahli Mobile, which is a new program for a smart phone and tablet device special bank compatible with most Apple and BlackBerry devices, which allows customers to view statements of their accounts and access a wide range of services, and, most importantly, make withdrawals from ATMs instead of using a card, to cope with emergency situations when the client may not have his or her card.

We conclude, however, that both banks are working for the development of banking services that already exist, and are creating new services that meet customer needs in a time of advanced technology. However, the researchers believe that Al-Ahli Bank is more interested in this area.

Recommendations

Based on our findings, the researchers offer the following recommendations:

1. Banks should follow the developments in the global banking market, and harness them to serve customers after moulding them to fit Saudi society.
2. Saudi society, as well as intellectuals and decision makers, should reconsider a number of inherited cultural values and habits, especially those that do not have a relationship with the Islamic religion.

Conclusions

This research has been conducted according to the post-positivist approach to identify the role of the practice of human resource management in the recruitment of staff who have the capacity and talent to develop the banking services offered by the bank in which they work. Then, the researchers studied the case of Al Ahli bank and SHB, and, by reference to the Annual Reports of these banks, found the following:

1. There is continuous development of existing banking services in both banks in line with the needs of the customers.
2. The two banks are seeking to create unprecedented banking services, especially electronic ones, but Al Ahli Bank is the most advanced in this area.
3. This development can be seen as the fruit of the efforts of staff recruitment activity. This is in spite of the widespread *wasta* in hiring and which has become part of the culture of Saudi society. Thus, the banks have overcome this phenomenon through the exclusion of methods of recruitment that allow *wasta* to intervene.

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