Executive Summary

Private foundations in Saudi Arabia, as a type of NPOs, are established to support other NPOs financially. The purpose of this study was to investigate the main problems that limit private foundations’ ability to attract and retain talented employees in Saudi Arabia. Qualitative research was chosen as the most appropriate approach for this study. This research conducted online interviews with the HR managers. The study investigated five private foundations that match the criteria described in the research methodology in Chapter 3. The data that was collected was presented in Chapter 4 in both visual and text formats and the associated analysis is used to link the data to the research questions.

To summarize the study’s findings according to the collected data, first, the organizations’ ability to recruit qualified employees in a timely manner is moderate. There is an inconsistency regarding HR managers’ evaluation of recruiting problems. Second, various factors may cause the recruiting or retaining problems for private foundations in Saudi Arabia. The most significant ones are the small capacity of the employment pool, the lack of job advertising, and the intense competition across three sectors, which are the nonprofit, the for-profit, and the government. Finally, there were mainly five recruiting problems associated with nonprofit private foundations in Saudi Arabia.

A) the imbalance competition forces across the three sectors, B) the private foundations’ characteristics that add challenges to the recruiting problems, C) the low attractiveness of the work environment in Saudi private foundations, D) ineffective recruiting process, E) the imbalanced supply and demand in employment in the nonprofit sector in Saudi Arabia.

Few recommendations are suggested. First, it is crucial for top management in private foundations in Saudi Arabia to understand the importance of the HRM. This importance should
be expressed in enhancing the HRM strategic environment by upgrading the HR departments’ positions as a Middle-Level Management and considering HR departments as strategic partners. The enhancement of HR departments’ positions in the organizational structures will support the strategic human resource management practices. The HR empowering and the high expectations as well as responsibilities will drive the HR managers to learn and work more professionally.

Second, it is essential for the private foundations' vitality to promote the competitive environment internally with other private foundations and externally with other sectors. This competition will increase the organizational efforts to enhance the work environment attractiveness toward talented employees.

Finally, unlike the other functions, ineffective recruiting process is directly impacting the overall organizational performance. It is highly expected that unqualified employees perform poorly. Therefore, developing a recruiting process will increase the talented employees, and thus, develop the organizational performance.
RECRUITING PROBLEMS ASSOCIATED WITH PRIVATE FOUNDATIONS IN SAUDI ARABIA

MSA 699 Project Report
Submitted in Partial Fulfillment of Requirements for the Degree of Master of Science in Administration (Concentration in General Administration)

by
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Submission Date
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Dedication

This research is dedicated to my parents, wife, and children

for their endless love, encouragement, and support.
# Table of Contents

<table>
<thead>
<tr>
<th>Chapter 1</th>
<th>Problem Definition</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Background</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Saudi Arabia overview</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Nonprofit organizations in Saudi Arabia</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Saudi workplace culture</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Research Problem</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>Research Audience and Rationale</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Research Study Scope/Delimitations</td>
<td>13</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter 2</th>
<th>Review of the Related Literature</th>
<th>14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction to the Literature</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>Presentation of the Literature</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Nonprofit organizations’ definition and characteristics</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>What is a nonprofit organization?</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Characteristics of a nonprofit organization</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>What is a private foundation in Saudi Arabia?</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Nonprofit human resource management (NHRM)</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>New trends in human resource management in nonprofit organizations</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>Intellectual Capital</td>
<td>19</td>
<td></td>
</tr>
</tbody>
</table>
The architecture of human resource in NPOs …… 21

Contingency, fit, and flexibility …………………. 22

Strategic human resource management ………. 22

Motivation in nonprofit organizations ………… 23

Applying motivations in NPOs ………………… 24

The NPOs’ characteristics and motivations ……. 24

How NPOs are implementing motivational techniques?.. 25

Recruitment in nonprofit organizations ………….. 26

The causes and the consequences of recruitment problems in NPOs …………………………………….. 26

Solutions of the recruitment problems in NPOs … 27

Summary of the Literature ……………………….. 28

Chapter 3 Research Methodology ……………………………………………………………………………. 29

Research Approach ………………………………… 29

Data Collection Approach and Procedures ……… 29

The collected data ………………………………… 29

Primary research question and sub-question data details …30

Interview questions data details ………………… 31

Data collection procedures ………………………. 32

Target Population ………………………………. 32

Sample Details ………………………………… 32

Instrumentation ………………………………… 33

Procedures ……………………………………… 33
Timing ................................................. 34
Proposed Approach for Data Analysis and Synthesis .... 34
Methodological Limitations .......................... 34

Chapter 4 Data Analysis ................................................................. 36
Introduction ................................................................. 36
Data General Description .............................................. 36
Data Presentation and Analysis ................................. 37
  Organizations’ demographic description ............... 37
  Data in the light of the research sub-questions ..... 40
  Research sub-question 1 ................................. 40
  Research sub-question 2 ................................. 41
  Research sub-question 3 ................................. 42
  Research sub-question 4 ................................. 43
  Research sub-question 5 ................................. 44
  Research sub-question 6 ................................. 51
  Research sub-question 7 ................................. 54
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data Analysis Summary</td>
<td>57</td>
</tr>
<tr>
<td>Chapter 5</td>
<td>59</td>
</tr>
<tr>
<td><strong>Summary, Conclusions, and Recommendations</strong></td>
<td></td>
</tr>
<tr>
<td>Overview</td>
<td>59</td>
</tr>
<tr>
<td>Summary</td>
<td>59</td>
</tr>
<tr>
<td>Conclusions</td>
<td>61</td>
</tr>
<tr>
<td>Recommendations</td>
<td>62</td>
</tr>
<tr>
<td>Future Research Suggestions</td>
<td>63</td>
</tr>
<tr>
<td>Definition of Terms</td>
<td>64</td>
</tr>
<tr>
<td>References</td>
<td>65-67</td>
</tr>
<tr>
<td>Appendix A</td>
<td>69-73</td>
</tr>
<tr>
<td>Permissions to Conduct Study</td>
<td></td>
</tr>
<tr>
<td>Appendix B</td>
<td>74-77</td>
</tr>
<tr>
<td>Adult Consent Form</td>
<td></td>
</tr>
<tr>
<td>Appendix C</td>
<td>78-79</td>
</tr>
<tr>
<td>Interview Questions</td>
<td></td>
</tr>
<tr>
<td>Appendix D</td>
<td>80</td>
</tr>
<tr>
<td>The Common Recruitment Process in the Private Foundations</td>
<td></td>
</tr>
</tbody>
</table>
List of Tables

Table 1. The educational level of the employees in the organizations .......................... 38

Table 2. The HR staff number and the HR Staff Ratio in the organizations ...................... 39

Table 3. Grading indicators to evaluate the HRM practices in the private foundations......... 43

Table 4. Evaluation of the HRM practices in the private foundations ........................... 44

Table 5. Grading indicators to evaluate the standard HRM functions in the organizations ... 46

Table 6. The evaluation of the standard HRM functions in the organizations ..................... 46

Table 7. Grading indicators to evaluate the Strategic Human Resource Management in the organizations ................................................................. 49

Table 8. Evaluating Strategic Human Resource Management in the organizations ............ 49

Table 9. Grading indicators to evaluate the Incentives systems in the organizations .......... 51

Table 10. Evaluation of the Incentives systems in the organizations .............................. 51

Table 3. Recruiting problems in the organizations ............... ........................................ 55
List of Figures

Figure 1. The Total Employees in the Organizations ................................................. 37

Figure 2. The educational level of the employees in the organizations ....................... 38

Figure 3. The employees Turnover Rate in the organizations ..................................... 40
Chapter 1: Problem Definition

Background

**Saudi Arabia overview.** Located in the southwest corner of Asia, the Kingdom of Saudi Arabia is at the crossroads of Europe, Asia, and Africa. Saudi Arabia, about one-fourth the size of the United States, is spread over 2,150,000 square kilometers (830,000 square miles), occupying almost 80 percent of the Arabian Peninsula (About Saudi Arabia, 2015). The estimated population in Saudi Arabia in 2014 was 30 million (The Saudi Economy in Figures, 2013). The Saudi economy continued its growth during 2014 as a result of ongoing government expenditure on development projects and continuous structural and regulatory reforms aimed at achieving sustainable economic growth. Saudi economy focused on diversifying the production base and increasing the contribution of the non-oil sector (Saudi Arabian Monetary Agency, 2015). In Saudi Arabia, GDP grew by 3.5 percent to SAR 2,432 billion in 2014 (USD 648 billion) (Saudi Arabian Monetary Agency, 2015).

In Saudi Arabia, all civil laws are based on Islam, which provides the framework and guidelines for all life aspects. Islamic law in Saudi Arabia is the one and only basis for the legal system. This strict commitment to Islamic laws might lead Saudi citizens to have a strong feeling of Islamic identity (Al-Khatib, Vitell, Rexeisen, & Rawwas, 2005). As a response to the Islamic teachings on poverty alleviation and social cooperation, the concept of Corporate Social Responsibility (CSR) has been an increasing interest in many companies in the last decade (The Saudi Economy in Figures, 2013). On the government side, allocations for poverty alleviation programs, annual allocations for orphans, persons with special needs, and for social security stood at SAR 30 billion (USD 8 billion) for the fiscal year 2015 (The Saudi Economy in Figures, 2013).
Nonprofit organizations in Saudi Arabia. Nowadays, the nonprofit sector in Saudi Arabia may be rated as the third sector in priority, efficiency, and effectiveness (Al-Saleh, 2012). Although the infrastructure of this sector is limited and recently emerged, the Saudi government has started a strong initiative in developing and assisting Nonprofit Organizations (NPOs). Currently, there is an active relationship between the government and nonprofit organizations at many levels (Al-Saleh, 2012). However, not all these relationships are beneficial for NPOs.

Many theorists have illustrated this complex relationship between governments and NPOs by identifying three basic models of how nonprofits are related to the government: “as supplementary to [the] government, as complementary to [the] government, and as adversaries of [the] government” (Worth, 2014, p. 111). In the supplementary model, NPOs try to close the gaps left by government programs by offering products and services using their resources to the public. The complementary model shows that NPOs are working hand in hand with the government as partners. In the third model, sometimes the government and nonprofits choose an adversarial relationship in different ways (Worth, 2014).

Although all these models can be applied in Saudi Arabia, the dominant one is the supplementary model, where NPOs use their resources, including human resources, to meet the society’s needs (Al-Saleh, 2012). On the other hand, NPOs are also taking the adversarial position, to some extent, with for-profit organizations. On the HR level, NPOs are competing with both the government and companies for talents. As the number and scale of NPOs have substantially increased, NPOs are competing with each other [and with for-profit organizations and government] for talented employees (Reddy, Krishna, & Rao, 2012). This status may affect the recruiting process in nonprofit organizations in Saudi Arabia in many ways. Moreover, different factors can affect work environments in NPOs to be more attractive or repellent, which
in turn influence the recruiting process. Political and legal situations, as well as economic and social conditions, can play a significant role in NPOs in Saudi Arabia to become an attractive work environment.

In Saudi Arabia, the nonprofit sector can be divided into two main types: *international organizations* and *local organizations*. Each has its own goals, structures, and resources (Al-Saleh, 2012). The local organizations have two sections: *public charities* and *private foundations*. These two sections cooperate in harmony to achieve their goals. In general, private foundations in Saudi Arabia are not facing financial problems as many other NPOs (Al-Saleh, 2012). Essentially, private foundations as a type of NPOs are established to support the other NPOs financially. All private foundations in Saudi Arabia, by law, have their financial sources (Al-Saleh, 2012).

**Saudi workplace culture.** In their study, Bjerke and Al-Meer (1993) analyzed the Saudi workplace culture according to the *Four Culture Dimensions Scale* developed by Hofstede (1984). In their study, Bjerke and Al-Meer (1993) found that Saudi managers scored high on *power distance* index, indicating a long distance between superiors and subordinates. The second dimension of this study was about the uncertainty avoidance. The study reported that Saudi managers tend to have a high uncertainty avoidance orientation as a result of the Saudi culture. The third aspect of the Bjerke and Al-Meer (1993) study was on *individualism* and *collectivism* index, which placed Saudi managers in the high collectivism scale. The last quality tested on Saudi managers’ culture in this study was *masculinity* and *femininity*. The study found that Saudi managers tend to operate in the workplace in a feminine way according to Hofstede’s four dimensions which are the foundation of the Bjerke and Al-Meer (1993) study. The authors stated that there is a relationship between this result and Muslims’ belief on authority in Islamic
societies because Islam and Arab traditions recognize the status hierarchy (Bjerke & Al-Meer, 1993).

**Research Problem**

According to many studies, NPOs, in general, are confronted with a range of difficulties in recruiting qualified staff (Akingbola, 2013a; Akingbola, 2013b; Ban, Drahnak-Faller, & Towers, 2003; Guo, Brown, Ashcraft, Yoshioka, & Dong, 2011; Reddy et al., 2012; Ridder, Piening, & Baluch, 2012). This applies to the nonprofit sector in Saudi Arabia, which is relatively new and receiving considerable attention not only from the government but also from the society (Al-Saleh, 2012). As a result of these local conditions, the private foundations as a significant part of the nonprofit sector are subject to high expectations from both the government and the society. This pressure is remarkably increasing due to the nature of the Saudi culture in the workplace, which adds more obstacles to attracting and keeping talented employees.

Although private foundations in Saudi Arabia are not facing financial problems according to Al-Saleh (2012), there are observed challenges to attract and keep talented employees, which in turn may affect the nonprofit organizations’ efficiency and effectiveness. This research investigated the recruiting problems associated with nonprofit private foundations in Saudi Arabia as the primary research issue. This investigation was to find out: what the main problems that limit these private foundations’ ability to *attract* and *retain* talented employees are. To clarify the primary research issue, there are some sub-questions that can be asked:

1. To what extent can the recruiting problems be considered as a critical issue in the private foundations in Saudi Arabia?

2. What are the factors that could be causing recruiting or retaining problems for private foundations in Saudi Arabia?
3. Is there a relationship between nature and the characteristics of the nonprofit organizations and the recruiting problems in Saudi Arabia?

4. To what extent can the human resource management practices be considered as a significant factor in successful recruitment in Saudi private foundations?

5. To what extent are the private foundations in Saudi Arabia applying the new trends in human resource management?

6. Do the motivation systems play a significant role in creating an attractive work environment to enhance retention for the private foundations in Saudi Arabia?

7. Do the private foundations’ recruiting problems look like the NPOs’ recruiting problems?

These sub-questions contribute to clarify the situation of the private foundations’ recruiting programs, which helped in understanding why private foundations’ ability to attract and retain talented employees is limited. The suggested sub-questions are directly connected to the areas covered in the literature review in this research paper.

**Research Audience and Rationale**

This research report targeted HR managers in private foundations in Saudi Arabia to provide them with input about recruiting problems in private foundations as nonprofit organizations in Saudi Arabia. Government agencies that supervise NPOs should also benefit from this research regarding recruiting problems. Nowadays, Human Resource Management (HRM) is considered as the driver of organizational performance. This high value is placed on HRM because human resource can supply and increase the other resources within the organization. The human resource management process starts with recruiting. Without recruiting, there is no HRM in any organization. This research aimed to contribute to solving recruiting problems in private foundations as NPOs in Saudi Arabia. These problems are limiting private
foundations’ abilities to attract and retain talented employees, which in turn is limiting private foundations’ effectiveness. Since the NPOs’ HRM literature in Saudi Arabia lacks sufficient information regarding the research problem, it is beneficial to collect this original data and analyze it to provide a detailed description and effective solutions to recruiting obstacles in private foundations.

**Research Study Scope/Delimitations**

This research was conducted through interviews that covered the main aspects of the primary research question as well as the sub-questions. The interviewees targeted were the managers who are in charge of the HRM function within private foundations. The research did not investigate in all NPOs in Saudi Arabia. Instead, this research concentrated on private foundations as one type of NPOs. There are unlimited factors that may indirectly affect recruitment performance in private foundations, such as, the national political and legal problems as well as economic and social issues. These factors are considered as *external factors* from the private foundations’ perspective and were not addressed in this research. This research focused only on the *internal factors* that are directly challenging recruitment performance in private foundations in Saudi Arabia. The study investigated five private foundations that match the criteria described in the research methodology in Chapter 3.
Chapter 2: Review of the Related Literature

Introduction to the Literature

In the globalization competition, many organizations are considering Human Resource Management as the heart of organizational performance. This value is not only because of the critical role of the people in such organizations, but also because those people can provide and enhance the use of the other resources within the organization. Nowadays, the nonprofit sector has a significant role in societies. Due to the increasing social needs, and the increasing government support, the nonprofit sector is facing greater responsibilities and higher expectations from the society at the same time. To overcome these challenges, nonprofit organizations are considering innovative methods that help NPOs to recruit and retain the talent (Akingbola, 2013a; Akingbola, 2013b; Ban et al., 2003; Guo et al., 2011; Reddy et al., 2012; Ridder et al., 2012). This focus on acquiring and keeping talented people will prepare NPOs for the new challenges.

In this chapter, the available literature will be reviewed from various perspectives to provide a comprehensive understanding of the different aspects that are involved with this research’s main issue as well as the sub-questions. First, literature will be reviewed in terms of the nonprofit organizations’ definition and characteristics in the context of human resource. Second, literature will be discussed regarding nonprofit human resource management (NHRM). Third, an overall view of new trends in human resource management will be provided in the context of nonprofit organizations, such as intellectual capital and architecture of human resource, as well as contingency, fit, and flexibility of HRM, and strategic human resource management. Fourth, the employees’ motivations will be identified in nonprofit organizations. Finally, common recruitment problems in nonprofit organizations will be illustrated. Although
the review of the related literature provided in this chapter is about nonprofit organizations generally, private foundations are a significant part of NPOs and have the same HRM context, and therefore, the literature is equally relevant to private foundations. Additionally, the potential differences between NPOs and private foundations in terms of the HRM context, if any, is subject to investigation in this research as mentioned in sub-questions 3 and 7 above.

**Presentation of the Literature**

**Nonprofit organizations’ definition and characteristics.**

**What is a nonprofit organization?** The term *nonprofit*, commonly correlated with *organization* and *sector*, has a relatively unstable definition (Hall, 2006). As a result of the ambiguity of the term *nonprofit*, it is crucial to start any research effort by illustrating the meaning of the word *nonprofit*. In his article, Hall (2006) included non-stock corporations and trusts formed for charitable, educational, religious, and civic purposes within the term *nonprofit*. These types of organizations are exempt from taxation and to which donors can make tax-deductible contributions. This term can also refer to the broader range of organizations that contain political parties, trade associations, and mutual benefits associations (Hall, 2006).

Other researchers have suggested criteria to define which organization can be considered as nonprofit. According to Reddy et al. (2012), institutional presence and structure, institutionally separate from the government, not profit-seeking in purpose, self-governing and involving some degree of voluntary participation are essential for an organization to be recognized as an NPO. Nowadays, however, there are new trends overlapping between the business style and the new philanthropic forms (Hall, 2006). These innovations reflect a shift from the “moralizing amateurism” in the nonprofit organization toward business models and methods (Hall, 2006, p. 49).
**Characteristics of a nonprofit organization.** Nonprofit organizations are now increasingly applying management practices and techniques that were originally developed for the business sector; for example, strategic planning, recruiting and selecting, and performance management (Speckbacher, 2013). Without considering NPOs’ characteristics, these management practices might be ineffective or even counterproductive when applied in NPOs (Speckbacher, 2013). The research on NPOs has suggested some NPO characteristics that are essential to understanding NPOs’ internal, as well as, external environment. These characteristics may include, the lack of resources, funding pressures and the increasing costs of implementation, as well as, participatory structures that reflect the cooperative culture (Ridder et al., 2012). One of the major defining characteristics of NPOs is the lack of a widely accepted measure of organizational performance, particularly one that is similar to the bottom line indicator of the performance of the for-profit business organizations (Akingbola, 2013b). The nonprofit literature suggested that the specific characteristics of NPOs should shape the design, use, and effectiveness of HR practices in NPOs (Ridder et al., 2012).

On the other hand, employees of NPOs have their uniqueness as well. According to Akingbola (2013b), nonprofit literature has identified some unique characteristics that set employees of NPOs apart from those of other organizations. These characteristics explain why employees are attracted to NPOs and what motivates them. For example, the emphasis on non-monetary compensation and reward, unique skill mix, the expectation of egalitarian decision-making process, and partnership with volunteers are obvious NPOs employees’ characteristics (Akingbola, 2013b). Understanding this unique identity should lead NPOs’ management to be more flexible and creative in implementing HR functions, including recruitment process.
**What is a private foundation in Saudi Arabia?** Private foundations in Saudi Arabia are nonprofit organizations that primarily aim to give financial support to other diverse nonprofit organizations in order to help them fulfill their missions. These giving foundations have their own financial sources that help to accomplish this goal (Al-Saleh, 2012). Their philosophy in giving is to use the financial aids to enhance the other organization’s resources such as human, intellectual, and material resources. For the private foundations, the most common financial source is the endowments real estate (International Center for Researches & Studies MEDAD, 2014). To clarify the meaning of the private foundation in Saudi Arabia, it is useful to compare them with the definition of the private foundation in the USA. According to Foundation Center (n.d.), a private foundation is a nongovernmental, nonprofit organization with funds and programs managed by its own trustees or directors that was established to maintain or aid social, educational, religious, or other charitable activities, primarily through the making of grants. Usually, a private foundation has a single source, such as an individual, family, or corporation to support its funds. In the USA, a *private foundation* also means an organization that is tax-exempt under code section 501(c)(3) and is classified by the IRS as a private foundation as defined in the code (Foundation Center, n.d.).

In Saudi Arabia, there are two core functions that most private foundations focus on in everyday operations: first, managing investment operations for its assets to ensure sustainability, and second, giving a variety of nonprofit organizations in Saudi Arabia in a way that develops their institutional abilities (International Center for Researches & Studies MEDAD, 2014). Private foundations have their own *products* and *services*. This product is the financial support, which comes in a variety of packages to fit the nonprofit organizations’ needs. Each package has different requirements and criteria (Al-Saleh, 2012). The service that comes with the product is
the managerial consulting service. Private foundations consider this consulting service as a tool to reinforce the effectiveness of the financial aids. Many private foundations believe that this combination of financial and managerial support will enhance the nonprofit sector in Saudi Arabia in the long term (International Center for Researches & Studies MEDAD, 2014).

**Nonprofit human resource management (NHRM).** Nowadays, nonprofit organizations face increasing expectations to transform themselves into flexible, more dynamic entities that make efficient use of their limited resources, while serving their diverse stakeholders more effectively (Ridder et al., 2012). Moreover, NPOs need to enhance their legitimacy from the external stakeholders’ perspective, such as donors, the government, clients, and members, to receive the revenues essential for conducting their work. Thus, NPOs should become more effective and efficient by adopting better management practices (Ridder & McCandless, 2010). In the light of these demands to improve NPOs performance, Human Resource Management (HRM) is expected to play an increasingly important role in enhancing the effectiveness and efficiency of NPOs (Ridder et al., 2012).

In the nonprofit organizations’ context, research on HRM presented the HRM challenges as one of the most problematic issues in NPOs (Akingbola, 2013a; Akingbola, 2013b; Ban et al., 2003; Guo et al., 2011; Reddy et al., 2012; Ridder et al., 2012). One example of the challenges that face NPOs in terms of HRM is the employees’ attitudes and behaviors that are influenced by the social objectives and values in their work (Akingbola, 2013b). These challenges make HRM in nonprofit organizations more changeable and complicated.

To understand the real picture of the HRM function in NPOs, Shaw (2015) presented a report on HRM in NPOs. In this report, Shaw (2015) found that the HRM generalist position is employed in a large majority of NPOs. However, as the number of employees rises within the
organization, the possibility of specialized HRM staff increased. According to Shaw (2015), a third of his sample said that their organization had a documented HR strategy. This number became bigger in larger organizations (Shaw, 2015). According to Shaw (2015), the typical ratio of HRM staff to employees was 1:66, while, the typical annual HR operating cost per HRM staff member, including salary as a part of the operating cost, was $91,715. Moreover, the typical annual HRM activities budget per employee—HRM services offered from recruitment to training to termination—was $1,020 (Shaw, 2015). This report showed the significant role of HRM in today’s NPOs. In fact, developing HRM practices will enhance the organization’s relationships not only with the employees as an internal environment, but also with the other organizations, the society, and the government as an external environment (Noe, Hollenbeck, Gerhart, & Wright, 2013). Shaw (2015) concluded that, in general, the nonprofit HRM functions appear to be effective (Shaw, 2015).

In the context of nonprofit organizations, HRM plays a critical role in providing better management, such as, recruiting and selecting the best available employees and developing and measuring the employees’ performance (Ridder & McCandless, 2010). Interestingly, Akingbola (2013b) presented a framework of nonprofit human resource management (NHRM) that emphasizes the context of nonprofit organizations and employee characteristics. NHRM framework is provided through the NPO’s social and strategic goals, the organization’s values, the network of social relationships, and how it adapts to the environment (Akingbola, 2013b).

**New trends in human resource management in nonprofit organizations.**

**Intellectual Capital.** The Intellectual Capital (IC) is the difference between an organization’s market value and the cost of replacing its assets (Reddy et al., 2012). In other words, Edvinsson and Sullivan (1996) described IC as the knowledge that can be converted into
value (as cited in Reddy et al., 2012). To analyze IC, it is important to understand the three elements that IC includes, which are: Human Capital, Structure Capital, and Relational Capital. According to Reddy et al. (2012), human capital, as the primary component of IC, is the organization’s collective capability to find the best solutions from the knowledge of its individuals. For example, the Human Capital (HC) of an organization can be the knowledge, experience, and skills that the organization’s employees have. The second component of IC is the structural capital, which indicates the organizational capabilities to meet internal requirements as well as external requirements. The Structure Capital (SC) of an organization may include, for example, databases, process, organizational culture, and copyrights (Reddy et al., 2012). The IC’s final component, according to Reddy et al. (2012), is the relational capital. The Relational Capital (RC) concept indicates “the end user’s satisfaction and loyalty to the organization” (Reddy et al., 2012, p. 2). Interestingly, to ensure the organizational RC, it should start, according to Kaplan (2004), from the inside of the organization. Internal customer satisfaction, motivation, and commitment have a significant influence on the external customer satisfaction, loyalty, and retention (as cited in Reddy et al., 2012).

As the number and scale of NPOs have substantially increased, NPOs are competing with each other for volunteers, employees, and funding (Reddy et al., 2012). According to Hudson (1999), the ability of NPOs to achieve their goals depends significantly on the knowledge, skills, and experience of their individuals (as cited in Reddy et al., 2012). Therefore, NPOs should invest in people instead of money (Reddy et al., 2012). In fact, IC is more compatible with NPOs than any other organizations, according to Hudson (1999), where the primary objectives of NPOs are social rather than economic (as cited in Reddy et al., 2012). According to Reddy et al. (2012), effective human capital, structural capital, and relational capital are contributing factors to NPOs...
in achieving good recruitment and retention rates (Reddy et al., 2012). According to Reddy et al. (2012), there is a heavy demand for the intellectual capital in both companies and NPOs. Therefore, it became a critical challenge for the NPOs to attract and retain talent (Akingbola, 2013a; Akingbola, 2013b; Ban et al., 2003; Guo et al., 2011; Reddy et al., 2012; Ridder et al., 2012). In sum, it is important to identify what an NPO can do in order to attract talented employees and retain them while standing against other competing NPOs and companies (Reddy et al., 2012).

**The architecture of human resource in NPOs.** Little is known about the configuration of HR architectures in NPOs (Ridder et al., 2012). The literature on HRM in NPOs focuses mainly on the impact of single, isolated HR practices such as recruitment, training, and performance management in terms of the impact on the employee and the organization (Guo et al., 2011; Ridder et al., 2012). These studies reveal mainly contradictory results on the effects of single HR practices (Ridder et al., 2012). However, much conceptual and empirical attention has been given in the for-profit literature to bundles or configurations of HR practices (Ridder et al., 2012). Research shows that to understand the effects of HRM on an organization, it is necessary to adopt a comprehensive view of the overall construction of HRM that captures the organization’s HRM architecture, such as HR principles, HR policies, and HR practices (Ridder et al., 2012). In their findings, Ridder et al. (2012) suggested that there is a higher quality output with a high-performance HRM system in terms of a bundle of HRM practices, rather than merely examining key HR practices alone (Ridder et al., 2012).

To summarize, as the current studies in the nonprofit literature use various methods and performance criteria when researching into single HR practices, it is likely that they reveal contradictory findings regarding the impact of HR practices on employees and organizations
To achieve in-depth understanding of the effects of HRM on an organization, it is necessary to adopt a comprehensive view of the overall construction of HRM that illustrates the organization’s HRM architecture (Ridder et al., 2012).

**Contingency, fit, and flexibility.** The strategy of NPOs is aligned with the level of HRM practices in some functions, such as training. However, it is not aligned with other practices, such as recruitment (Akingbola, 2013c). In his research, Akingbola (2013c) emphasized the importance of developing and implementing HRM practices that are aligned with the current strategy and underlined the need to develop employees’ skills to facilitate flexibility to adapt to the change in the organization’s environment (Akingbola, 2013c).

It is crucial for NPOs when they practice HRM to not only achieve a horizontal and vertical fit but also build flexibility that is critical for the organization to develop and sustain employee skills. In order to survive in the competitive environment and to help with the achievement of organizational goals, NPOs should achieve the organizational fit and flexibility in the HR systems (Akingbola, 2013c). According to the multidimensional basis of effectiveness and the high level of operational uncertainty of NPOs, the balance between fit and long-term flexibility is critical to the organizations to survive in the competitive environment (Akingbola, 2013c).

**Strategic human resource management.** According to Guo et al. (2011), growing scholarly attention has been paid to strategic HRM in NPOs to integrate HRM practices with the strategic purposes of the organization to acquire a comprehensive and long-term HRM. However, this newly established body of literature on strategic HRM in NPOs suffers from the lack of empirical data (Guo et al., 2011). To improve the NPOs’ ability in recruiting and retaining professional employees, it is important to enhance and professionalize the internal
process of HRM functions (Ban et al., 2003). In addition, having professional HRM staff to formulate, implement, and evaluate the strategic HRM practices is critical for organizations (Noe et al., 2013). In the nonprofit organizations, there is a substantial variation in the adoption of strategic HRM practices (Guo et al., 2011). As stated in Guo et al. (2011), NPOs that are larger in size, have an effective technology, and rely on independent contractors, are more likely to implement strategic HRM practices (Guo et al., 2011). Nevertheless, HR managers in NPOs are facing pressures to reassess their HRM approaches to integrate HRM with the organizational missions in a strategic manner (Guo et al., 2011).

Interestingly, according to Guo et al. (2011), younger organizations, educational organizations, and organizations that do not have dedicated HRM staff are more likely to implement strategic HRM practices. Unlike other studies, Guo et al. (2011) found that dedicated HR staff is negatively associated with the adoption of strategic HRM practices. The study justified that without dedicated HR staff, organizations assign the HR functions to a member of the top management team, which allows the organization to apply strategic changes to the HRM practices in a timely manner. Guo et al. (2011) claimed that HR professionals with a traditional HR department commonly engaged in administrative HR functions but not strategic decision making.

Motivation in nonprofit organizations. Incentives, in general, serve three main objectives that are significant to any organization. First, incentives are considered as a motivation for increased effort. Second, they are signals for self-selection in the workforce. Finally, it is a type of communication with the employees to encourage them to achieve the desired work outcomes (Speckbacher, 2013; Van Puyvelde, Caers, Du Bois, & Jegers, 2013). All organizational incentive mechanisms work by providing rewards for desired behavior or by
punishing undesired behavior (Speckbacher, 2013). In particular, there are two types of incentives, *explicit* and *implicit*. When an enforceable contract defines the conditions under which the reward is provided, this is referred to as an explicit incentive. In contrast, implicit incentives are based not on an enforceable contract, but on trust, that is, the employee performs a task and trusts in receiving some form of material or immaterial reward (Speckbacher, 2013).

**Applying motivations in NPOs.** As mentioned at the beginning of the presentation of the literature, NPOs are adopting management practices and techniques that are originally developed for the business sector (Speckbacher, 2013). The introduction of more businesslike incentive methods, in particular, performance related pay, would seem to be a significant challenge for nonprofits (Van Puyvelde et al., 2013) because they traditionally tend to avoid paying bonuses (Speckbacher, 2013). Even within the same sector, incentive mechanisms that are effective in one organizational context might be ineffective or even counterproductive when applied in other contexts (Devaro & Brookshire, 2007; Speckbacher, 2013). This also applies from the individual’s perspective; the high production employee may choose to seek employment in organizations with performance-based compensation methods, whereas employees who know that their productivity is relatively poor might prefer organizations with fixed wages (Devaro & Brookshire, 2007; Speckbacher, 2013).

**The NPOs’ characteristics and motivations.** As discussed above, nonprofit organizations have their own characteristics, which impact all the adopted management practices and techniques. Some of these characteristics specifically affect the motivation system in nonprofit organizations. First, one of these characteristics is the lack of stable measures to assess the organization’s overall performance (Ban et al., 2003; Van Puyvelde et al., 2013). The second characteristic is the motivational needs of employees working in nonprofits. It is important to
identify what motivation works for each organization. For example, many employees who choose to work for nonprofits are motivated by a sense of public service (Ban et al., 2003). The final characteristic is the trust-based, social nature of the relationships between the organization and its stakeholders. The extent to which each of these examples of characteristics is present may vary across different nonprofit organizations and also across tasks within such organizations (Speckbacher, 2013). Therefore, taking into consideration the NPOs’ characteristics in designing the motivation system is crucial not only for the organization to save its resources but also for the employees to satisfy their needs.

How are NPOs implementing motivational techniques? In the NPOs, managers’ perceptions about what motivates professional staff members are often accurate (Ban et al., 2003). However, the HR techniques they utilize are limited. This limitation in the HR techniques is a consequence of limited resources, lack of formal management training, and low expectations from the top management (Ban et al., 2003). According to a recent study, the “lack of performance measures” negatively affects the application of explicit (contract-based) measures, whereas the “motivational characteristics of employees” and the “trust-based, the social character of the relationships” increase the role of implicit incentives (Speckbacher, 2013, p. 1018).

When an organization can attract employees who choose to perform well because they are motivated or identify with the task, explicit or implicit incentives may seem unnecessary. However, reliance on intrinsic motivation can be problematic (Speckbacher, 2013). In fact, building teams of employees with diverse motivations in which each employee specializes on his/her preferred task dimension helps to align individual motivations with overall objectives at the team level. However, this method generates conflict and additional coordination costs within the team (Speckbacher, 2013). In contrast to intrinsic motivation, identified motivation can be
influenced directly using incentives. This suggests, according to Speckbacher (2013), that providing explicit rewards for some performance dimensions while relying on social incentives in others may not work because the frame of a relationship is either social or economic but rarely both.

In sum, although there is evidence of employees being attracted to work in NPOs given their commitment and identification with the nonprofit values and missions, another evidence suggests that the application of selection practices by NPOs is associated with improved employee satisfaction and performance outcomes (Ridder et al., 2012). Furthermore, research suggested that nonprofit workers are more satisfied with the nonmonetary and process-related aspects of their incentive mixture, for example, career advancement, flexible working hours, decision-making autonomy, and the variety and creativity of work (Ridder et al., 2012).

**Recruitment in nonprofit organizations.**

*The causes and the consequences of recruitment problems in NPOs.* As mentioned earlier, many studies have indicated that NPOs are confronted with a range of difficulties in recruiting qualified staff (Akingbola, 2013a; Akingbola, 2013b; Ban et al., 2003; Guo et al., 2011; Reddy et al., 2012; Ridder et al., 2012). Moreover, the current studies on HRM in NPOs focus mainly on the functional areas such as recruitment, selection, and compensations (Guo et al., 2011; Ridder et al., 2012). Given funding pressures and new methods, NPOs face a shift to more project-based funding with an increase in temporary contracts (Ridder et al., 2012). Therefore, the original challenges in recruiting qualified staff, the lack of research on comprehensive HRM solutions, and the new funding pressures transformed the HRM standards in NPOs toward recruiting less qualified staff.
As a result of these changing employment conditions and the competition for talented employees, research indicated that the recruitment of less qualified staff has a negative impact on employee morale, satisfaction, and commitment. These consequences are significant challenges in terms of NPOs’ recruitment (Ridder et al., 2012). In addition, lower pay, poor working conditions, and misconceptions about the nonprofit sector regarding paid employment are cited as further challenges toward recruiting employees in NPOs (Ban et al., 2003; Ridder et al., 2012). Another recruiting problem in NPOs is the reliance on traditional methods of recruitment, especially newspaper advertisements and word of mouth (Ban et al., 2003; Cooman & Pepermans, 2012). These traditional methods of recruitment are relatively inexpensive, do not require technology, and reach local labor pools (Ban et al., 2003; Cooman & Pepermans, 2012). Consequently, in many NPOs, it was a conscious organizational choice to design positions with low salaries and benefits with the expectation that the new employees would stay for only a few years (Ban et al., 2003).

**Solutions of the recruitment problems in NPOs.** In small NPOs, the concept of a *spiral career pattern*, in which people move sideways to advance their career, seems to be rational according to the limitations in budget and opportunities (Ban et al., 2003). However, this strategy may become challenging if bigger organizations make positions so unattractive assuming that they will be constantly cycling new staff members, reach full productivity, and then leave. For NPOs, providing professional staff with growth opportunities and job enrichment might be very cost-effective (Ban et al., 2003). To improve the NPOs’ ability in recruiting and retaining professional employees, it is important to enhance and professionalize the internal process of HR functions (Ban et al., 2003). For HR in small NPOs, it is understandable to rely on outsourcing
solutions, such as consultants, umbrella organizations, and to create consortia to manage the recruiting process (Ban et al., 2003).

**Summary of the Literature**

In conclusion, nonprofit organizations have unique definition and characteristics, which should shape the design, use, and practice of effective HRM in NPOs. As a result of the openness towards the business sector, NPOs are adopting management practices and techniques that are originally developed for companies. Among these practices, NPOs select new trends in human resource management, such as intellectual capital and architecture of human resource, as well as fit and flexibility of HRM, and strategic human resource management. To be effective, these new trends in human resource management must be designed in a way that fit the NPOs characteristics. As a driving engine, motivations in nonprofit organizations should be designed according to its uniqueness by special methods and mechanisms that are compatible with the NPOs’ context as well as the employees’ needs. As a consequence of the NPOs’ uniqueness and complexity, it is crucial for NPOs to create special, compatible, and effective practices of nonprofit human resource management (NHRM).

Therefore, as the first function of HRM in NPOs, recruitment will be affected by all these conceptions starting from the NPOs characteristics, across the new trends and the NHRM, and ending with motivation as the driving engine in nonprofit organizations. All these factors contribute actively to the HRM process in NPOs and will clarify the context of recruitment problems as the main issue of this research.
Chapter 3: Research Methodology

Research Approach

Private foundations in Saudi Arabia, as a type of NPO, are established to support other NPOs financially. All private foundations, by law, have their financial sources (Al-Saleh, 2012). Therefore, they do not face financial problems as many other NPOs may face. However, there are observed challenges to attract and keep talented employees in private foundations, which in turn may affect the private foundations’ efficiency and effectiveness. This research investigated the recruiting problems associated with private foundations as NPOs in Saudi Arabia to find out the main problems that limit private foundations’ ability to attract and retain talented employees.

To understand this issue in depth, qualitative research was chosen as the most appropriate approach for this study. This research aims to gain a rich and comprehensive understanding of HR managers’ various experiences in private foundations in Saudi Arabia about the research issue. This investigation conducted online interviews as a method of collecting data. As a phenomenological study, the most effective way to understand the research problem is to analyze, in depth, the responses of the people who closely deal with the research problem. Those people face the recruiting challenges on an everyday basis and may have various implemented experiments about it.

Data Collection Approach and Procedures

The collected data. By interviewing the private foundations’ HR managers to understand their perspectives, experiences, and expectations, then analyzing their responses, the research contribution to the private foundations’ HR literature is critical by providing an authentic data and deep analysis to comprehend this issue, which may help HR managers to solve the problem. To clarify what type of data to be collected in this research, it is important to
examine the primary research question and sub-questions to determine what data is needed in order to answer these questions.

**Primary research question and sub-question data details.** While private foundations in Saudi Arabia are not facing financial problems, there are noticeable challenges to attract and keep talented employees. The primary research question is: what are the main problems that limit private foundations’ ability to attract and retain talented employees? Accordingly, the collected data in this research consists of different types of data: First, the number of the private foundations that are facing recruiting problems; second, the categories of the private foundations that are subject to the investigation according to different variables such as the organization’s size, assets, and structure; and third, the level of the influence of the recruiting problems on the organization’s performance. By analyzing the research sub-questions, more details were provided on what data is necessary to answer them. The following sub-questions were presented earlier in Chapter 1:

1. To what extent can the recruiting problems be considered as a critical issue in the private foundations in Saudi Arabia?
2. What are the factors that could be causing recruiting or retaining problems for private foundations in Saudi Arabia?
3. Is there a relationship between nature and the characteristics of the nonprofit organizations and the recruiting problems in Saudi Arabia?
4. To what extent can the human resource management practices be considered as a significant factor in successful recruitment in Saudi private foundations?
5. To what extent are the private foundations in Saudi Arabia applying the new trends in human resource management?
6. Do the motivation systems play a significant role in creating an attractive work
environment to enhance retention for the private foundations in Saudi Arabia?

7. Do the private foundations’ recruiting problems look like the NPOs’ recruiting problems?

The type of data that is desired in this investigation comes in two categories: facts and
numbers, as well as opinions and perspectives that enhance understanding of recruiting problems
in private foundations.

**Interview questions data details.** To illustrate what data is collected specifically, it is
useful to mention four types of interview questions. First, the online interview collected general
information about the organization for comparing and contrasting purposes. This information
helped to categorize the organizations according to different variables, such as the organization’s
size, assets, and structure. Second, questions were asked about the HRM environment within the
organization, which provided an overview to estimate the effectiveness of HRM within the
organization. These questions were essential to distinguish between the recruiting problems that
come from the lack of HRM effectiveness and other original recruiting problems. For example,
the interviewees were asked questions about job satisfaction and turnover rates. Third, the
interview questions focused on the evaluation of the recruitment function within the
organization. For example, a description of recruitment sources and process is beneficial to
determine the recruitment problems. Finally, the interview concluded by asking questions about
the possible solutions to the recruiting problems to collect the best possible practices in dealing
with recruitment problems. This type of data, which includes facts about recruiting obstacles in
private foundations as well as the HR managers’ perspectives, is critical for better understanding
of the research primary question as well as the sub-questions.
**Data collection procedures.** Using semi-structured interviews, the researcher followed the standard questions with one or more individually tailored questions to get clarification or exploration of the interviewee’s opinion. The researcher developed the interview questions that cover the main aspects of the primary research question as well as the sub-questions, such as evaluating the recruiting process, assessing the HRM environment within the organization, and reviewing the recruitment process, problems, and solutions.

**Target Population.** The target population was first introduced in the Scope/Delimitations section of Chapter 1. As mentioned earlier, this research was conducted by providing interview questions that cover all the areas of the primary research question as well as the sub-questions. The research concentrated on private foundations as one type of NPOs in Saudi Arabia by interviewing the managers who are in charge of the HRM function within the organizations. This investigation focused on the internal challenges that are directly affecting recruitment performance in private foundations.

**Sample Details.** The sample in this research is a convenience sample that is objectively chosen by the Developing Commission of the Private Foundations in Saudi Arabia. These organizations are the most active private foundations and the ones that are willing to cooperate with this research. In fact, choosing the interviewees is critical for data validation. Therefore, to maintain objectivity, the interviewees should be the managers who are in charge of the HRM function within the organization and have, at least, two years’ experience. After that, the researcher identified five interviewees based on the chosen criteria and contacted them and obtained permission letters. The chosen interviewees represent various private foundations in terms of the organization’s size, assets, and structure to enhance the validity and reliability of the data.
Instrumentation. In this research, the instruments used are the interview questions, which are included in this proposal in Appendix C. The interview questions were created for this investigation. Therefore, the interview questions have not been tested for validity and reliability. To describe the format and design of the instrument questions, it is useful to mention the four groups that compose the interview questions. First, the interview collected general information about the organization for comparing and contrasting purposes. Second, questions were asked about the HRM environment within the organization. Third, the interview questions focused on the evaluation of the recruitment function within the organization. Finally, the interview concluded by asking questions about the possible solutions to the recruiting problems to collect the best possible practices in dealing with recruitment problems. Using semi-structured questions, the researcher followed the standard questions with one or more individually tailored questions. Open-ended questions were included to ensure that any information missed by more structured questions was obtained. A Likert scale was used for some questions to provide data for quantitative analysis.

Procedures. The researcher conducted a video call, using the Skype.com website, to interview the participants using semi-structured questions. This method helped the researcher to establish a trust-based communication with participants that may facilitate the access to the root of the issue. Each interview lasted one hour and thirty minutes on average to cover all the questions. The interviewee was asked for permission to record the voice in the interview. As the study involves audio taping, the tapes were destroyed after the study was completed. Based on the researcher’s work experience, it is worth mentioning the professional relationship between the researcher and some of the interviewees as co-workers. However, this relationship is not expected to affect the objectivity of the interview.
Timing. As a result of the prior contacts, the study started in the first day after the approval has been received. Based on the interviewees’ busy schedules, the interviews took four weeks. The remaining time was for the analyzing data and presenting the results.

Proposed Approach for Data Analysis and Synthesis

After the interviews were completed, the responses were transcribed to conduct a content analysis to analyze the data. The common themes in the answers and the keywords were highlighted. The similarities in the responses, as well as the differences, were investigated. The results of the interviews were categorized, as the questions, in four areas: first, the general information about the organization; second, the HRM environment within the organization; third, the evaluation of the recruitment function within the organization; and finally, the possible solutions to the recruiting problems. This data, which includes facts about recruiting obstacles in private foundations as well as the HR managers’ perspectives, was utilized for a better understanding of the primary research problem as well as the sub-questions. To illustrate the results, an in-depth description of the responses, using related figures and tables, was presented.

Methodological Limitations

It is important to acknowledge that there are some methodological limitations in this study. First, the number of the organizations, which were investigated in this study, were not sufficient to represent all 80 private foundations in Saudi Arabia. Second, as a result of the interview questions created for this study, these questions have not been tested for validity and reliability. Third, as a consequence of using interviews to collect the data, subjectivity, to some extent, is expected. Finally, the findings of this study may not apply to the other types of NPOs locally or globally.
Chapter 4: Data Analysis

Introduction

The purpose of this study was to investigate the main problems that limit private foundations’ ability to attract and retain talented employees in Saudi Arabia. To ensure the clarity of the study results, the data that was collected is presented in this chapter in both visual and text formats, and associated analysis is used to link the data to the research questions.

Data General Description

To describe the collected data, it is important to mention that five private foundations in Saudi Arabia, based on the criteria mentioned in Chapter 3, were investigated by interviewing five HR managers who have been holding this position for at least two years. The interviews took more than seven hours altogether to interview the managers who deal with the recruiting problems most closely. The collected data was consistent with different types of information. First, the raw information contains facts and numbers, which describes each organization and provides an objective perspective about the private foundation. This type of information also helps to categorize the organizations to improve the analyzing process. For example, the employees’ demographic data facilitated linking the recruiting problems with the organization’s classification for better understanding. The second type of information that was collected from the interviews was the HR managers’ perspective, which presented the organizational culture and the context of HRM in the organization that may affect recruiting problems in private foundations.

To facilitate the analysis process, the five private foundations were categorized according to the total employees who work for each organization. First, an organization with 1 to 20 employees was considered as a small-sized organization. Second, an organization with 21 to 40
employees was considered as a *medium-sized* organization. Third, an organization with 41 to 60 employees was considered as a *large-sized* organization. Finally, an organization with 61 employees or more was considered as a *big-sized* organization. According to this criteria, the interviewees were representing three medium, one large, and one big organizations. There was no small size organization represented in this study.

**Data Presentation and Analysis**

**Organizations’ demographic description.** As shown in Figure 1, the total employees in all five private foundations were 193. The minimum number of employees’ in a given private foundation was 22, and the maximum number of employees’ was 67, which made the average number of employees in all five private foundations slightly more than 38.

![The Total Employees in the Organizations](image)

*Figure 1.* The total employees in the five organizations including the full-time and part-time, males and female, seniors and disabled with diverse educational levels.

The majority of the employees, 92%, were full-time, whereas 8% were part-time employees. The gender that dominated among the employees was male, 93%. Although many organizations mentioned their intention to hire females in the future, only two organizations among the sample were hiring females at this time; one of them was a Medium-sized organization while the other one was a Big-sized organization. Among all the five private
foundations, no senior (above 60 years old) employees were hired. Moreover, only one organization (Big-sized) that was hiring disabled employees, representing 3% of its employees.

To present the educational level of the employees, it is worth mentioning that all employees exceeded the high school level. As presented in Table 4, majority of the employees, 72%, held a bachelor’s degree, and 12% of the employees had a master’s degree. As shown in Figure 4, the smallest educational group was the employees who held a Ph.D. degree: 3%. No correlation was observed between the educational level and the organization size.

Table 5

The Educational Level of the Employees in the Organizations

<table>
<thead>
<tr>
<th>Educational Level</th>
<th>Organizations</th>
<th>Ratio Average</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td>Below high school</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>High school</td>
<td>9%</td>
<td>5%</td>
</tr>
<tr>
<td>Bachelor</td>
<td>70%</td>
<td>82%</td>
</tr>
<tr>
<td>Master</td>
<td>13%</td>
<td>9%</td>
</tr>
<tr>
<td>Ph.D.</td>
<td>8%</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Figure 5. The educational level of the employees in the organizations.
According to the collected data, the average cost of the Human Capital that the organizations paid was more than SAR 208,000 ($55,462) per employee every year. All the five private foundations had at least one employee who was dedicated to HR functions, while the maximum number of HR staff in a given organization was five, forming an average of two HR staff per organization. As shown in Table 2, the HR to Staff Ratio was between 1.5% and 8.7% with a median of 5.9% in 2014, which increased to 7.1% in 2015. No correlation was observed between the Staff Ratio and the organization size.

Table 6

*The HR Staff Number and the HR Staff Ratio (to the employees) in the Organizations*

<table>
<thead>
<tr>
<th>Organizations</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>Min</th>
<th>Max</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR staff</td>
<td>2.0</td>
<td>2.0</td>
<td>1.3</td>
<td>1.3</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
<td>1.0</td>
</tr>
<tr>
<td>HR to Staff Ratio</td>
<td>3.8%</td>
<td>3.8%</td>
<td>5.9%</td>
<td>5.9%</td>
<td>7.1%</td>
<td>7.1%</td>
<td>8.7%</td>
<td>8.7%</td>
</tr>
</tbody>
</table>

*Note.* Shows how many HR employees in each organization in the years 2014 and 2015 and how this number compared with the total employees (HR Staff Ratio).

As shown in Figure 3, according to the collected data on the years 2014 and 2015, the Turnover Rate was between 4.3% and 11.1%, with an average of 6.8% in 2014 that increased to 7.6% in 2015. Regarding the Turnover Rate, no recognized benchmarks were found in the nonprofit sector in Saudi Arabia. However, this level of the turnover rate indicates a moderate retention in the private foundations in general.
RECRUITING PROBLEMS IN PRIVATE FOUNDATIONS

Figure 3. The employees Turnover Rate in the organizations

Note 1. Shows the number of separations during year comparing to the total employees.
Note 2. No Turnover Rate was found regarding the organization E.

Data in the light of the research sub-questions. To answer the research sub-questions using the collected data, it is helpful to organize the data associated with each sub-question separately. After covering all the sub-questions an overall conclusion about the primary research question will be presented.

Research sub-question 1. To what extent can the recruiting problems be considered as a critical issue in the private foundations in Saudi Arabia?

Based on the interviewees’ evaluations, 60% of the interviewees said that the organization’s ability to recruit qualified employees in a timely manner is moderate while 40% said it is high. They accredit the organization’s ability to recruit qualified employees mainly to the clarity in recruiting procedures and relatively high benefits and compensations. Surprisingly, all the interviewees counted recruitment as the first HR challenge including attracting and retaining talented employees. The recruiting difficulty varies from one organization to another. However, according to the collected data, the top management and the technical jobs are the most difficult ones to recruit. Moreover, by examining the organizational structure, all five
organizations have been facing vacant jobs until now, some of which are top and middle management levels.

This inconsistency regarding the evaluation of recruiting problems may indicate the lack of the HR performance measurement, which explains why the HR managers claimed moderate to high recruiting ability while they consider recruiting as an HR challenge in their organizations and still have vacant jobs. If the HR managers have measurable goals and indicators to evaluate recruiting performance, they may appear more consistent regarding the employment evaluation in the organization.

*Research sub-question 2. What are the factors that could be causing recruiting or retaining problems for private foundations in Saudi Arabia?*

According to the participating HR managers, many factors may cause the recruiting or retaining problems for private foundations in Saudi Arabia. First, the employment capacity size of the private foundations in Saudi Arabia is relatively small. As mentioned in Figure 1, the average number of employees in all the five private foundations was approximately 38. The limited employment capacity becomes more tightened when it comes to the top management positions. This restricted positions resulted in losing some talented employees because these employees cannot find enough promotion opportunities. This problem became worse whenever the organization size was smaller.

Second, among the five private foundations, two (40%) were willing to post job opportunities publicly, while three (60%) considered job advertisements as a useless recruiting method. They justify this point of view by saying that job advertisements attract a lot of applicants, most of whom are undesired employees. Therefore, three organizations (60%) tend to rely on personal networking to find candidates for their job vacancies.
Finally, external competition between the nonprofit, for-profit, and governmental sectors is high. From the private foundations’ perspective, it is unfair competition. The HR managers claimed that the governmental sector provides less stressful and more job security opportunities, which provides the stability advantage for the employees. Whereas the for-profit sector offers higher benefits, compensations, and promotions for the employees. As a consequence of the intense competition, the private foundations in Saudi Arabia seem to have lost the attractiveness for the talented employees.

*Research sub-question 3. Is there a relationship between nature and the characteristics of the nonprofit organizations and the recruiting problems in Saudi Arabia?*

First, based on the uniqueness of the private foundations’ characteristics in Saudi Arabia as nonprofit organizations, it is difficult to find the employee who fits the organizational cooperative culture. Moreover, in Saudi Arabia, there is a significant lack of employment services agencies, especially in the nonprofit sector. This lack of employment providers in the nonprofit sector along with employees’ high requirements created an imbalance between supply and demand regarding the employment in private foundations in Saudi Arabia.

Second, unexpectedly, the internal competition between the private foundations themselves is significantly low. As a result of establishing many new private foundations, the necessity of cooperation between private foundations to respond to the high expectations from the society, as well as their cooperative culture, resulted in the avoidance of conflict among the private foundations on talented employees. The tendency to avoid *conflict* with other private foundations had reduced the competition within the sector, which in turn reduced the organizational efforts to attract and keep talented employees.
Research sub-question 4. To what extent can the human resource management practices be considered as a significant factor in successful recruitment in Saudi private foundations?

To answer this question, it is important to provide an overall view of HRM practices in the five organizations that illustrate the HRM role in the private foundations and how HRM practices contributing in successful recruitment functions. To objectively evaluate the HRM practices in private foundations, four indicators were suggested; two of which are assessing the HR staff, which measure their Professionalism and Devotedness. Two additional indicators assess the HR procedures, which measure the Objectiveness and Clarity as shown in Table 3.

Table 3
Grading Indicators to Evaluate the HRM Practices in the Private Foundations

<table>
<thead>
<tr>
<th>Score</th>
<th>Professionalism</th>
<th>Devotedness</th>
<th>Objectiveness</th>
<th>Clarity</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Qualified</td>
<td>Devoted</td>
<td>Objective</td>
<td>Clear</td>
</tr>
<tr>
<td>2</td>
<td>Has an experience</td>
<td>Mainly Devoted</td>
<td>Somewhat</td>
<td>Somewhat</td>
</tr>
<tr>
<td>1</td>
<td>New</td>
<td>Not Devoted</td>
<td>Subjective</td>
<td>Unclear</td>
</tr>
</tbody>
</table>

Based on the four indicators suggested in Table 3, the gap appeared in HR staff more than in the HR procedures. In particular, as shown in Table 4, according to the collected data, the HR procedures in the private foundations were consistently objective and clear in four organizations (80%) and scored 93% in both the Objectiveness and Clarity indicators. However, three organizations (60%) have employed the HR generalist staff, not specialized, relying on their HR practical experience, but not the qualification, to fulfill the job duties. Among the five private foundations, 60% of the HR staff were devoted only to the HR functions within the organization.
Table 4
Evaluation of the HRM Practices in the Private Foundations

<table>
<thead>
<tr>
<th>Organizations</th>
<th>Professionalism</th>
<th>Devotedness</th>
<th>Objectiveness</th>
<th>Clarity</th>
<th>Sum</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>11</td>
<td>92%</td>
</tr>
<tr>
<td>B</td>
<td>3</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>10</td>
<td>83%</td>
</tr>
<tr>
<td>C</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>9</td>
<td>75%</td>
</tr>
<tr>
<td>D</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>11</td>
<td>92%</td>
</tr>
<tr>
<td>E</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>11</td>
<td>92%</td>
</tr>
<tr>
<td></td>
<td>12</td>
<td>12</td>
<td>14</td>
<td>14</td>
<td>52</td>
<td></td>
</tr>
<tr>
<td></td>
<td>80%</td>
<td>80%</td>
<td>93%</td>
<td>93%</td>
<td>87%</td>
<td></td>
</tr>
</tbody>
</table>

Note. Shows the evaluation of the HRM practices in the private foundations based on the criteria suggested in Table 3.

Although the HR staff’s Professionalism and Devotedness, as well as the HR procedures’ Objectiveness and Clarity, seemed to be standard criteria that are easy to meet, none of the five private foundations completely met the suggested indicators. The highest score was 92% (See Table 4). This indicates an overall moderate weakness in the human resource management practices in the private foundations in Saudi Arabia. Despite this weakness, it is obvious that human resource management was playing a considerable role in controlling and organizing recruitment functions in Saudi private foundations.

Research sub-question 5. To what extent are the private foundations in Saudi Arabia applying the new trends in human resource management?

The new trends in human resource management that were the subject of investigation in this research were the ones suggested previously in Chapter 2. Those are Intellectual Capital, The Architecture of Human Resource in NPOs, Contingency, Fit, and Flexibility, and Strategic Human Resource Management. First, to analyze how private foundations in Saudi Arabia are applying Intellectual Capital concept in the organizational culture and practices, it is useful to dismantle the Intellectual Capital to its primary parts, which are Human Capital, Structure
Capital, and Relational Capital. The Saudi private foundations were varying in their perspectives about the HR component. Some organizations consider the HR within the organization as costs while others consider the HR as assets. Based on the interview questions, specific questions were asked about Human Capital Cost (HCC). The responses indicated a level of appreciation for the HCC by expecting a rewarding returns on the HR costs. This may indicate the individual’s adoption of the concept but not necessarily represent the organizational culture. However, according to the collected data, the Human Capital as a culture or as a practice was not institutionally adopted. Moreover, no related cultural content or practices were observed. As a result of the absence of the Human Capital concept institutionally in the private foundations, they are unlikely to adopt the other Intellectual Capital components. Despite the cultural readiness to adopt these new trends in HRM, the concepts of Structural Capital and Relational Capital were not institutionally adopted in the private foundations studied.

Second, to present a comprehensive view of the overall construction of HRM that effectively assesses the organization’s HRM architecture, the ten HRM functions were investigated. According to the Society for Human Resource Management (SHRM), the standard HRM functions are Recruitment, Training and development, Benefits and compensations, Communications, Employee relations, Record keeping, Performance management, Health, Safety, and Security (SHRM, 2015). Specific questions were asked to the interviewees regarding each of the ten HRM functions to determine how the private foundations were managing HR as bundles or configurations of HR practices. These questions were designed to evaluate the overall construction of HRM that captures the organization’s HRM architecture, such as HR principles, HR policies, and HR practices. As shown in Table 5, the questions aimed to reveal whether the
ten HR functions were initially implemented in the HR department, implemented from other than the HR department, or not implemented in the organization.

Table 5

Grading Indicators to Evaluate the Standard HRM Functions in the Organizations

<table>
<thead>
<tr>
<th>Score</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Implemented in HR department</td>
</tr>
<tr>
<td>2</td>
<td>Implemented from other than HR department</td>
</tr>
<tr>
<td>1</td>
<td>Not implemented</td>
</tr>
</tbody>
</table>

As presented in Table 6, according to the interviewees, all the ten HRM functions were implemented, whether by the HR staff or from another party internally or externally. None of the ten HRM functions were neglected. This indicates an integral and comprehensive HRM architecture in the private foundations in Saudi Arabia. However, the five organizations were varying in the level of this integration and comprehensiveness in terms of the ten HRM functions. All the five organizations were independently managing Recruitment, Benefits and compensations, and Training and development by the HR staff internally. This reflected the criticality and sensitivity of these three HRM functions from the private foundations’ perspective.

Table 6

The Evaluation of the Standard HRM Functions in the Organizations

<table>
<thead>
<tr>
<th>The standard HRM functions</th>
<th>Organizations</th>
<th>Recruitment</th>
<th>Training &amp; development</th>
<th>Benefits &amp; compensations</th>
<th>Communications</th>
<th>Employee relations</th>
<th>Record keeping</th>
<th>Performance management</th>
<th>Health, Safety, &amp; Security</th>
<th>Sum</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>22</td>
<td>92%</td>
</tr>
</tbody>
</table>
On the other hand, Health, Safety, and Security, as it appears in Table 6, were entirely managed by another party within the organization. That can be understood because of the safe nature of the private foundations’ work environment, which does not involve risks in general. Surprisingly, two critical HR functions were managed internally, which were Performance management and Communications mostly not by the HR staff. Almost all the organizations (80%) assigned these two HR functions to the immediate managers. The reason behind this was because the HR staff was not empowered enough to contribute to Performance management or directly communicate with the employees. By reviewing all the ten HRM functions across the five organizations as shown in Table 6, it seems that private foundations in Saudi Arabia have integrally coherent HRM architecture that includes all the standard HRM functions, despite the differences between the organizations in terms of the level of HR staff independence and empowerment.

Third, to evaluate the Contingency, Fit, and Flexibility in the private foundations in Saudi Arabia, it is useful to start by comparing the HRM practices with the organizational strategy to assess the Contingency and the Fit aspects, then measure the organizational Flexibility to adapt to the change in the organization’s environment. Regarding the organizational strategy, two of the five private foundations (40%) were under the process of developing a new strategy during the interview time, which means there was no access to the current organizational strategy in
order to compare it with the HRM practices. However, by reviewing the three organizational strategies (60% of the organizations), there were no direct connections between the current strategy and the HRM practices in any of the three organizations.

In addition, according to the interviewees, the concept of comparing the HRM practices with the organizational strategy to assess the Contingency and the Fit was not understandable. By realistic screening of the Saudi private foundations’ HRM practices, it seems too early to adopt such an advanced concept. Regarding the Flexibility to adapt to the change in the organization’s environment, all the five organizations showed a considerable attention to maintaining Flexibility in terms of the organizational structure, procedures, and culture. As mentioned previously, two of the five organizations (40%) were in the process of developing new strategies, while the remain three organizations (60%) were adopting contemporary strategies that respond to new opportunities and challenges.

Finally, to investigate how the private foundations in Saudi Arabia are adopting and applying the Strategic Human Resource Management concepts and how that was affecting HRM practices, it is beneficial to assess the HR departments’ Strategic environment. This assessment will help also to evaluate the HR department’s strategic effectiveness within the organization. For these reasons, four organizational structures were studied to determine the HR department location within the organizational structure. All the four organizational structures (80% of the organizations) that were available during the interviews, had positioned the HR departments in *Low-Level Management*, which indicates the low expectations for the HR department’s strategic effectiveness from the top managers. As a result of the low level of the HR department within the organizational structure, it was expected that the HR managers were not familiar with the HR strategic planning practices.
Additionally, three questions regarding Strategic Human Resource Management concepts were asked to the interviewees. The first question was whether the organization had a documented HR strategic plan or not. As shown in Table 8, two among the five private foundations (40%) had an HR plan that has connections to the organizational strategic plan, but not an actual HR strategic plan. The second and third questions were about the HR department contribution to the HR strategic planning and the utilization of the HR strategic plan. As shown in Table 8, the two organizations (40%) that have the HR plans, but not the actual HR strategic plans, were involved somewhat in the HR strategic planning process. One of which (20%) was in some way utilizing the HR strategic plan in the HR department’s decisions and activities.

Table 7

Grading Indicators to Evaluate the Strategic Human Resource Management in the Organizations

<table>
<thead>
<tr>
<th>Score</th>
<th>HR strategic plan</th>
<th>Contribution</th>
<th>Utilization</th>
<th>Organizational strategic plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Documented</td>
<td>Highly involved</td>
<td>Effectively utilizing</td>
<td>Documented</td>
</tr>
<tr>
<td>2</td>
<td>Undocumented</td>
<td>Involved</td>
<td>Somewhat utilizing</td>
<td>Undocumented</td>
</tr>
<tr>
<td>0</td>
<td>No</td>
<td>Not Involved</td>
<td>Not utilizing</td>
<td>No</td>
</tr>
</tbody>
</table>

Table 8

Evaluating Strategic Human Resource Management in the Organizations

<table>
<thead>
<tr>
<th>Organizations</th>
<th>Documented HR strategic plan</th>
<th>The contribution to the HR strategic plan</th>
<th>The utilization to the HR strategic plan</th>
<th>The organizational strategic plan</th>
<th>Sum</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>3</td>
<td>13%</td>
</tr>
<tr>
<td>B</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>9</td>
<td>38%</td>
</tr>
<tr>
<td>C</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>3</td>
<td>13%</td>
</tr>
<tr>
<td>D</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>3</td>
<td>13%</td>
</tr>
<tr>
<td>E</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>3</td>
<td>7</td>
<td>29%</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>4</td>
<td>2</td>
<td>15</td>
<td>25</td>
<td></td>
</tr>
</tbody>
</table>
By studying the previous inputs, some conclusions about the strategic human resource management in the private foundations in Saudi Arabia can be provided. First, as an overall view, the strategic human resource management was not adopted culturally nor practically in the private foundations in Saudi Arabia. Second, as a result, HRM practices were not integrated with the strategic purposes of the organization to acquire a comprehensive and long-term HRM. Third, there was no observed professional ability from HRM staff to formulate, implement, or evaluate the strategic human resource management practices in a way that fit and helped private foundations in Saudi Arabia. Fourth, consistently with the literature suggestion that dedicated HR staff is negatively associated with the adoption of strategic HRM practices (Guo et al., 2011), in the Saudi private foundations 60% of the HR staff were devoted to the HR functions, and yet no strategic human resource management was adopted. Researchers’ justification that HR professionals with a traditional HR department commonly engaged in administrative HR functions but not strategic decision making (Guo et al., 2011) seemed the case in Saudi private foundations as well.

As a conclusion, to answer the sub-question that investigated the new trends in human resource management applied in the private foundations in Saudi Arabia, the answer can be provided in many aspects. First, the Intellectual Capital concept was not institutionally adopted. Second, the architecture of the human resource management was generally integrated and coherent. Third, the concept of Contingency and Fit were low in the human resource management practices while the Flexibility was high. Finally, the strategic human resource management was not adopted.
Research sub-question 6. Do the motivation systems play a significant role in creating an attractive work environment to enhance retention for the private foundations in Saudi Arabia?

To answer this question, the incentives systems and practices within the private foundations in Saudi Arabia should be presented. Based on the grading indicators provided in Table 9 to evaluate the Incentives systems in the organizations, four organizations (80%) as shown in Table 10 have incentives systems including official and unofficial systems. All four organizations were applying implicit incentives. However, two private foundations (40%) were adopting explicit incentives as well as performance related pay methods. This lead to conclude that only two (40%) private foundations in Saudi Arabia were establishing complete incentives systems. On the other hand, only one private foundation (20%) was not implementing any type of incentives systems.

Table 9
Grading Indicators to Evaluate the Incentives Systems in the Organizations

<table>
<thead>
<tr>
<th>Score</th>
<th>Indicator</th>
<th>Indicator</th>
<th>Indicator</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Official incentives system</td>
<td>Explicit</td>
<td>Implicit</td>
<td>Performance related pay</td>
</tr>
<tr>
<td>1</td>
<td>Unofficial incentives system</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>0</td>
<td>No incentives system</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

Table 10
Evaluation of the Incentives Systems in the Organizations

<table>
<thead>
<tr>
<th>Incentives system</th>
<th>Organizations</th>
<th>Incentives system</th>
<th>Explicit</th>
<th>Implicit</th>
<th>Performance related pay</th>
<th>Sum</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>5</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>2</td>
<td>40%</td>
</tr>
</tbody>
</table>
This description is not enough without evaluating the effectiveness of the incentives systems in the private foundations. This evaluation can be provided under the light of three criteria that were mentioned in the literature in Chapter 2: first, the consistency between the incentives system with the organization’s characteristics; second, the effectiveness of the incentive mechanisms to fulfill the organizational needs; and finally, the suitability of the incentive systems to fulfill the employees’ needs.

Regarding the consistency between the incentives system and the organization’s characteristics, three NPOs’ characteristics were highlighted: first, the lack of stable measures to assess the organization’s overall performance; second, the trust-based, social nature of the relationships between the organization and its stakeholders; and finally, the limited resource that led to limitations in the HR techniques, lack of formal management training, and low expectations from the top management. Although the first two NPOs’ characteristics were present in the Saudi private foundations, the four organizations (80%) that applied incentives systems officially or unofficially were able to successfully connect incentives systems with performance management. Most of these organizations established performance indicators that were associated with the incentives mechanisms.

Moreover, the private foundations in Saudi Arabia were also able to overcome the challenge associated with second NPO’s characteristic, which is the trust-based and social nature of the relationships between the NPO’s and its stakeholders. By providing a mix of implicit incentives, especially the social incentives, such as flexible working hours, valuable family gifts,
hotel vouchers, and fitness center memberships, the organizations integrated the social nature of these implicit incentives with social nature of the relationships between the organization and its employees, which ultimately neutralized the problem. The third NPO’s characteristic, which is the limited financial resources, was not present in the Saudi private foundations. As mentioned earlier, private foundations in Saudi Arabia are not facing financial problems as many other NPOs (Al-Saleh, 2012). Therefore, the consistency between the incentives system and the Saudi private foundations’ characteristics was generally clear.

The second and the third criteria to assess the effectiveness of the incentives systems in the private foundations were how the incentive mechanisms are fulfilling the organizational and the employees’ needs to enhance the employees’ overall performance and satisfaction. To assess this aspect, specific data that explore the employees’ opinions as well as historical data that present the differences between the employees’ performance before and after applying incentives systems is required. This type of data is not currently available. However, two organizations indicated a remarkable increase in the employees’ performance, which was connected to the implementation of incentives systems.

Consistently with the presented literature that reliance on intrinsic motivation can be problematic (Speckbacher, 2013), it seems that the lack of complete incentives system was negatively affecting the employees’ overall performance. This was the case not only in the private foundations that was not implementing any type of incentives systems but also with the other organizations that was exclusively using implicit incentives. However, contrary to the previous literature that state providing explicit rewards for some performance dimensions while relying on social incentives in others may not work (Speckbacher, 2013), private foundations in
Saudi Arabia were providing a successful example of a mixed frame of relationships with its employees that consist of both social and economic components.

**Research sub-question 7. Do the private foundations’ recruiting problems look like the NPOs’ recruiting problems?**

To answer this question, it is logical to start with presenting the private foundations’ recruiting problems then comparing these problems with the NPOs’ recruiting problems exhibited in the literature review. After collecting and analyzing the data, it seems that some areas are negatively impacting the recruitment effectiveness. According to the collected data, the recruiting problems associated with nonprofit private foundations in Saudi Arabia were mainly five (see Table 11). First, from the private foundations perspective, the externally high competition with the for-profit sector as well as the governmental sector on the talented employees played a significant role in increasing recruiting problems in Saudi private foundations. According to the data, the governmental sector provides less stressful and more job security opportunities, which provides the stability advantage for the employees, while the for-profit sector offers higher benefits, compensations, and promotions. Moreover, the internally low competition with other private foundations on the talented employees led to reduce the organizational efforts to attract and keep talented employees. As a consequence of the imbalance between competition forces internally and externally, the private foundations in Saudi Arabia seem to be losing the attractiveness toward the talented employees.

Second, the private foundations’ characteristics were adding challenges to the recruiting problems. In particular, in addition to the regular challenges to find and attract talented employees, two types of qualifications are required for employment in private foundations, which are the technical and charitable qualifications. These overload requirements add more
difficulty in finding qualified employees who fit the organization’s characteristics. Taking into consideration the limited capacity for employment in the private foundations in Saudi Arabia as small organizations that become tighter in the top management positions was increasing the challenge. Third, the low attractiveness of the work environment in Saudi private foundations can be a significant factor in the recruiting problems. This observation came from the less competitive salaries and compensations compared to the other sectors as well as from the ineffective incentives and performance management systems. Outstanding employees will not be attracted to a work environment where the performance is not effectively managed and the incentives are not widely applied.

Table 7

Recruiting Problems in the Organizations

<table>
<thead>
<tr>
<th>Recruiting Problems</th>
<th>spreading</th>
<th>spreading</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The competition</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>The competition between the nonprofit and the governmental sectors is high</td>
<td>4</td>
</tr>
<tr>
<td>B</td>
<td>The competition between the nonprofit and for-profit sectors is high</td>
<td>2</td>
</tr>
<tr>
<td>C</td>
<td>The internal competition between the private foundations themselves is significantly low</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>The organization’s characteristics</td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>Two type of qualifications are required: technical and charitable qualifications</td>
<td>4</td>
</tr>
<tr>
<td>B</td>
<td>The organization’s characteristics fits with limited employees</td>
<td>2</td>
</tr>
<tr>
<td>C</td>
<td>The employment size of private foundations in Saudi Arabia is relatively small</td>
<td>1</td>
</tr>
<tr>
<td>D</td>
<td>The limited employment capacity become tighter in the top management positions</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>Low work environment attractiveness</td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>Low work environment attractiveness</td>
<td>2</td>
</tr>
<tr>
<td>B</td>
<td>Low competitive salaries and compensations</td>
<td>2</td>
</tr>
</tbody>
</table>
Ineffective incentives system 1 20%
Ineffective performance management system 1 20%
The absence of the incentives system 1 20%

4 Ineffective recruiting process
Accessing the talent pool 3 60%
Do not advertise for job opportunities 2 40%
Ineffective recruiting process 1 20%

5 Imbalanced supply and demand in employment
The significant lack of employment services agencies especially in the nonprofit sector 2 40%
Recently, there is a decrease in qualified employees 1 20%
Transfer to new established private foundations 1 20%
Studying 1 20%
Promotions 1 20%

Note. Shows the recruiting problems associated with nonprofit private foundations in Saudi Arabia.

Fourth, according to the collected data, there is a common recruitment process in the private foundations that is generally efficient. However, the effectiveness of accessing the talent pool is under questioning. The ineffective recruiting process to explore talented employees was impacting the overall employment effectiveness (see Appendix D). This problem appears from the challenges to access the talent pool along with the organization’s decision not to advertise for their job opportunities. As a general evaluation, participating HR managers in Saudi private foundations acknowledged that attracting and retaining talented employees is a challenging mission. In particular, 80% of them said that exploring and attracting talented employees is more challenging than retaining them. Finally, there is imbalanced supply and demand in employment in the nonprofit sector in Saudi Arabia. This problem became worse with the significant lack of employment services agencies, especially in the nonprofit sector along with the increase in the new established private foundations.
Data Analysis Summary

The purpose of this study was to investigate the main problems that limit private foundations’ ability to attract and retain talented employees in Saudi Arabia. The collected data was presented in this chapter in both visual and text formats and the associated analysis was used to link the data to the research questions. Five private foundations in Saudi Arabia were investigated by interviewing their HR managers. The collected data was consistent with the raw information that contains facts and numbers, which helped to describe and categorize each organization. The second type of information was the HR managers’ perspective, which presented the organizational culture and the context of HRM in the organization that may affect recruiting problems in private foundations.

To summarize the study’s findings according to the collected data, first, the organizations’ ability to recruit qualified employees in a timely manner is moderate. There is an inconsistency regarding HR managers’ evaluation of recruiting problems, which indicates a lack of the HR performance measurement. Second, various factors may cause the recruiting or retaining problems for private foundations in Saudi Arabia. The most significant ones are the small capacity of the employment pool, the lack of job advertising, and the intense competition across three sectors, which are the nonprofit, the for-profit, and the government. Third, three factors are adding more difficulty in recruiting talented employees, which are the private foundations’ uniqueness, the lack of employment services agencies, and the low internal competition between the private foundations.

Fourth, despite some weaknesses, the human resource management practices were playing a considerable role in controlling and organizing recruitment functions in Saudi private foundations. Fifth, new trends in human resource management were applied in the private
foundations in Saudi Arabia. The architecture of the human resource management was generally integrated and coherent. Flexibility in terms of the organizational structure, procedures, and culture was adopted. However, other new trends in human resource management were not applied, which are Intellectual Capital, Contingency, and Fit. Moreover, the strategic human resource management concept was not adopted.

Sixth, 80% of the private foundations that applied some kind of incentives systems were able to connect incentives systems with performance management successfully. However, only 40% of the private foundations in Saudi Arabia were establishing complete incentives systems. Finally, the recruiting problems associated with nonprofit private foundations in Saudi Arabia were mainly five: first, the imbalanced competition forces across the three sectors. Second, the private foundations’ characteristics that add challenges to the recruiting problems. Third, the low attractiveness of the work environment in Saudi private foundations. Fourth, ineffective recruiting process. Finally, the imbalanced supply and demand in employment in the nonprofit sector in Saudi Arabia.
Chapter 5: Summary Conclusions, and Recommendations

Overview

The purpose of this study was to investigate the main problems that limit private foundations’ ability to attract and retain talented employees in Saudi Arabia. Seven sub-questions were highlighted to provide a comprehensive understanding of the primary research question. The research sub-questions asked about how critical of an issue recruitment problems were, what cause the recruiting or retaining problems, and how it was related to the nature of the organization? Moreover, the sub-questions asked about the human resource management practices and its role in recruitment, what are the new trends in human resource management applied, how the motivation systems enhance retention, and whether the recruiting problems in the private foundations similar to the other NPOs?

Summary

Five private foundations in Saudi Arabia were investigated by interviewing five HR managers. The collected data was analyzed and presented in Chapter 4. To present the study key findings in this chapter, it is important to compare the findings with the prior literature in the context of the study sub-questions. First, the private foundations’ ability to recruit qualified employees in a timely manner is moderate. This finding is not consistent with the literature. According to many studies, NPOs, in general, are confronted with a range of difficulties in recruiting qualified staff (Akingbola, 2013a; Akingbola, 2013b; Ban et al., 2003; Guo et al., 2011; Reddy et al., 2012; Ridder et al., 2012). It is mentioned in Chapter 4, that this confidence about the organizations’ recruiting ability is inconsistent with other data provided from HR managers. This inconsistency regarding the HR managers’ evaluation of recruiting abilities indicates a lack of HR performance measurement.
Second, the human resource management practices were playing a considerable role in controlling and organizing recruitment functions in Saudi private foundations. This finding is consistent with the literature that expected Human Resource Management (HRM) to play an increasingly important role in enhancing the effectiveness and efficiency of NPOs (Ridder et al., 2012). This research found that private foundations in Saudi Arabia are in line with other NPOs: they both have effective HRM functions (Shaw, 2015).

This consistency is also applicable on the new trends in human resource management in NPOs. This study found that new trends in human resource management were being applied in the private foundations in Saudi Arabia. The architecture of the human resource management was generally integrated and coherent. Flexibility in terms of the organizational structure, procedures, and culture was adopted. A recent study confirmed that nonprofit organizations are now increasingly applying management practices and techniques that were originally developed for the business sector; for example, recruiting, selecting, and performance management (Speckbacher, 2013).

Third, the strategic human resource management concept was not adopted in Saudi private foundations. Consistently with the literature suggestion that dedicated HR staff is negatively associated with the adoption of strategic HRM practices (Guo et al., 2011), in the participating Saudi private foundations, 60% of the HR staff were devoted to the HR functions and yet no strategic human resource management was adopted. Researchers’ justification that HR professionals with a traditional HR department commonly engaged in administrative HR functions but not strategic decision making (Guo et al., 2011) seemed the case in Saudi private foundations too.
Fourth, this study found that 80% of the private foundations that applied some kind of incentives systems were able to connect incentives systems with performance management successfully. However, only 40% of the private foundations in Saudi Arabia were establishing complete incentives systems. Consistently with the presented literature that reliance on intrinsic motivation can be problematic (Speckbacher, 2013), it seems that the lack of complete incentives system was negatively affecting the employees’ overall performance. This was the case not only in the private foundations that was not implementing any type of incentives systems but also with the other organizations that was exclusively using implicit incentives. However, contrary to the previous literature that providing explicit rewards for some performance dimensions while relying on social incentives in others may not work (Speckbacher, 2013), private foundations in Saudi Arabia were providing a successful example of a mixed frame of relationships with its employees that consists of both social and economic components.

Finally, this study found that one of the main recruiting problems associated with nonprofit private foundations in Saudi Arabia was the imbalance in competition forces across the three sectors. This finding was consistent with the prior studies that the NPOs are competing with for-profit organizations and the government for talented employees (Reddy et al., 2012). However, these studies suggested a high competition with other nonprofit organizations for talented employees, which was not the case in Saudi private foundations.

Conclusions

It is expected that the HRM challenges in private foundations will not be solved immediately. In the nonprofit organizations’ context, research on HRM presented the HRM challenges as one of the most problematic issues in NPOs (Akingbola, 2013a; Akingbola, 2013b; Ban et al., 2003; Guo et al., 2011; Reddy et al., 2012; Ridder et al., 2012). The recruiting
problems in private foundations in Saudi Arabia are expected to remain also in the short time. The finding of this research indicated that five recruiting problems are associated with nonprofit private foundations in Saudi Arabia, first, the imbalance competition forces between nonprofit, for-profit, and governmental sectors, second, the private foundations’ characteristics that add challenges to the recruiting problems, third, the low attractiveness of the work environment, fourth, ineffective recruiting process, and finally, the imbalanced supply and demand in employment in the nonprofit sector in Saudi Arabia.

**Recommendations**

As a result of reviewing the previous literature in the subject as well as collecting and analyzing the related data, some recommendations are suggested. First, it is crucial for top management in private foundations in Saudi Arabia to understand the importance of the HRM. This importance should be expressed in enhancing the HRM strategic environment by upgrading the HR departments’ positions as a Middle-Level Management and considering HR departments as strategic partners. The enhancement of HR departments’ positions in the organizational structures will support the strategic human resource management practices. Empowering the HR and the high expectations as well as responsibilities will drive the HR managers to learn and work more professionally. Second, it is essential for the private foundations’ vitality to promote the competitive environment internally with other private foundations and externally with other sectors. This competition will increase the organizational efforts to enhance the work environment attractiveness toward potential talented employees. Finally, unlike the other functions, ineffective recruiting process is directly impacting the overall organizational performance. It is highly expected of unqualified employees to perform poorly. Therefore,
developing recruiting processes will increase the talented employees, and thus, develop the organizational performance.

**Future Research Suggestions**

Regarding the future research directions, it is worth mentioning that after conducting this study, external factors may indirectly but significantly affect recruitment performance in private foundations in Saudi Arabia. These external factors can be the national, political, legal problems or economic and social issues. Although these factors are considered as external factors from the private foundations’ perspective, a possible impact can be investigated. Another possible interesting area regarding recruiting problems in private foundations in Saudi Arabia is how diversity may enhance the work environment. According to this research findings, the diversity among the employees was significantly low. In line with the need to enhance the work environment within the organizations, enhancing the workplace diversity may be a potential strategy.
Definition of Terms

*Recruiting*: The organizational practices that aim to identify and attract potential employees (Noe et al., 2013).
References


Appendices

Appendix A  Permission to Conduct Study
Appendix B  Adult Consent Form
Appendix C  Interview Questions
Appendix D  The Common Recruitment Process in the Private Foundations
Appendix A

Permission Letter 1

March 10, 2016

From: The Charity Institution of Mohamed and Abdallah Alsubeai – KSA – Riyadh
To: Dear Khaled O Alothman

I have reviewed your request to conduct a research project involving the Charity Institution of Mohamed and Abdallah Alsubeai and the interview questions and process that will be used. I feel that this project will be beneficial to Charity Institution of Mohamed and Abdallah Alsubeai. You have my permission to interview HR manager or any related employees for this project with one stipulation that the organization’s name should be disguised in the project.

If you have any questions regarding this letter of approval, please give me a call at Charity Institution of Mohamed and Abdallah Alsubeai

Sincerely,

Secretary General Assistant

Saleh Bin Hamad Almunif
March 10, 2016

Saad & Abdulaziz Al Mosa Endowment, Riyadh, Saudi Arabia

Dear Khaled O Alothman

I have reviewed your request to conduct a research project involving the Saad & Abdulaziz Al Mosa Endowment and the interview questions and process that will be used. I feel that this project will be beneficial to Saad & Abdulaziz Al Mosa Endowment. You have my permission to interview HR manager or any related employees for this project with one stipulation that the organization’s name should be disguised in the project.

If you have any questions regarding this letter of approval, please give me a call at (+966114192661), Ext. (103).

Sincerely,

Sultan Al Dweesh, CEO
March 16, 2016

PRINCESS AL ANOOD FOUNDATION { SAUDIA ARIBIA }

Dear Khaled O Alothman

I have reviewed your request to conduct a research project involving the Meshall A Alkhateeb and the interview questions and process that will be used. I feel that this project will be beneficial to PRINCESS AL ANOOD FOUNDATION. You have my permission to interview HR manager or any related employees for this project with one stipulation that the organization's name should be disguised in the project.

If you have any questions regarding this letter of approval, please give me a call at +966580909084 Email: M.alkatheb@alanoood.org.sa Tel: +966114818877 Ext: 1142.

Sincerely,

Manager of Alanoood International Training Center

Meshall A Alkhateeb
March 28, 2016
Aljomah Charitable Foundation
Saudi Arabia, Riyadh
Postal Code: 11411
P.O. Box: 132
Phone: +966114792122
Email: maljomah@gg.org.sa

Dear Khaled OAlothman,
I have reviewed your request to conduct a research project involving Aljomah Charitable Foundation and the interview questions and process that will be used. I feel that this project will be beneficial to Aljomah Charitable Foundation. You have my permission to interview HR Supervisor or any related employees for this project with one stipulation that the organization’s name should be disguised in the project.

If you have any questions regarding this letter of approval, please give me a call at +966114792122.

Sincerely,

Omar Ali Bamnaibed
HR Manager
April 14, 2016
Abdelrahman Bin Saleh Al Rajhi & Family Charity Foundation, Dammam, Saudi Arabia

Dear Khaled O Alothman,

I have reviewed your request to conduct a research project involving the Abdelrahman Bin Saleh Al Rajhi And Family Charity Foundation and the interview questions and process that will be used. I feel that this project will be beneficial to Abdelrahman Bin Saleh Al Rajhi And Family Charity Foundation. You have my permission to interview HR manager or any related employees for this project with one stipulation that the organization's name should be disguised in the project.

If you have any questions regarding this letter of approval, please give me a call at (+966138288223) Ext: (103).

Sincerely,

Mousa M AlMousa, CEO
Adult Consent Form

RECRUITING PROBLEMS ASSOCIATED WITH PRIVATE FOUNDATIONS IN SAUDI ARABIA

Introductory Statement

In Saudi Arabia, the nonprofit sector can be divided into two main types that are international organizations and local organizations. Each has its own goals, structures, and resources. The local organizations have two sections: public charities and private foundations. These two sections are cooperating in harmony to achieve their goals. Although private foundations as NPOs in Saudi Arabia are not facing financial problems, there are observed challenges to attract and keep talented employees, which in turn may affect the nonprofit organizations’ efficiency and effectiveness. Private foundations as NPOs in Saudi Arabia are competing with both the government and companies on talents.

This research will investigate the recruiting problems associated with private foundations to find out what are the main problems that limit these private foundations’ ability to attract and keep talented employees and what the recommended solutions are. As a Master of Science in Administration graduate student at CMU, I am conducting this research to fulfill the graduation requirements.

What is the purpose of this study?

This research will contribute to solving recruiting problems in private foundations as NPOs in Saudi Arabia. These problems are limiting private foundations’ abilities to attract and retain talented employees, which in turn is limiting their effectiveness.
What will I do in this study?

As a manager who is in charge of the HR function within a private foundation in Saudi Arabia and have more than two years’ experience, you are eligible to participate in this interview to collect the research data. If you decide to participate in this research project, I will go over this consent form, ask your permission to record the voice in this interview, and then go through a series of interview questions about the recruiting problems in private foundations.

- If you give permission for the interview to be recorded, please sign here: ______________
- If you do not wish the interview to be recorded, please sign here: ________

How long will it take me to do this?

For the interview, from thirty to forty-five minutes will be the estimated time to cover all the questions.

Are there any risks of participating in the study?

According to the nature of the subject, there is no potential for any risks and/or discomforts due to the subject that can reasonably be expected as a result of participating in this study.

What are the benefits of participating in the study?

Participating in the study will enable the participants to have an access to the project results in order to influence change in their organizations. Providing a copy of the project results to participants will be upon request.

Will anyone know what I do or say in this study (Confidentiality)?

Since interview subjects are not anonymous, the researcher will maintain confidentiality by many steps. First, in the paper, the subjects will be referred to only as participant A, B, C. Second, the project results will be accessible only to the researcher instructor, the administration of the organization if they request, and the participant. Third, unless there is a request from the
university stating the nature of the information to be disclosed and the purpose of disclosure, there are no persons or agencies to whom confidential information will be disclosed. In all other instances, any data under the investigator’s control will, if disclosed, be presented in a manner that does not reveal the subject’s identity, except as may be required by law. Finally, as the study involves audio taping, the tapes will have destroyed after the study is completed or if a subject withdraws before completion to maintain confidentiality.

**Will I receive any compensation for participation?**

There will be no compensation for participation in this study.

**Who can I contact for information about this study?**

**Student’s Name and Department:**

Khaled O. Alothman  
Master of Science in Administration (MSA)  
Rowe 224, Mt. Pleasant, Michigan 48859  
Aloth1ko@cmich.edu OR 202-403-9626 (cell)

**Instructor’s Name and Department:**

Dr. David Freed  
MSA Program  
Rowe 224, Mt. Pleasant, Michigan 48859  
freed1de@cmich.edu OR 517-290-0564 (cell)

You are free to refuse to participate in this research project or to withdraw your consent and discontinue participation in the project at any time without penalty or loss of benefits to which you are otherwise entitled. Your participation will not affect your relationship with the institution(s) involved in this research project. Please note that if you are not satisfied with the
manner in which this study is being conducted, you may report (anonymously if you so choose) any complaints to the MSA Program by calling 989-774-6525 or addressing a letter to the MSA Program, Rowe 222, Central Michigan University, Mt. Pleasant, MI 48859.

My signature below indicates that all my questions have been answered. I agree to participate in the project as described above.

_____________________________  ________________
Signature of Subject  Date Signed

*A copy of this form has been given to me.*  _______ Subject’s Initials

_____________________________  ________________
Signature of Responsible Investigator  Date Signed

Please initial that you have read and understood this page_______
## Appendix C

### Interview Questions

#### Recruiting Problems Associated with Private Foundations in Saudi Arabia

### Interview Questions

#### General information about the organization:

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<tbody>
<tr>
<td>1</td>
<td>Please, provide the researcher with the organizational structure. (copy)</td>
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<td></td>
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<tr>
<td>2</td>
<td>How many employees are there in this organization? And what are their educational levels?</td>
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#### HR environment within the organization:

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<tbody>
<tr>
<td>A</td>
<td>Full-time</td>
<td>Part-time</td>
<td>Male</td>
<td>Female</td>
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<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>B</td>
<td>Below high school</td>
<td>High school</td>
<td>Bachelor</td>
<td>Master</td>
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<tbody>
<tr>
<td>3</td>
<td>Who runs the HR functions?</td>
<td></td>
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<td>4</td>
<td>According to the organizational structure, in which level does the HRM department appear?</td>
<td>Top Management</td>
<td>Middle Management</td>
<td>Lower Management</td>
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<tr>
<td>5</td>
<td>Among the following HRM functions, which one/ones are implemented in the organization? Who is responsible for it?</td>
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</table>

#### A

- Recruitment: job analysis/advertising/interviewing/screening/selecting
- Training and development
- Benefits and compensations: salary scale/
- Communications

#### B

- Employee relations
- Record keeping/personnel
- Performance management
- Health, safety, and security

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<tr>
<td>6</td>
<td>Do you have incentives system? If yes, describe it.</td>
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<td>7</td>
<td>Does your organization have a documented HR strategic plan?</td>
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<tr>
<td>A</td>
<td>How does the HR department contribute to the HR strategic plan?</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>How does the HR department utilize the HR strategic plan?</td>
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<td>8</td>
<td>Do you have any type of information system to use in managing HR? If yes, describe it.</td>
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<td></td>
<td>In your organization, for the last two years, two months, what is the:</td>
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<td></td>
<td><strong>A</strong> Human Capital Cost: (Pay + Benefits + Contingent Labor Cost / number of Full Time Equivalents)</td>
<td></td>
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<td></td>
<td><strong>B</strong> HR to Staff Ratio: (Employees / Human Resource Team Members)</td>
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<td></td>
<td>Do you determine a specific cost for vacant jobs?</td>
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<td></td>
<td>In your organization, what are the top five HR challenges (all the functions)?</td>
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</table>

**Evaluation of the recruitment function within the organization**

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<tr>
<th></th>
<th>What are the organization’s methods for recruitment? (external-internal)/headhunting/outsourceing.</th>
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<tbody>
<tr>
<td></td>
<td>Describe the recruitment process in your organization. (copy)</td>
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<tr>
<td></td>
<td>Do you have specific criteria (competencies/ minimum requirement) for each job (position)? How did you form it? (copy)</td>
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<tr>
<td></td>
<td>Do you have a job description for each job?</td>
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<tr>
<td></td>
<td>According to above mentioned criteria, does your organization have the ability to recruit qualified employees? (in a timely manner)</td>
</tr>
<tr>
<td></td>
<td>In your organization, for the last two years, two months, what is the:</td>
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<td></td>
<td><strong>A</strong> Turnover Rate: (number of separations during month / average number of employees during month) x 100)</td>
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<td></td>
<td><strong>B</strong> Yield Ratio: (percentage of applicants for a recruitment source who complete the application process)</td>
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<td></td>
<td>Do you have problems with recruiting? If yes, clarify.</td>
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<td></td>
<td>What are the possible solutions to these problems?</td>
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</table>

Thank you for your time and patience.
Appendix D
The Common Recruitment Process in the Private Foundations

Common Recruitment Process

- **Pre-Recruiting**
  - Internal recruiting
    - Employment application
    - Minimum requirement
  - Job analysis
  - Job description
  - HR plan

- **External recruiting**
  - Advertising
  - Headhunting
  - Employment agencies

- **Initial screening**
  - Interviewing committee

- **Interviewing**

- **Final screening**

- **Selecting**
  - Job competencies

- **Contracting**