

Midocean University
Faculty of Management
Human Capital / OD & Total Rewards

Project Title

**Designing a Talent Strategy Model for a Saudi Logistics
Company to Support Vision 2030 Objectives**

Student Name

Hussain AlHumood

Graduation Project – 1

Faculty of Management – Midocean University

Supervisor

Dr. Mona Moustafa Elashry

Faculty Member – Faculty of Management – Midocean University

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Chapter 1: Introduction

1.1. Research Questions

The study is guided by the following research questions:

1. What are the key human resource challenges facing Saudi logistics companies in the context of Vision 2030 workforce localization goals?
2. How can data analytics and digital HR transformation tools improve talent acquisition and retention decisions in the Saudi logistics sector?
3. Which talent management practices and strategies can most effectively enhance workforce localization, employee engagement, and organizational performance in Saudi logistics firms?

1.2. Research Objectives

The study aims to achieve the following objectives:

4. To analyze the current talent management challenges facing Saudi logistics companies, particularly in relation to Saudization (Nitaqat) compliance and workforce localization.
5. To develop a data-driven Talent Strategy Model that integrates talent acquisition, learning and development, and compensation management within a unified digital HR framework.
6. To establish measurable KPI benchmarks for the Saudi logistics sector, including reducing annual turnover to 15% or below and reducing time-to-fill positions to 35 days or fewer.
7. To design and present a three-year digital HR transformation roadmap that leverages modern HRIS platforms, analytics tools, and cloud-based HR solutions.
8. To evaluate how digital HR transformation mediates the relationship between talent strategy and organizational performance outcomes such as productivity, engagement, and localization rates.

1.3. Research Hypotheses

Based on the research questions and the theoretical framework, the study proposes the following hypotheses:

H1: A data-driven talent strategy has a statistically significant positive effect on workforce localization rates and employee retention in Saudi logistics companies.

H2: Digital HR transformation has a statistically significant positive effect on organizational performance (measured by productivity ratio and turnover reduction).

H3: Career development programs mediate the relationship between leadership readiness programs and employee engagement levels in Saudi logistics firms.

1.4. Research Model

The conceptual model below illustrates the relationships between the study's variables. The independent variables (Talent Acquisition Strategy, Learning & Development, and Compensation/Retention) influence the dependent variables (Workforce Localization, Organizational Performance, and Employee Engagement), with Digital HR Transformation serving as the mediating variable.

Independent Variables	Mediating Variable	Dependent Variables
• Talent Acquisition Strategy • Learning & Development • Compensation & Retention	Digital HR Transformation	• Workforce Localization • Organizational Performance • Employee Engagement

Figure 1: Conceptual Research Model

1.5. Brief Overview of Research Methodology

This section provides a concise overview of the expected research methodology. A detailed discussion is presented in Chapter 3.

Item	Description
Research Design	Descriptive–analytical quantitative research design
Population	Managers and HR specialists employed in Saudi logistics and supply chain companies
Sample Size	80 respondents (purposive and stratified random sampling)
Geographic Scope	Saudi Arabia – Riyadh, Jeddah, and Dammam
Data Sources	Structured surveys, company HR records, and Vision 2030 policy documents
Analysis Tools	IBM SPSS (v.26) for statistical analysis; Microsoft Excel for data visualization

Item	Description
Key Metrics	Turnover rate, cost per hire, time-to-fill, and workforce productivity index

1.6. Proposed Field Study Location

The proposed field study will be conducted within the Saudi Arabian logistics and supply chain sector, with a focus on companies operating in the three principal economic hubs of the Kingdom: Riyadh, Jeddah, and Dammam. These cities were selected due to their concentration of major logistics hubs, ports (King Abdulaziz Port in Dammam, Jeddah Islamic Port), and proximity to Saudi Arabia's largest industrial zones.

The target organizations include mid-to-large logistics companies that employ both Saudi nationals and expatriate workers and that are subject to the Nitaqat (Saudization) compliance framework. Primary data collection will be conducted via structured questionnaires distributed to HR managers, operations managers, and talent development specialists at these firms.

Secondary data sources will include published HR transformation reports from KPMG Middle East (2022), PwC Saudi Arabia (2023), the Ministry of Transport and Logistics Services (2023), and relevant Vision 2030 Human Capital Development Program documentation.

1.7. Proposed Project Structure

In alignment with the supervisor's guidelines and the academic requirements of Midocean University's Faculty of Management, the project will be structured across five chapters as follows:

Chapter	Title	Key Content
Chapter 1	Introduction	Background, Problem, Significance, Questions, Objectives, Hypotheses, Model, Methodology, Scope
Chapter 2	Literature Review	Independent Variable, Dependent Variable, Relationships, Theoretical Framework
Chapter 3	Research Methodology	Research Design, Population & Sample, Data Collection Instruments, Reliability & Validity
Chapter 4	Statistical Analysis	Descriptive Statistics, Inferential Analysis, Hypothesis Testing, SPSS Outputs
Chapter 5	Findings, Discussion & Conclusion	Key Findings, Discussion, Recommendations, Limitations, Future Research

Chapter 2: Literature Review

2.1. Introduction

This chapter examines the body of scholarly literature related to strategic human resource management (SHRM), talent strategy, workforce localization, and digital HR transformation, with particular emphasis on the Gulf Cooperation Council (GCC) context and Saudi Arabia's Vision 2030 objectives. The review is organized around the study's key variables: the independent variables (talent acquisition, learning and development, and compensation/retention), the mediating variable (digital HR transformation), and the dependent variables (workforce localization, organizational performance, and employee engagement).

2.2. The Independent Variables: Talent Strategy Components

The concept of talent strategy as a driver of organizational performance is well established in the SHRM literature. Ulrich (2013) argues that effective human resource management must align human capital systems with broader corporate goals through data-informed leadership decisions and organizational design. Becker and Huselid (1998) further demonstrate that high-performance work systems — encompassing talent acquisition, performance management, and employee development — yield measurable improvements in firm-level outcomes such as profitability and productivity.

In the Saudi context, the logistics sector's rapid growth under Vision 2030 has created a heightened demand for skilled Saudi nationals in technical and managerial roles. Talent acquisition strategy, therefore, must balance immediate operational needs with long-term Saudization targets (Ministry of Transport & Logistics Services, 2023). Learning and development frameworks that incorporate on-the-job VR modules and mentorship programs have been identified as effective mechanisms for accelerating competency development among Saudi employees (PwC, 2023). Compensation and retention strategies that incorporate pay-for-performance models and recognition programs have been shown to reduce turnover and improve engagement in competitive labor markets (KPMG, 2022).

2.3. The Dependent Variables: Localization and Performance Outcomes

Saudi Vision 2030's Human Capital Development Program (2023) establishes workforce localization (Saudization/Nitaqat) as a central national priority, with the logistics sector identified as one of the key sectors for employment expansion of Saudi nationals. Research demonstrates that structured localization programs — including partnerships with the Technical and Vocational Training Corporation (TVTC) and the Human Resources Development Fund (HRDF) — can significantly increase the employment rates of Saudi nationals while enhancing the social sustainability of organizations operating in the Kingdom.

PwC (2023) reports that organizations with strategically aligned talent systems achieve productivity gains of up to 25% compared to those without structured HR frameworks. Similarly, employee engagement is identified as a key mediator between talent management investment and organizational performance, with engaged employees demonstrating higher retention rates, lower absenteeism, and greater innovation capacity (Becker & Huselid, 1998).

2.4. The Mediating Variable: Digital HR Transformation

De Luca and Ambrosini (2021) argue that digital HR tools — including AI-powered HRIS platforms, predictive analytics dashboards, and cloud-based talent management systems — act as critical moderators linking talent strategy investment to tangible performance gains. These technologies enable HR leaders to move beyond intuition-based decision-making toward data-driven workforce planning.

In the Saudi logistics sector, the underutilization of HR analytics represents one of the most significant practical gaps identified by KPMG (2022). The integration of analytics platforms such as SAP SuccessFactors and Power BI enables organizations to generate real-time insights into turnover drivers, learning ROI, and succession pipeline depth. The World Bank (2024) further notes that digital transformation in GCC logistics firms is accelerating workforce localization by reducing administrative barriers to Saudi employment and enabling more precise competency-based hiring.

2.5. Conclusion

The existing body of literature provides robust theoretical support for a multi-layered talent strategy model that links human capital planning with national workforce development goals. However, relatively few empirical frameworks have been developed that specifically address the intersection of digital HR transformation, workforce localization, and organizational performance within the Saudi logistics sector. This gap constitutes the primary scholarly contribution and justification for the present study.

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