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Strategic Training and Development of Local Managers in Multinational Enterprise Subsidiaries: Evidence from Saudi Arabia

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ABSTRACT

Foreign direct investment (FDI) has increased significantly into developing countries in recent years; however, the quality of human capital development (HCD) in many of these countries remains relatively limited. Consequently, multinational enterprise (MNE) subsidiaries often face challenges in finding sufficiently skilled and well-trained local labour, particularly local managers, in host developing countries such as Saudi Arabia despite ongoing investments in education, training, and HCD initiatives. To address this challenge, MNE subsidiaries provide training and development (T&D) programs aimed at enhancing the capabilities of local employees and managers. Grounded in Human Capital Theory, Knowledge Transfer Theory, and FDI Spillover Theory, this study examines how MNE subsidiaries contribute to HCD in a host developing country context. Specifically, the study investigates the types, locations, durations, and perceived impacts of MNE subsidiaries' T&D programs for local managers in Saudi Arabia.
A qualitative multiple case study approach was adopted. Semi-structured interviews were conducted with managers from MNE subsidiaries and local organisations operating in the Saudi service sector. Qualitative data were analysed using inductive thematic analysis. The findings demonstrate that MNE subsidiaries provide a wide range of T&D programs, including soft skills training, technical and functional training, leadership development, and talent management initiatives. The findings further indicate that these programs positively influence local managers through the development of knowledge, skills, managerial capabilities, motivation, and organisational understanding. In addition, MNE subsidiaries benefit through improved organisational performance, productivity, knowledge sharing, and managerial effectiveness.

1. Introduction

Foreign direct investment (FDI) inflows into developing countries have steadily increased over the past few decades, accounting for a significant portion of global flows. In fact, developing economies received approximately 54% of global FDI inflows (UNCTAD, 2023). Key factors driving FDI growth in developing regions include robust economic expansion, increased market potential, and supportive policy environments across regions such as Asia, Africa, and Latin America (Ali & Adriano, 2019; Yakubu, Abokor & Abdallah, 2020; World Bank, 2024). However, the quality of local human capital development (HCD) remains relatively limited in many developing countries, particularly in relation to advanced managerial and technical competencies required by multinational enterprises (Bouraima et al., 2025). To address this challenge, multinational enterprise (MNE) subsidiaries often rely heavily on expatriates during the early stages of operation and subsequently replace them with appropriately trained local managers through localisation and talent development strategies (Liu et al., 2025). MNE subsidiaries thus invest in the local HCD (Beamond, Farndale & Härtel, 2016) and provide training to the local employees, particularly local managers (Minbaeva et al., 2014). Training of local managers and staff is necessary for improving their performance and reaping the investment benefits (Navaretti & Venables, 2020). Such as improved standards and quality of services and products, enhanced innovation capabilities, and increased productivity and profitability (Martin, McNally & Kay, 2013; Minbaeva et al., 2014). In addition, there are HCD benefits for host developing countries (Jude & Levieuge, 2017; Kheng, Sun & Anwar, 2017) such as training and development (T&D) of local managers (Beamond, Farndale & Härtel, 2016) and improvement in the national supply of skilled workers (Bhaumik & Dimova, 2013).

It is well known that developed human capital has a significant influence on economic development (Bhaumik & Dimova, 2013) and attracting FDI (Kheng, Sun & Anwar, 2017), particularly in developing countries (Jude & Levieuge, 2017). However, the workforce in many developing countries lacks the knowledge and skills required by MNE subsidiaries (Bouraima et al., 2025). To overcome this gap, MNE subsidiaries, and host country governments, provide T&D programs to improve the knowledge and skills of workers and managers (Ibarra-Olivo et al., 2024). For MNE subsidiaries, T&D of local managers is considered a strategic investment because HCD training is an established means for effective skills and knowledge development, which represents one of the core objectives of FDI in developing countries (Ibarra-Olivo et al., 2024). Thus, FDI is considered a major source of human skills, knowledge transfer, and spillover effects from developed countries to developing countries (Barboza et al., 2025; Meng & Xu, 2025), which results through the MNE subsidiaries' T&D of local managers and workers in host developing countries (Jude & Levieuge, 2015; Barboza & Braga, 2025).

The case of FDI-related HCD is attractive, especially in oil producing and rich countries like Saudi Arabia (Alfalih & Hadj, 2021). Saudi Arabia also possesses substantial financial capital and has proactively introduced investment policies and economic reforms aimed at attracting FDI as part of its Vision 2030 agenda (UNCTAD, 2024). However, the country continues to face challenges in meeting the demands of MNE subsidiaries in terms of producing highly skilled human capital and specialised managerial talent (Alrashedi, 2025; Alshahrani et al., 2026). The quality of education, technical training, and workforce readiness remains a key determinant of skilled labour availability and competitiveness within the Saudi labour market (World Bank, 2024). Despite significant reforms and investments in education and HCD under Vision 2030, Saudi Arabia still experiences shortages in highly skilled professionals and advanced technical competencies in several sectors (Ministry of Economy and Planning, 2025).

There remains a lack of specialisation in the workforce's skills, as vocational training has historically been undervalued in the country (Aldossari, 2020; Samarin & Al-Asfour, 2023). Consequently, the Saudi government's Vision 2030 agenda have placed HCD as a central priority (Ministry of Economy and Planning, 2025). FDI presents a key opportunity to bridge these skill and knowledge gaps, particularly through MNE subsidiaries' T&D programs targeting local employees and managers (Rahman & Akhter,

2021). Saudi Arabia thus provides a strong case for studying FDI-related HCD and knowledge and skills spillovers, especially from a qualitative perspective that remains underexplored (Ibarra-Olivo et al., 2024).

This study is theoretically grounded in Human Capital Theory, Spillover Theory, and Knowledge Transfer Theory as outlined below. The Human Capital Theory suggests that investments in education, training, and skills development enhance employee productivity, organizational performance, and economic growth (Becker, 1993; Mabaso et al., 2025). In the context of MNE subsidiaries, T&D programs for local managers represent strategic investments aimed at strengthening managerial competencies, improving organizational competitiveness, and supporting long-term business performance.

The Spillover Theory further explains how FDI generates indirect benefits for host developing countries through the transfer of knowledge, managerial expertise, and skills from MNE subsidiaries to local firms and employees (Blomström & Kokko, 1998; Gachino, 2012, 2014; Barboza et al., 2025; Meng & Xu 2025). In addition, the Knowledge Transfer Theory explains how MNE subsidiaries transfer organizational knowledge, managerial practices, and technical capabilities from parent companies to local employees in host countries through training, interaction, and workplace learning processes (Minbaeva et al., 2014; Ghio et al., 2015; Castro & Moreira, 2023).

Accordingly, this study integrates the Human Capital Theory, Knowledge Transfer Theory, and FDI Spillover Theory to explain how MNE subsidiaries contribute to HCD in Saudi Arabia through training and development programs for local managers and how acquired knowledge and managerial capabilities subsequently diffuse into local organizations through labour mobility and organizational interaction.

1.1 The aim and objective

The aim of this study was to examine how MNE subsidiaries contribute to HCD in host developing countries, with particular reference to Saudi Arabia. Specifically, the study sought to identify and analyse the types, locations, durations, and impacts of MNE subsidiaries' T&D programs for local managers in Saudi Arabia.

2. Research Methods

Most prior empirical research on inward FDI-related knowledge and skills spillovers has predominantly adopted quantitative approaches (Meng & Xu 2025; Vu et al., 2025), while there remains a dearth of qualitative empirical studies examining IFDI spillovers resulting from managerial mobility in developing countries (Barboza et al., 2025; Bhaumik et al., 2025). Therefore, this study adopted a qualitative methodology because it provides richer and more contextually grounded insights into complex organisational and managerial processes (Aspers & Corte, 2019).

2.1 Selection of organisations

To examine the unique organisational contexts of MNE subsidiaries and local organisations operating in Saudi Arabia, a multiple case study strategy (Yin, 2018) was utilised, which enabled an in-depth exploration of managerial development, training practices, and knowledge spillover processes across different organisational settings. In addition, qualitative case study research does not require a fixed number of participating but instead emphasises analytical depth and contextual understanding (Creswell & Poth, 2024). Three MNE subsidiaries (one from the USA and two from the UK) and three local organisations operating in Saudi Arabia were identified through professional and organisational networks. The participating organisations were selected according to the following inclusion criteria: (a) Organisations had to operate within the Saudi service sector; (b) MNE subsidiaries had to employ at least five local managers regardless of their managerial level or department, and at least two local managers must have

moved from the MNE subsidiary to local organisations within Saudi Arabia; and (c) Local organisations had to employ at least two local managers who had previously worked for MNE subsidiaries and were still employed in the organisation during the study period.

The study focused exclusively on service sector organisations for several reasons. First, the service sector remains one of the major recipients of inward FDI in Saudi Arabia and plays a central role in economic diversification and HCD initiatives under Vision 2030 (UNCTAD, 2024). Second, recent studies on inward FDI spillovers and knowledge transfer have emphasised the need for additional qualitative research within service industries and emerging economies (Barboza et al., 2025; Meng & Xu, 2025). Third, the Saudi service sector includes industries such as telecommunications, banking, financial services, consulting, innovation, and training and development, all of which rely heavily on managerial and professional talent. Fourth, the sector experiences relatively high levels of managerial mobility and employee turnover, creating important opportunities for knowledge spillovers and human capital transfer between multinational and local organisations. Finally, informal discussions with local managers indicated that managerial mobility from MNE subsidiaries to local organisations is particularly common within the Saudi service sector.

2.2 Selection of Participants

Service sector organisations were recruited using the purposive (judgmental) sampling technique because it is the most appropriate sampling technique for case studies with small samples. This facilitated the identification of research participants who could provide rich qualitative insights based on their experiences (Creswell & Poth, 2024; Saunders, Lewis, & Thornhill, 2024). The research participants (managers working in MNE subsidiaries and local organisations who were interviewed) were recruited using the convenience sampling, similar to approaches adopted in previous studies on FDI spillovers (Ibarra-Olivo et al., 2024; Barboza et al., 2025).

Since qualitative research does not require a fixed sample size, 24 research participants were recruited from the identified MNE subsidiaries and local organisations. This was consistent with sample sizes in recent qualitative FDI spillover studies (and larger than some earlier case-based FDI studies. To ensure breadth of perspective, recruited participants included three groups of managers: (1) managers currently employed by MNE subsidiaries, (2) local managers who were trained by MNE subsidiaries but had moved to local organisations (local mobile managers), and (3) managers in local organisations, some of whom supervised local mobile managers. Managers who did not meet the above criteria were not invited to the study. Based on the inclusion criteria mentioned above, 24 participants (12 MNE subsidiary managers, six local mobile managers, and six local organisation managers) were recruited and interviewed.

2.3 Data collection

Semi-structured interviews with all recruited managers (n=24) were conducted face to face, which allowed for follow-up questions, clarifications on complex topics, and flexibility to adjust the question order based on the natural flow of the conversation (Brinkmann, 2024; Creswell & Poth, 2024). Interviews were conducted in either English or Arabic, depending on the preference of the interviewees, and typically took place at the participating organisations' premises. The duration of each interview was initially set at a maximum of 60 minutes but was adjusted as needed depending on the depth of the discussion. All interviews were audio-recorded using secure digital recording devices (Silverman, 2023).

2.4 Data analysis

All interviews were transcribed verbatim prior to data analysis. The transcripts were imported into NVivo (Lumivero, 2024) for systematic coding. Interview transcripts were iteratively read line-by-line,

employing an inductive thematic analysis approach. No pre-established codes were used; instead, codes were developed directly from the data. Once coding was complete, duplicate codes were removed, and similar codes were merged or refined. The finalised codes were examined to identify sub-themes, which were further grouped into broader themes (Braun & Clarke, 2021).

2.5 Ethical issues

This study was approved by the Research Ethics Committee of Brunel Business School, Brunel University London (Ref. No. 3813-LR-Jan/2017-5501-2). In addition, permission from the management of all participating organisations was also obtained prior to the participants' recruitment and data collection. Verbal consent was obtained from each participant before the interview. All data are analysed and reported anonymously.

3. Findings

3.1 Organisations and participants

Six organisations (three MNE subsidiaries and three local organisations) operating in Saudi Arabia were included in this study. Four organisations were large size and two were medium size companies. Two MNE subsidiaries were from the UK and one MNE was from the US. All the organisations were in the services sector, including two telecommunications organisations and one organisation each in information technology, training and development, operations and services, and banking.

Participants included 24 senior managers (21 men and 3 women) (Table 1) and they were working on different positions and in different departments of MNE subsidiaries and local organisations. Men participants were older (median age 41 years) compared to women participants (median age 30 years) (Table 1). Of three women managers, two were working for MNE subsidiaries and one had moved from a MNE subsidiary and was currently working for a local organisation.

Table 1. Participants' socio-demographic characteristics

Participant ID No.	Gender	Age (years)	Role	Area of work	Organisation
1	Male	40	Director	Human resources, learning and development, and talent management	MNE Subsidiary
2	Male	41	Director	Human resources for services and operations	MNE Subsidiary
3	Male	59	Vice President	Human Resource Development	MNE Subsidiary
4	Male	47	Manager	Strategy and planning	MNE Subsidiary
5	Male	40	Chief Executive Officer	Chief Executive Officer	MNE Subsidiary
6	Male	43	Vice President	Human resources and projects	MNE Subsidiary
7	Male	58	Director	Regional Director	MNE Subsidiary
8	Male	39	Director	Public relations and communications	MNE Subsidiary

Participant ID No.	Gender	Age (years)	Role	Area of work	Organisation
9	Male	58	Senior Vice President	Senior Vice president	MNE Subsidiary
10	Male	40	Director	Management	MNE Subsidiary
11	Female	30	Director	Business development and strategic planning	MNE Subsidiary
12	Female	29	Manager	Human resources	MNE Subsidiary
13	Male	38	Regional Manager	Sales	Local organisation
14	Male	35	Director	Human resource development	Local organisation
15	Male	49	Divisional Head	Sales	Local organisation
16	Male	48	Vice President	Human resource development	Local organisation
17	Male	35	Director	Networks and consultation services	Local organisation
18	Female	32	Senior Manager	Consumer insight	Local organisation
19	Male	36	Director	Consumer insight	Local organisation
20	Male	50	Vice President	Business units	Local organisation
21	Male	47	Director	Business planning and development	Local organisation
22	Male	42	Vice President	Technical and regulations	Local organisation
23	Male	39	Vice President	Human resource development, learning and development	Local organisation
24	Male	40	Vice President	Human resource development and talent management	Local organisation

3.2 Types of MNE subsidiaries' T&D programs for local managers

MNE subsidiaries offered different types of T&D programs for local managers in Saudi Arabia. The training program included soft skills training programs, technical and functional training programs, talent management programs, and special training programs for managers overseeing complex projects and supervising employees (Table 2). The soft skills training included making presentations, public speaking, communication skills, and persuasion skills. The functional and technical training was designed based on the managers' needs according to the job functions, businesses, and technologies, as well as the performance appraisal reports. The talent management training included different types of programs such as the first line managers' training program for new managers and the *Mustakbal* program (the Future program) for preparing talented mid-level local managers for the executive level managerial roles. In addition, some training programs were only for senior managers who had responsibilities for staff supervision and management and working on complex projects (Table 2).

Table 2. Types of MNE subsidiaries' T&D programs for local managers

Sub-theme	Representative direct quotes
Soft skills development training programs	*Soft skills, which the managers need for day-to-day activities. (Participant 5)* *There is another training to improve soft skills. These kinds of training make their performance very advanced and involve presentation skills, speaking, communication and persuasion. (Participant 6)*
Functional and technical training programs	*Under our competency development framework, each function has a special training program, and training depends on the manager's function. Each department has a special program called developing you (DY) program. For example, project management department has a project management developing you (PDY) and human resource development has a HR developing you and so on. (Participant 5)*
Talent management training programs	*In our organisation, T&D programs for our staff include the Talent development program for the executive's level (majority overseas) and T&D program for senior positions such as leadership and sales skills. (Participant 3)* *We provide the first line managers training program, which is for new managers who need to prepare as line managers. We have talent management programs such as Mustakbal (Future) program that creates future managers and …. executives. (Participant 5).*
Special training programs for dealing with complex projects	*We are doing special training programs for the managers leading complex projects (LCP). Overall, the target of these programs is the executive managers focusing on how these projects become useful for the organisation. (Participant 6)*
Training programs for managers supervising staff	*There are training programs … targeted at all managers and focused on how they can manage and deliver other people and staff. Also … for supervisors who have staff under their management. (Participant 5)*

3.3 Locations of MNE subsidiaries' T&D programs for local managers

MNE subsidiaries provided T&D programs for local managers inside and outside of Saudi Arabia. While most of the training programs were conducted locally by MNE subsidiaries and involved on-the-job training, advanced training was conducted overseas in developed countries such as the US and the UK (Table 3).

Table 3. Locations where MNE Subsidiaries' train local managers

Sub-theme	Representative direct quotes
On the job – locally	*Most of training programs in the MNE subsidiary were on the job training. (Participant 17)*

Sub-theme	Representative direct quotes
Overseas (in other countries)	*The advanced programs, usually focusing on leadership, are arranged in the USA, the UK and Europe. Most of the Executives and Talent management programs are in universities and business schools in the USA ad Europe. (Participant 1)* *The talent management programs for directors, senior managers and above positions are provided globally around the world, especially in the UK. (Participant 11)*
Inside the host country (i.e. KSA)	*We have training centres for T&D program in every country where our organisation has a subsidiary. (Participant 3)* *The majority of these programs are held in the company in the Kingdom of Saudi Arabia (KSA). (Participant 5)* *The 80% of these programs are in the company's head office in the KSA. (Participant 2)*

3.4 Duration of MNE subsidiaries' T&D programs for local managers

MNE subsidiaries' T&D programs were of different durations, depending on the type and nature of the training, and the position of the attendees (Table 4). The durations of training programs ranged from few days to few weeks for short training courses and between 12 months and 24 months for long training courses.

Table 4. Duration of MNE Subsidiaries' training programs for local managers

Sub-theme	Representative direct quotes
Short-term training programs	*We have many courses for the managers. For example, how you can solve conflict (one day), negotiations with customers (one day) … and customers' need analysis program for two to three days. (Participant 3)*
Long-term training programs	*For MBA Executives program, our organisation chose six VPs from around the world, and I was one of them. This program was for two years at the University of Edinburgh. (Participant 1)* *We are doing special training programs for the managers in our company leading complex projects (LCP). This program is for 18 months at the University of Manchester in England. (Participant 10)*

3.5 Impacts of MNE subsidiaries' T&D programs for local managers

MNE subsidiaries' T&D programs for local managers had several types of positive impacts on MNE subsidiaries as well as local managers who attended the training programs (Table 5). Impacts on MNE subsidiaries were increased productivity, change in working culture, creation of new ideas and concepts, increased performance and sharing of knowledge. While impacts on local managers were increased performance, advancement in creative abilities, increased understanding of business, team management,

interaction with other experts, knowledge of the work environment, enhanced ability to deal with different (work) cultures, increased motivation and commitment to the work, and better performance and achievements (Table 5).

Table 5. Impacts of MNE Subsidiaries' training programs for local managers

Sub-theme	Representative direct quotes
Impacts on MNE subsidiaries	*Increase the productivity level, change in working culture, new ideas, and new concepts, increase performance and increase the production and productivity. (Participant 8)*
	There is knowledge transfer, knowledge share and knowledge management to all the staff. (Participant 5)
	During training programs, local managers meet with other experts and staff from other companies, which increases their abilities to create new ideas for the company. (Participant 10)
Impacts on local managers	*Increase performance and creative abilities of the local managers become more advanced and stronger. Administration performance is increased. They can understand self; understand business and manage the team. (Participant 5)*
	The impact is excellent and very useful. It involves interaction, knowing the work environment, opening the way to practice and gaining know and how from them. The development involved many things such as ability to deal with different (work) cultures such as Japanese, Chinese and Europeans. (Participant 14)
	I have noticed that after these training programs local managers have become more motivated to work and have commitment to the work, performance and achievement. (Participant 12)
	The local managers who moved from our organisation … got high positions in local organisations. (Participant 10)

4. Discussion

This study provides empirical evidence that MNE subsidiaries in the Kingdom of Saudi Arabia (KSA) provide T&D programs for their local managers as part of their strategic philosophy and long-term investment in HCD. The findings indicate that T&D initiatives in developing countries are primarily designed to address gaps in local managers' knowledge and skills while simultaneously meeting organisational and business requirements.

The findings reveal that MNE subsidiaries in the KSA offer a wide range of T&D programs for local managers, including soft-skills development, functional and technical training, business-related programs, as well as talent management and leadership development initiatives. In particular, MNE subsidiaries place considerable emphasis on developing local managers' soft skills, such as presentation abilities, public speaking, communication, collaboration, and persuasion skills. Recent studies emphasise that soft skills have become increasingly important in global business environments characterised by digital transformation, cross-cultural collaboration, and innovation-driven competition (Heckman & Kautz, 2012;

Succi & Canovi, 2020; Robles, 2023;). However, such competencies often remain underdeveloped in many developing countries due to the stronger emphasis placed on technical and theoretical education rather than interpersonal and managerial capabilities.

Given that MNE subsidiaries operate within highly globalised and competitive markets, the development of soft skills among local managers is essential for effective organisational performance, leadership effectiveness, and international business interactions (Robles, 2023). Moreover, recent literature suggests that soft skills contribute significantly to innovation capability, adaptability, employee engagement, and organisational resilience in multinational firms (World Economic Forum, 2025). Consequently, developing countries should invest more substantially in strengthening the soft skills of local managers through integrated educational reforms, continuous professional development, and formal organisational systems for assessing employee competencies and aligning them with strategic organisational priorities (OECD, 2023).

The findings of this study show that MNE subsidiaries provided local managers with T&D in specialised business, technology, and job-function areas, such as project management for project managers. These findings suggest that MNE subsidiaries require local managers with advanced professional and technical expertise to support their operational and strategic objectives. Job-specific and technology-oriented training programs are increasingly important in multinational firms due to rapid technological change, digital transformation, and evolving global business models (OECD, 2023; World Economic Forum, 2025). Such training programs also contribute significantly to improving organisational performance, employee productivity, and workforce adaptability in global business environments (Noe and Kodwani, 2023).

These findings have implications for policy makers involved in the HRM and HRD in host developing countries because the HCD training programmes in specific business, technology and job function areas are imperative for enhancing business outcomes (Martin, McNally and Kay, 2013) and increasing the potential for locals for employment in foreign organisations such as FMNE subsidiaries (Andresen, Biemann, & Pattie, 2015).

This study also showed that MNE subsidiaries provide talent management and leadership development programs tailored to local talent pools. Contemporary research suggests that talent management has become a strategic priority for multinational corporations, and their subsidiaries, seeking to sustain competitive advantage and respond effectively to global business challenges (Collings, Vaiman, & Scullion, 2022). Effective leadership and talent development programs are associated with improved organisational performance, innovation capability, and long-term business growth (Gallardo-Gallardo, Thunnissen & Scullion, 2020).

However, managing talent within multinational corporations and their subsidiaries remains challenging because of high employee mobility, global competition for skilled professionals, and workforce turnover. Consequently, MNE subsidiaries operating in developing countries such as Saudi Arabia increasingly adopt localisation strategies aimed at attracting, developing, and retaining local talent to support their business sustainability and operational requirements (Budhwar et al., 2019). Furthermore, highly talented employees are often more likely to seek career advancement opportunities elsewhere if organisations fail to provide attractive professional development pathways and leadership opportunities.

Moreover, the findings of this study have revealed that competency and performance are key criteria for participation in talent management and leadership programs. Access to such programs is often highly competitive, with limited quotas allocated across regions and countries where MNE subsidiaries operate. These findings imply that local managers in host developing countries must demonstrate exceptional performance and continuously develop their competencies to benefit from advanced international leadership and development opportunities.

The findings also show that MNE subsidiaries primarily conduct T&D programs for local managers within host developing countries through on-the-job training and in-house development initiatives. Multinational organisations HRD programs emphasise on workplace-based learning and experiential development approaches (Garavan et al., 2021). At the same time, advanced and strategic training programs are frequently conducted overseas, particularly in developed economies such as the UK and the US, where local managers gain international exposure and advanced managerial expertise.

Additionally, MNE subsidiaries provide both short-term and long-term T&D programs. Short-term programs generally range from one day to several weeks and are usually conducted locally within the host country, whereas long-term programs may extend from 12 to 24 months and are often delivered overseas in developed countries. These findings reflect the growing internationalisation of managerial development and the importance of global learning experiences in preparing local managers for leadership roles in multinational environments (World Economic Forum, 2025).

The findings of this study further demonstrate that MNE subsidiaries' T&D programs generate positive impacts for both local managers and the subsidiaries themselves (Table 6). The most significant benefits for local managers include enhanced knowledge, skills, and capabilities; increased productivity; improved understanding of organisational processes and responsibilities; stronger career advancement opportunities; and greater interaction with colleagues from diverse cultural and professional backgrounds. At the organisational level, MNE subsidiaries benefit through improved workforce capabilities, higher organisational performance and productivity, and enhanced customer relations and workplace interactions. Thus, MNE subsidiaries play an important and strategic role in HCD, which strengthens organisational competitiveness and innovation capacity (Noe & Kodwani, 2023).

Nevertheless, the findings suggest that MNE subsidiaries primarily invest in local managers' development for strategic and business-oriented reasons rather than purely societal or developmental objectives. In this regard, T&D programs appear to generate greater organisational benefits for MNE subsidiaries than direct long-term developmental gains for local managers in host developing countries.

It was also found that MNE subsidiary managers had stronger positive perceptions regarding the impacts of T&D programs on local managers than the local managers themselves. However, both groups agreed that improved employee skills, competencies, and performance represented the most significant outcomes of these programs. These findings reinforce recent evidence suggesting that multinational corporations design T&D initiatives primarily to enhance employee performance and organisational effectiveness, as improved employee capabilities directly contribute to stronger organisational performance and competitiveness (Garavan et al., 2021).

This study also showed that MNE subsidiaries' T&D programs for local managers may sometimes fail to yield positive results due to weak selection criteria, irrelevant courses, or mismatched trainees. Such misalignment can lead to wasted resources and suboptimal outcomes (Le-Bao et al., 2025). To mitigate this, a robust selection process with clear criteria is essential to ensure appropriate course alignment and trainee suitability. Nonetheless, the importance of employee training cannot be overstated, as it significantly impacts both individual performance and overall organisational effectiveness (Rahman & Akhter, 2021).

The relationship between MNE subsidiaries' T&D programs and spillover effects is complex, as several factors can limit spillovers. These include organisational culture, firm size, leadership styles, and the degree of skills development (Zhang, 2019; Islam & Beloucif, 2024). Furthermore, MNE subsidiaries may limit spillovers by retaining highly specialised local managers with higher salaries and positions, reducing knowledge diffusion to local firms (Barboza et al., 2025). Thus, transferring knowledge and skills from MNE subsidiaries to local organisations in developing countries remains a significant challenge (Barboza, 2024; Vu et al., 2025).

Table 6. Impacts of MNE Subsidiaries' training programs for local managers

Category	Impacts on MNE subsidiaries	Impacts on Local managers	
	MNE subsidiaries' perspectives	***MNE subsidiaries' perspectives***	***Local managers' perspectives***
Employee / staff	Increased knowledge transfer and sharing to other staff	Developed knowledge, skills and abilities	Improved skills
	Enhanced capabilities of staff and managers	Increased abilities and competence	Improved abilities
	Increased engagement of local managers	Enhanced motivation, commitment and achievements	Developed work foundations
	Greater understanding of organisation's vision and goals	Increased intrapreneurial, HRM and English and business languages skills	Increased understanding of work, rights and responsibilities
	Enhanced employee confidence	Increased career progression and promotion potential	
Organisational business	Increased performance and productivity	Increased performance	Increased performance
	Creation of new ideas and solutions		Getting opportunities for innovation, creation, and problem solution
	Improved organisational management, governance, and processes		
	Enhanced organisational effectiveness		
	Readiness for staff turnover		
Customers	Enhanced customer satisfaction	Development of customer relationship skills	
Workplace	Positive intellectual interaction between staff and managers	Interaction with foreign experts	Increased interaction with senior managers and diverse work cultures

4.1 Study limitations

This study has some limitations that should be acknowledged. First, the study involved a relatively small number of participants and organisations drawn exclusively from the services sector. Consequently, the perspectives and experiences of the participants may differ from those of managers working in other sectors, particularly manufacturing and industrial sectors, where organisational structures, operational requirements, and training practices may vary considerably. Second, the findings may reflect a degree of gender imbalance, as the sample included only three female participants compared to twenty-one male participants. Therefore, the experiences and perspectives of female managers may not have been adequately represented, which could limit the generalizability of the findings across genders.

5. Conclusion

MNE subsidiaries provide T&D programs for local managers in host developing countries primarily to address gaps in managerial knowledge and skills, enhance employee productivity, and support the strategic and operational needs of the subsidiaries. These programs represent not only an investment in human capital, but also an important component of the business strategies and cost-efficiency objectives of MNE subsidiaries.

The findings indicate that T&D programs implemented by MNE subsidiaries generate positive outcomes for both local managers and the organisations themselves. Local managers benefit through the development of their knowledge, skills, and professional capabilities, improved understanding of business operations and workplace practices, enhanced productivity and performance, greater ability to generate innovative ideas and solutions, and increased interaction with foreign experts and international professionals. In turn, MNE subsidiaries benefit from stronger organisational performance, improved productivity, enhanced business operations, and a more capable local workforce.

Overall, this study provides empirical evidence that MNE subsidiaries make a significant contribution to local HCD in host developing countries such as Saudi Arabia by developing local managerial talent. Moreover, local managers who acquire advanced knowledge and skills within MNE subsidiaries may subsequently transfer these capabilities to local organisations when moving between firms, thereby contributing to broader knowledge and skills spillovers within the host economy.

6. Recommendation

The findings of this study underscore the need for further research on the contribution of foreign direct investment (FDI) to local human capital development (HCD) in developing countries. Future research could examine how inward FDI supports women's participation and empowerment in the services sector, particularly through the training and development initiatives implemented by multinational enterprise (MNE) subsidiaries. Such studies could assess how these initiatives strengthen women's managerial, technical, and leadership competencies.

Researchers should also explore the factors that limit the representation of local women in managerial roles within both MNE subsidiaries and domestic organisations in developing countries such as Saudi Arabia. Investigating the consequences of this underrepresentation could provide valuable insights for organisations and policymakers.

In addition, future studies could investigate what drives local managers to leave MNE subsidiaries and join domestic organisations. Understanding the factors that encourage or discourage such mobility would deepen knowledge of managerial career transitions and talent retention in developing-country contexts.

Data Availability

The data supporting the findings of this study are available from the corresponding author upon reasonable request.

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Ethics Approval

Not applicable

Conflict of Interest

The author declares no conflict of interest.

Author Contributions

Abdulmohsen Saleh A. Alalshiekh: Conceptualization, Methodology, Software, Validation, Formal Analysis, Investigation, Resources, Data Curation, Writing – Original Draft, Writing – Review & Editing, Visualization, Project Administration and Funding Acquisition.

Disclosure of AI Use

AI tools were not used in the preparation of this manuscript.

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