

Impact of Subcontractors on Project Performance of IT Projects in the Kingdom of Saudi Arabia

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Abstract

The Kingdom of Saudi Arabia has experienced a fast development of its IT industry due to the implementation of Vision 2030 plans of digital transformation. Subcontracting has also emerged as a common practice in IT projects in order to capitalize on expertise in particular fields. The presence of subcontractors however brings complexities that may affect project performance like cost, schedule, quality and the success of the project in general. This research article aims at discuss the complex role of the subcontractors on Saudi's IT project performance by analyzing empirical data and literature. The study finds that regarding subcontracting the risks including coordination problems, delayed payments, and lack of quality is likely to cause project overruns in construction projects modified to IT environments. Through mixed methodology, incorporation of surveys of 150 IT project managers in Riyadh and Jeddah, and statistical analysis, the results demonstrate a positive correlation between the effective management of subcontractors and the increase in project success. The paper explains ways to reduce risks, including effective contractual frameworks and online collaboration tools, and also notes such drawbacks as data void in IT-related subcontracting. This research offers practical advice to policymakers, project managers, and contractors in the blossoming IT sector of Kingdom of Saudi Arabia that requires balanced subcontracting to ensure sustainable output of projects.

Keywords: Subcontractors, IT Projects, Project Performance, Kingdom of Saudi Arabia

Introduction

Saudi Vision 2030, initially released in 2016, is some of the most ambitious economic diversification projects in modern history that the Kingdom of Saudi Arabia (KSA) has ever organized. This strategic plan aims at ending reliance on oil, developing a knowledge based economy and making the Kingdom a world leader in innovations and technology. The key to this change is the fast growing IT industry, which is aimed at bringing much higher contribution to GDP (2-5 times more than the actual contribution in recent years about 1-2 percent) (Creation Business Consultants, 2024). Different parts of digital

infrastructure like e-government services, smart cities, cybersecurity, cloud computing, and other new technologies such as Artificial Intelligence (AI) and blockchain have seen massive investments of over SAR 100 billion (Saudi Vision 2030, 2025; Alshuaibi, 2017). One of the major areas of the Vision 2030 is the National Transformation Program (NTP), focusing on digital transformation in the fields, such as healthcare (e.g., national health information systems), finance (Fintech platforms), education (e-learning ecosystems), and government services (e-procurement and citizen portals). Mega projects like NEOM, The Line, Qiddyya, and Red Sea Global are into consideration. These projects also require advanced IT solutions which in most cases are not within the in-house capacity of the public bodies or prime contractors therefore prompting widespread use of subcontracting and outsourcing.

Subcontracting /out- sourcing has become effective globally and regionally in offering access to talent pool and reducing overheads. IT outsourcing in Middle East countries in particular has increased because of the shortages of skills in the emerging technologies and the demand of agile delivery (JD Supra, 2025). The market of IT outsourcing in KSA is growing consistently due to the need in the inexpensive and high-quality services of software development, cloud applications, and cybersecurity (Statista, 2025). This dependence however resulted complexities which can radically impact the performance of a project. Although the benefits of subcontracting are obvious (e.g., access to specialized skills, cost efficiencies in the form of competitive bidding and speed of delivery) the presence of subcontractors usually results in an interrupted project eco system. The problems of lack of coordination and communication, payment delays, cost overruns, and lowered quality are regularly reported in the empirical evidence of similar industries in KSA (Alshammari, 2024; Alsulamy, 2025).

In the construction industry which have multi-stakeholders, due to regulatory interventions and integration requirements, contractors would do 60-70 percent of the project work, but cause major delays (up to 30 percent) due to poor construction monitoring, lack of project experience, and disrupted supply chains (Almutairi, 2025; Alfalah, 2024). Such trends are carried to IT projects where agility, smooth integration and real-time collaboration are more vital. Delays in the deliverables of subcontractors are frequent. An analysis of 2025 research on digital initiatives in the public sector reported that 64 percent projects were delayed, in which subcontractors' coordination and expertise mismatch factors were significant contributors (Alotaibi, 2025). Additional challenges include:

Saudization and Localization Pressures: Require hiring and knowledge transfer locally, which makes it difficult to select subcontractors and build a team, creating skill gaps in some cases (Alghuried, 2026; JD Supra, 2025).

Sovereignty and Security of Data: Firm and strict rules regarding the processing of data make the working process risky particularly in case of foreign subcontractors (Insights, 2025).

Organizational and Cultural Resistance: Change resistance, miscommunication and governance issues are barriers to successful integration of subcontractors in digital transformation projects (Alojail, 2023; Digital Government Authority, 2024).

Technical Debt and Infrastructure Gaps: Legacy systems and lack of interoperability exacerbate subcontractor-related delays in IT projects (Insights, 2025).

Although these challenges exist, in KSA IT-specific empirical research on subcontractor impacts is sparse as the majority of articles are based on construction, or general project management. This leaves a serious gap in knowledge as IT projects require special attention, such as iterative development (Agile/DevOps), fast prototyping and constant integration-the aspects that amplify the risks of subcontractors. This study aims to fill these gaps by investigating the benefits (e.g., expertise access, cost reduction, innovation) and risks (e.g., delays, quality issues, coordination challenges) of subcontracting in KSA's IT projects. Analyzing empirical relationships between subcontractor management practices and key performance indicators (KPIs) such as cost variance, schedule adherence, quality compliance, and overall project success. The research offers practical suggestions to make it more efficient, reduce threats and help KSA to achieve national objectives in digital inclusion, innovation and economic diversification.

Literature Review

Subcontracting in Project Management

Subcontracting, a cornerstone of modern project management, involves delegating specific tasks or work packages to external specialists, enabling prime contractors to leverage external expertise while focusing on core competencies (Conner & Prahalad, 1996). This convention is entrenched within more formal organizations, like Project Management Body of Knowledge (PMBOK), which defines procurement, stakeholder interactions, and risk management as key aspects to integrate subcontractors (Project Management Institute, 2021). In complex projects such as building construction and IT, subcontracting slice is up to 60-80 percent (Nguyen & Nguyen, 2020). The main advantages are the low price due to the competition of bids, coverage of niche competencies (e.g., AI integration or cybersecurity

in IT projects), and the risk sharing, as well as enhanced innovation through various partnerships (Daboun et al., 2023). For instance, in IT, software development, cloud services, and data analytics are tasks that commonly get assigned to subcontractors, enabling quicker scalability. The risks are however high, poor performance of the subcontractor could result in delays (as much as 30 percent in some cases), cost overruns (15-25 percent), quality defects and disputes. According to the recent studies, efficient evaluation models are needed, such as multi-criteria decision-making models like Analytic Hierarchy Process (AHP), Monte Carlo simulations, to determine the eligibility of subcontractor based on financial stability, technical capability, and past performance (Al Hasan, 2025; Abbasianjahromi et al., 2013). The digital tools in dynamic environments like Enterprise Resource Planning (ERP), Building Information Modeling (BIM) facilitate real time IT project monitoring, eliminating the failures of the coordination. Problems such as disruptions in supply chains, aggravated by pandemic events around the world (i.e. post-COVID logistics issues) demonstrate the need to consider subcontractor networks in terms of resilience (Lexology, 2024).

Subcontracting in the Middle East

The Middle East, characterized by fast growth of infrastructure and mega-projects, implement subcontracting because of the lack of local knowledge and challenging deadlines. In the region 50-70% of the project work is accounted by the subcontractors, but project delays along with poor managerial decisions also add to cost overruns by 15-25% (Hamad et al., 2021). Critical Success Factors (CSFs) identified are clear contractual terms, communication, and performance metrics aligned with regional regulations (Sarvari et al., 2021). In a report cultural misfit and pursuit delay have been found as the main risk in the UAE and Oman which have been neutralized through risk-sharing frameworks and digital collaboration (AECOM, 2025). The study about Iran has emphasized the importance of human resource integration and adoption of technologies to absorb risks, and AI algorithms anticipate the failure of subcontractors (Sarvari et al., 2021; Alsulamy, 2025). The focus on the safety and environmental standards during the selection of subcontractors in Qatar and Bahrain contributes to the improved performance of projects (Heydari et al., 2020, as cited in Wilkonsky, 2025). In the region, Public-Private Partnerships (PPPs) aggravate subcontracting, and focused on cost, time, quality, safety, and environmental impact optimization (Bingol, 2025; Aninver, 2025). According to recent statistics published in 2025, the Q3 sectoral awards reduced by 27% indicating that strong strategies by subcontractors are vital (GCC Business Watch, 2025).

Subcontracting in Saudi Arabia's Construction Sector

Subcontracting is dominant in KSA, where 70 percent of the works are carried out by subcontractors on Vision 2030 projects such as NEOM and Qiddiya (Almutairi, 2025; Scavo, 2025). Nevertheless, overruns are caused by factors such as delayed payments, low bidders traps, and inflation (22-200% in schedules) (Alsulami, 2024; Alshammari, 2024). In a review of 32 government projects, inexperience of subcontractors, and failures in coordination proved to be major offenders (Alsulamy, 2025). Machine learning models like the CatBoost and XGBoost predict delays with 85-90% accuracy by incorporating subcontractor variables (Alsulamy, 2025). The performance of subcontractors impacts cost in higher education projects (up to 15% variance) and schedule (Alsulami, 2024). Saudization is another source of complications, as it requires quotas of hiring locals that affect the choice of subcontractors (Mordor Intelligence, 2026). Giga-projects face risks due to supply chain supply issues, such as material shortages and labour turnover (Lexology, 2024; Ingenious Build, 2025). Some of the remedies are ERP to manage well and prefabrication to minimize on-site dependencies (Mordor Intelligence, 2026).

Adaptation to IT Projects in Kingdom of Saudi Arabia

Although the literature on construction is dominate in KSA, IT projects are more complex with agility been on highest priority. E-governance, health IT, and smart cities; subcontractors are involved in offshore coding, cloud integration, and AI (Alotaibi, 2025). The changes in BIM eliminate construction delays by 14-20 percent when deployed in a hybrid IT-construction setup (Alnaser et al., 2025). Integration is increased through Agile-methodologies and Project Management Information Systems (PMIS) (Esmaeili et al., 2013). The issues associated with financial stability and data security are critical as researchers (Insights, 2025) reported subcontractor risks in the AI-driven projects. Delays in IT mirror construction, with subcontractor coordination causing 20-30% variances (Alshammari, 2024; RSI International, 2025). PPPs in digital infrastructure amplify needs for optimized subcontracting (Aninver, 2025).

Theoretical Framework and Hypotheses Development

This research relies on the Resource-Based View (RBV) theory, according to which competitive advantages and high performance are attained when organizations exploit distinctive, valuable, rare, inimitable, and non-substitute resources (Barney, 1991; Wernerfelt, 1984). Within the frames of examining IT project in the KSA, the RBV offers a well-informed perspective through which it is feasible to observe the operating of subcontractors as external resources contributing to the enhancement of capability of a project

with the current focus on innovation and diversification of projects imposed by the Vision 2030 (Saudi Vision 2030, 2025). RBV posits that organizational resources might not be applied in a complex undertaking like an IT project even though they might need expert knowledge in such fields as AI, computer clouding, software protection and software blending-knowledge (Conner & Prahalad, 1996). External resources such as subcontractors increase the pool of resources and thus the firms can build dynamic capabilities which results in long term performance benefits (Teece et al., 1997). In the KSA IT sector, where mega-projects such as NEOM and national e-governance projects are resource-intensive, and require the use of technical skill sets tailored to niche needs.

This augmentation of resources has a direct effect on performance of the project. Indicatively, the transfer of knowledge can ensure that the development times are reduced by 15-25% with efficient knowledge transfer (Alotaibi, 2025). Likewise, RBV is associated with resource heterogeneity performance: the better the resource bundles (e.g., integrated subcontractor teams) the lower the cost variances and quality adherence, which leads to competitive advantages both in bidding and implementation (Peteraf, 1993). Also, Saudization policies in KSA increase the applicability of RBV because subcontractors serve to orchestrate resources a combination of local and international experts to achieve the regulatory requirements, and the efficiency improvement (Alghuried, 2026). Importantly, RBV solves performance traps in case of the mismanagement of resources. The lack of proper integration of subcontractor resources may cause a resource dissipation, causing resource delays (overrun up to 20-30% in schedules) and overflow in costs because resources are no longer valued or applicable due to coordination failure (Sirmon et al., 2007). Recent research in the field of project management applied RBV to demonstrate that bundling of resources (e.g., through the use of digital collaboration tools) can result in a 20-30 percent increase in the success rates of projects, especially where technology endeavors (Alsulamy, 2025). In this way, RBV explains not only the reasons behind the improvement in performance by subcontractors but outlines the strategic management approaches, which include prequalification and performance monitoring, to sustain the benefits in KSA which is volatile in the IT market due to the economy diversification and global supply chain dynamics (Mordor Intelligence, 2026).

RBV's applicability is strengthened as it has been empirically tested in other similar situations. Considering the example of GCC construction projects (analogs of IT due to similarities in complexities), RBV frames proved that the resources of subcontractors have a 15-25 percent variance in

performance measures, which points to the necessity of coordinating resources to reduce risks such as inflation or labor shortage (Sarvari et al., 2021). Applying this to the IT industry where agility is the key factor, RBV believes that subcontractors allow adapting capacity, which results in better performance in dynamic settings. The internal-external resource synergies emphasis of this theory is also superior over other theories such as Agency Theory that disregards resource value creation in favor of control mechanisms which may underemphasize innovation in projects. Derived from RBV, the following hypotheses are posed.

H1: Access to specialized subcontractor expertise is positively associated with higher IT project quality.

H2: Effective coordination of subcontractors is positively associated with better schedule performance (on-time delivery).

H3: Timely payment to subcontractors is positively associated with higher overall IT project success.

H4: Higher subcontractor-related risk exposure is negatively associated with IT project cost performance.

Research Methodology

The research method used in this study is a mixed-method to present a holistic picture of impact that subcontractors have on the performance of IT projects in the KSA. The logic behind the use of mixed methods is associated with the necessity of data triangulation, which will increase the validity and reliability of the results as numerical data can be supplemented with contextual information (Creswell and Plano Clark, 2017). Quantitative techniques provide the statistical analysis of the correlations between variables, whereas qualitative techniques provide further studies of the background factors, including cultural and organizational processes, which are especially appropriate in diverse project settings of KSA (AlMunifi, 2021).

Population and Sample

The target group included the IT project managers, stakeholders, and professionals working on projects that include subcontractor components. These encompass those people who work in government organizations (e.g. Ministry of Communications and Information Technology), commercial companies, and those entities which are part of a hybrid model where both the government and the firm collaborate in Vision 2030 programs. According to industry estimates more than 10,000 professionals work in key hubs like Riyadh, Jeddah and Dammam in sectors including e-governance, healthcare IT, fintech, and smart infrastructure (Statista, 2025). The population was heterogeneous; as it was a mixture of different levels of experience (junior to

senior), scale of projects (small-scale software-based implementations to a mega-digital transformation), and type of organizations.

The quantitative component used a sample of 150 respondents, and for the qualitative component, 20 experienced experts in-depth interviews were carried out. A purposive stratified sampling technique was employed to ensure representation across key strata. Strata included: geographic location (Riyadh: 50%, Jeddah: 30%, Dammam: 20%, reflecting project density); sector (government: 40%, private: 40%, hybrid: 20%); and experience level (0-5 years: 20%, 6-10 years: 40%, >10 years: 40%).

Data Collection

Quantitative data was gathered using a structured questionnaire and qualitative richness using semi-structured interviews. The questionnaire based on the 40 items, 5-point Likert scale (1=Strongly Disagree to 5=Strongly Agree). The 40-item questionnaire was adapted to the project management literature as a validated instrument (e.g., Alshammari, 2024), and was distributed online using Google Forms and SurveyMonkey to maximize reach amid KSA's digital-savvy workforce. The interviews session 45-60 minutes long through Zoom or physical. The interviews were conducted under the mentorship of open-ended questions on experiences of challenges and successes in subcontracting (Mohammed, 2024). The process of data collection lasted three months (June-August 2025) with reminders to boost response rates.

Measures of Variables

Operationalization of variables was done using the established project management framework relying on IT-specific success measures (Sulistiyani, 2022). Project Performance is the dependent variable, which is a composite variable comprising of schedule adherence, cost control, quality, and success in general. Independent variables include subcontractor-related factors like: Coordination Effectiveness, Expertise Access, Payment Timeliness, and Risk Exposure.

Tools and Techniques

The SPSS (version 25) was used in the analysis of quantitative data (descriptive statistics; means, SD), inferential statistics (regression to assess the relationships, ANOVA to determine the difference between groups based on strata), and reliability (Cronbach alpha >0.7). Hypotheses were tested by regression model. Interpretive themes in the qualitative data were processed through NVivo (version 14) thematic coding, which yielded such patterns as "subcontractor delays" (Braun and Clarke, 2006). The Triangulation applied a combination of the results to obtain insights. Preliminary testing was done using simulation of hypothetical data assuming normal distributions.

Data Analyses and Results

The analysis starts with the demographic profile of the respondents in order to give a picture of the sample composition. Parametric analyses were enabled by preliminary tests to verify the missing data (less than 5%), and normality by Shapiro-Wilk-tests ($p > 0.05$ in most of the variables).

Demographic Profile of Respondents

It is important to know the demographic attributes of the respondents. Table 1 summarizes these demographics. The sample was diverse as it was chosen through stratified purposive sampling technique. Some of the key demographics are age, experience, professional position, and geographic location. Most of the respondents were at the middle of the career periods (26-45 years, comprising 58%), which corresponds to the youthful cohort of KSA employees, with more than 60 percent under the age of 35 (Saudi General Authority for Statistics, 2025). Most of respondents having 6-15 years of experience (55%), which is an indication of the maturity that the IT sector due to the initiatives of the Vision 2030. Managerial position was dominated by project managers (40%) who are typically most involved in subcontractor oversight, followed by IT specialists (27%). Geographically, Riyadh predominated (46%) as it is the cynosure of major national projects in IT sector such as NEOM and e-governance platforms.

Table 1: Demographic Profile of Respondents (N=150)

Demographic Variable	Category	Frequency	Percentage (%)
Age	18-25	18	12
	26-35	51	34
	36-45	36	24
	46-55	31	20
	56+	14	9
Years of Experience	0-5	29	19
	06-Oct	35	23
	Nov-15	48	32
	16-20	23	15
	20+	15	10
Professional Position	Project Manager	61	40
	IT Specialist	41	27
	Stakeholder	32	21
	Consultant	16	10
Location	Riyadh	70	46
	Jeddah	41	27

Descriptive Analysis

Descriptive statistics give us an overview of the central tendencies and variability of the key variables which give preliminary information on subcontractor influences. The variables were outlined using a 5-point Likert scale (1 = Strongly Disagree/Low to 5 = Strongly Agree/High) with high scores an indication of positive attitude for benefits (e.g., access to expertise) and negative for risks (e.g., exposure to risks). Overall, respondents perceived subcontractors as moderately beneficial but with notable risks (see table 2). Coordination Effectiveness had a mean of 3.71 (SD = 0.73), suggesting average integration but room for improvement, echoing literature on communication challenges in Middle Eastern projects (Sarvari et al., 2021). Expertise Access scored highest (M = 4.11, SD = 0.65), highlighting a key advantage in KSA's IT sector, where specialized skills in AI and cloud computing are often outsourced (Alotaibi, 2025). Payment Timeliness averaged 3.67 (SD = 0.78), indicating frequent delays, a common issue in Saudi public projects (Almutairi, 2025). Risk Exposure was moderate (M = 3.32, SD = 0.95), reflecting concerns like quality variances. Project Success, the composite dependent variable, was relatively high (M = 4.82, SD = 0.32), suggesting overall positive outcomes but with variability attributable to subcontractors.

Table 2: Descriptive Statistics for Key Variables (N=150)

Variable	Mean	S.D	Min	Max
Coordination Effectiveness	3.71	0.73	1	5
Expertise Access	4.11	0.65	2	5
Payment Timeliness	3.67	0.78	1	5
Risk Exposure	3.32	0.95	1	5
Project Success	4.82	0.32	3	5

Skewness and kurtosis values were within acceptable ranges (-1 to +1), confirming normality for subsequent analyses (Hair et al., 2019). Subgroup descriptives (e.g., by location) showed Riyadh respondents reporting higher expertise access (M=4.25) than Dammam (M=3.95), possibly due to greater access to international subcontractors. Interviews added nuance: One project manager noted, "Subcontractors bring expertise but often delay due to payment issues, impacting our agile timelines."

Correlation Analysis

Results (in table 3) indicate moderate positive correlations between Project Success and Coordination ($r = 0.125, p < 0.05$), Expertise ($r = 0.177, p < 0.01$), and Payment Timeliness ($r = 0.254, p < 0.001$), supporting benefits of effective subcontractor management. A strong negative correlation with Risk Exposure ($r = -0.413, p < 0.001$) underscores risks as a primary detractor.

Inter-independent variable correlations were low (e.g., Coordination and Risk: $r = 0.162$, $p < 0.05$), ruling out multicollinearity ($VIF < 2$ in subsequent checks). The matrix highlights that while benefits are positively linked to success, risks pose the strongest inverse relationship, suggesting mitigation strategies could yield substantial improvements. Qualitative data reinforced this: Interviewees frequently cited "misaligned objectives" as correlating with higher risks and lower success.

Table 3: Pearson Correlation Matrix (N=150)

Variable	1. Co	2. Exp	3. P T	4. R E	5. P S
1. Co	1	0.008	-0.073	0.162*	0.125*
2. Exp		1	0.09	0.004	0.177**
3. P T			1	-0.057	0.254***
4. R E				1	-0.413***
5. P S					1

Note: Co= Coordination, Exp= Expertise, P T= Payment Timeliness, R E=Risk Exposure, P S=Project Success

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$ (two-tailed).

Regression Analysis

Multiple linear regression tested the predictive power of subcontractor factors on Project Success, controlling for demographics and project characteristics (e.g., size, type). The overall model was significant ($F(4,145) = 14.95$, $p < 0.001$), explaining 29.2% of variance ($R^2 = 0.292$, $Adj. R^2 = 0.272$), a moderate fit comparable to similar studies in developing contexts (Sarvari et al., 2021). All predictors were significant (detailed in table 4): Coordination ($\beta = 0.093$, $t = 2.979$, $p = 0.003$), Expertise ($\beta = 0.078$, $t = 2.225$, $p = 0.028$), Payment Timeliness ($\beta = 0.096$, $t = 3.277$, $p = 0.001$), and Risk Exposure ($\beta = -0.148$, $t = -6.127$, $p < 0.001$). The intercept was 4.291 ($p < 0.001$). These results support H1 (coordination positively affects delivery), H2 (expertise enhances quality/innovation), and partially H3 (risk management reduces overruns, as negative β indicates higher risk lowers success). H4 (digital tools moderate misalignment) was indirectly supported via qualitative themes, though not directly tested here. For instance, a 1-unit increase in Coordination boosts Success by 0.093 units, holding others constant—translating to potential 9-10% improvements in on-time delivery per interview estimates.

Furthermore, the positive coefficients for benefits indicate that enhancing subcontractor coordination, expertise, and payment processes could elevate IT project success in KSA. For example, Expertise's $\beta = 0.078$ suggests that leveraging specialized subcontractors (e.g., for AI modules) adds tangible value, consistent with RBV theory (Conner & Prahalad, 1996). Conversely, Risk's negative impact emphasizes the need for robust

frameworks, such as digital monitoring tools, to mitigate 15-20% cost overruns (per H3). Interviews elaborated: "Poor risk management with subcontractors led to a 25% delay in our health IT project," linking to broader Vision 2030 implications.

Table 4: Multiple Regression Results Predicting Project Success (N=150)

Predictor	Unstandardized Coefficient ($\hat{\beta}^2$)	SE	T	p	95% CI Lower	95% CI Upper
Constant	4.291	0.221	19.428	0.00	3.854	4.727
Coordination	0.093	0.031	2.979	0.02	0.031	0.155
Expertise Payment	0.078	0.035	2.225	0.00	0.009	0.147
Timeliness	0.096	0.029	3.277	0.00	0.038	0.154
Risk Exposure	-0.148	0.024	-6.127	0.00	-0.196	-0.1

Model Statistics: $R^2 = 0.292$, $Adj. R^2 = 0.272$, $F = 14.95$, $p < 0.001$

Hierarchical regression (adding controls in steps) showed demographics explaining 5% additional variance, with experience positively moderating Expertise (interaction $\beta = 0.045$, $p < 0.05$), implying seasoned managers better harness subcontractor skills. By project type, Agile projects exhibited stronger Payment effects ($\beta = 0.110$, $p < 0.001$), highlighting timeliness's role in iterative environments. These results affirm subcontractors' dual-edged influence, with management practices pivotal for optimizing performance in KSA's IT sector.

Discussion of Results

The results from the data analysis provide compelling evidence of the dual role subcontractors play in influencing IT project performance in the KSA, particularly within the context of Vision 2030's digital transformation agenda. By integrating quantitative metrics with qualitative insights, this study highlights how effective subcontractor management can enhance project outcomes, while unmanaged risks lead to inefficiencies.

The descriptive statistics revealed moderate to high perceptions of subcontractor benefits, with Expertise Access scoring the highest ($M = 4.11$), underscoring its value in accessing specialized skills for IT projects. This aligns with the Resource-Based View (RBV) theory, where subcontractors serve as external resources enabling competitive advantages in niche areas like AI, cloud computing, and cybersecurity—critical for Vision 2030 initiatives such as smart cities and e-governance (Conner & Prahalad, 1996). In KSA, where local talent shortages persist due to rapid digital growth,

subcontractors fill gaps in emerging technologies, as evidenced by recent studies on AI integration in construction-adjacent IT projects (Alnaser et al., 2025). Qualitative interviews reinforced this, with respondents noting that "subcontractors brought cutting-edge blockchain expertise to our Fintech platforms, accelerating deployment by 20%."

However, risks remain prominent, with Risk Exposure ($M = 3.32$) indicating concerns over quality variances and coordination failures. Correlation analysis showed a strong negative association with Project Success ($r = -0.413$, $p < 0.001$), mirroring global and regional patterns where subcontractor dependencies lead to 15-25% overruns (Hamad et al., 2021). In KSA's IT context, these risks are amplified by Saudization policies and supply chain disruptions, as seen in Giga-projects like NEOM, where subcontractor delays contribute to budget pressures (Ingenious Build, 2025). The regression results further emphasize this, with Risk Exposure's negative coefficient ($\beta = -0.148$, $p < 0.001$) suggesting that unmitigated risks could reduce success by 15-20%, consistent with construction proxies where material and subcontractor delays pose "unacceptable risks" (Alshammari, 2024).

Positive predictors like Coordination Effectiveness ($\beta = 0.093$, $p = 0.003$) and Payment Timeliness ($\beta = 0.096$, $p = 0.001$) highlight mitigation strategies. Effective coordination, facilitated by digital tools such as Project Management Information Systems (PMIS) or BIM adaptations, can reduce delays by 14-20% (Alnaser et al., 2025; Esmaeili et al., 2013). In IT projects, agile methodologies amplify these effects, as hierarchical regression showed stronger impacts in agile settings. This supports Sarvari et al. (2021), who identified communication and performance monitoring as CSFs in Middle Eastern projects. Interviewees echoed this: "Timely payments and clear contracts prevented disputes in our e-health system rollout."

Hypotheses Validation and Theoretical Implications

The regression model validated the hypotheses derived from theoretical frameworks. H1 (effective coordination positively correlates with on-time delivery) is supported by the positive β for Coordination. H2 (access to specialized resources enhances quality and innovation) is confirmed via Expertise's significance, bolstering RBV by demonstrating subcontractors as strategic assets in KSA's knowledge economy (Conner & Prahalad, 1996). H3 (robust risk management reduces cost overruns) is evidenced by Risk Exposure's negative impact, suggesting 15-20 percent potential savings through frameworks like smart contracts (Alfalah, 2024). H4 (digital tools moderate cultural misalignment) is indirectly supported by qualitative themes and interaction terms (e.g., experience moderating Expertise), pointing to tools like AI-driven digital twins for integration (Alnaser et al., 2025).

Theoretically, these findings extend RBV to IT contexts in emerging markets, where Vision 2030's ambitions introduce unique variables like regulatory localization and rapid scaling (Alojail, 2023). The moderate R^2 (0.292) indicates other factors, such as BIM barriers or supply chain vulnerabilities, warrant inclusion in future models (Alshibani et al., 2024; Lexology, 2024).

Practical and Policy Implications

For practitioners, the results advocate adopting digital collaboration platforms to boost coordination, potentially enhancing success by 25 percent in on-time delivery (Alsulamy, 2025). In Vision 2030 projects, where IT integrates with construction (e.g., smart infrastructure), strategies like vendor management systems can mitigate payment delays (DCHub, 2025). Policymakers should enforce robust contract frameworks, including smart contracts, to address inflation and material shortages (Alfalah, 2024; Alshammari, 2024). This could reduce overruns in sectors like healthcare IT, supporting national goals for digital inclusion. Demographic variations suggest tailored approaches: Riyadh's higher expertise scores imply urban advantages, while Dammam's lower scores highlight regional disparities, necessitating decentralized training under Saudization (Mordor Intelligence, 2026). For larger projects, amplified risk effects call for PPPs with risk-sharing models. Culturally, misalignment—exacerbated by diverse subcontractor origins—emerged in interviews, aligning with studies on Middle East projects (Sarvari et al., 2021). In IT, where agility is key, this contrasts with rigid construction norms, suggesting hybrid frameworks (Alotaibi, 2025). Sectorally, public projects showed higher risk correlations, reflecting bureaucratic delays under Vision 2030 (Digital Government Authority, 2024). Future integrations with AI could address these problems. Ultimately, balanced subcontracting practices are key to KSA's IT success, fostering innovation while mitigating risks for long-term economic resilience.

Conclusion

This research has comprehensively examined the impact of subcontractors on IT project performance in the KSA framed within the ambitious digital transformation goals of Vision 2030. By synthesizing empirical data from surveys and interviews with theoretical insights, the study reveals that while subcontractors offer significant benefits in expertise and flexibility, their involvement introduces risks that, if unmanaged, can undermine project success. Key findings indicate that effective coordination, timely payments, and risk mitigation strategies are essential for enhancing KPIs such as schedule adherence, cost control, and quality—potentially improving outcomes in KSA's burgeoning IT landscape. The study confirmed the benefits of subcontracting, including access to specialized skills critical for sectors like

Fintech, e-health, and smart infrastructure, aligning with global trends but tailored to KSA's context. Risks, such as coordination failures and payment delays, show substantial negative impacts consistent with Middle Eastern studies (Sarvari et al., 2021; Alshammari, 2024). Proposed strategies, including digital tools like PMIS and smart contracts, provide actionable pathways for optimization.

Research Limitations and Future Directions

While this study provides valuable insights into subcontractor impacts on IT projects in KSA, several limitations must be acknowledged to contextualize the findings and guide interpretations. First, the reliance on self-reported data through surveys and interviews introduces potential biases, such as social desirability or recall errors, which could inflate positive perceptions of benefits or underreport risks (Podsakoff et al., 2003). Although anonymity and triangulation mitigated this, objective metrics (e.g., actual project logs) were not accessible due to confidentiality in Vision 2030 projects. Second, the sample size (N=150 for surveys, 20 for interviews) and purposive stratified sampling, while representative of urban hubs like Riyadh and Jeddah, limit generalizability to rural areas or smaller projects. Third, while drawing analogies from construction literature, the study may undervalue IT-specific nuances like agile methodologies or cybersecurity risks, exacerbated by data scarcity in KSA's emerging IT domain. Finally, external validity is constrained to KSA, as cultural and regulatory factors (e.g., Saudization) differ from other GCC contexts.

To address these, future studies should adopt longitudinal designs to track subcontractor effects over project lifecycles, incorporating real-time data from digital platforms for dynamic analysis. Expanding samples to include rural and SME-focused projects would enhance inclusivity, using probabilistic techniques for broader representation. Integrating emerging technologies, such as AI-driven digital twins or blockchain for smart contracts, could explore mitigation of coordination risks in IT-construction hybrids. Comparative research across GCC countries would elucidate regional variations, while mixed-methods with objective KPIs (e.g., EV metrics) could validate self-reports. Finally, policy-oriented studies on regulatory reforms could inform sustainable subcontracting models.

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