Human Resource Management in the Middle East

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There has been little research on human resource management (HRM) in the Middle East until the last decade, in which there has been great growth in the volume, quality, theoretical depth, methodological rigour and clarity of focus of research in the region.

This is unsurprising given the steady economic expansion that has characterised the region's business climate over the same timeframe. This economic growth is related, at least in part, to the broad range of economic reforms that governments have promoted in the Middle East, which have targeted the private sector, trade, international workers and job creation (Afiouni, Ruël, & Schuler, 2014).

This article presents a summary of the nine papers that constitute a special edition of The International Journal of Human Resource Management, entitled 'HRM in the Middle East'. Published in 2014, the papers identify current themes in research on HRM in the Middle East, and highlight aspects of culture, international management, high performance work practices and leadership that influence new ways of working in the Middle East, particularly in the countries of the Gulf Cooperation Council (GCC – Oman, Kuwait, Saudi Arabia, Qatar, Bahrain and the United Arab Emirates (UAE)). The articles are summarised one by one, to allow the reader to gain an overview of current topics.

“Testing the mediation effect of person-organization fit on the relationship between high performance HR practices and employee outcomes in the Egyptian public sector”

Mostafa & Gould-Williams

Mostafa and Gould-Williams (2014) explored the related concept of high performance HR practices (HPHRP) in another Middle Eastern context – the Egyptian public sector, particularly the health and higher education sectors. The term HPHRP refers to “a set of interconnected human resource practices designed to enhance the skills and efforts of employees in organizations” (Mostafa & Gould-Williams, 2014: 276). Mostafa and Gould-Williams’ (2014) study investigated the effects of person-organisation fit (P-O fit) on HPHRP, job satisfaction and organisational citizenship behaviours (OCB).

The authors expected P-O fit to mediate the relationship between HPHRP, job satisfaction (an attitude) and OCB (a behaviour), as attitudes and behaviours are understood to influence employee and organisational performance.

The following definitions are important to understanding this study:
- “P-O fit describes the compatibility between the characteristics of employees and their organizations” (Mostafa & Gould-Williams, 2014: 277)

The research design was quantitative and involved a questionnaire that was completed by 671 people. In contrast to Ramdani et al.'s (2014) study, the model developed by Mostafa and Gould-Williams (2014) was largely supported by the findings. The five hypotheses and their corresponding findings are shown in Table 2.

Table 2 Summary of Hypotheses & Findings – (Mostafa & Gould-Williams, 2014)

Hypothesis	Findings
HPHRP will positively affect employee job satisfaction	Supported
HPHRP will positively affect OCBs	Supported
HPHRP will positively affect P-O fit	Supported
P-O fit will positively affect employee job satisfaction and OCBs	Supported
P-O fit will partially mediate the relationship between HPHRP and employee job satisfaction and OCBs	Supported

Findings supported the hypotheses and existing research, and showed that HPHRP and P-O fit are both strong predictors of employee attitudes and behaviours, in Egyptian public sector organisations. The majority (60%) of the variance in P-O fit was accounted for by HPHRP, and employees' perceptions of HPHRP greatly influenced P-O fit. As hypothesised, P-O fit was found to partially "mediate the relationship between HPHRP and both job satisfaction and OCBs" (Mostafa & Gould-Williams, 2014: 287). It is therefore likely that HPHRP can help organisations to align employees with organisational goals and values, which has positive affects on their OCBs and satisfaction.

Mostafa and Gould-Williams' (2014) findings also support the argument that congruence between the values and goals of individuals and organisations is highly relevant to understanding employee attitudes and behaviours.

Managers should therefore embrace and make use of HPHRP that enhance the motivation and abilities of employees, and provide opportunities for employees to use their skills at work. In light of these findings – and similar to Ramdani et al.'s conclusion (2014) – the authors conclude that the effects of HPHRP are not restricted to Anglo-Saxon countries, but may indeed apply in varying cultures and labour markets.

“Multilevel HRM systems and intermediating variables in MNCs: longitudinal case study research in Middle Eastern settings”

AL-Hussan & Perkins

Shifting from a focus on performance outcomes towards processes, AL-Husan, AL-Hussan, and Perkins (2014) investigated knowledge transfer of HRM information across geographic borders, in a longitudinal case study.

Their study explored factors that enable and impede western multinational companies (MNCs) with Middle Eastern subsidiaries in their efforts to exercise corporate controls over the activities of those subsidiaries, by focusing on the transfer of HRM information.

This is of contextual relevance, as MNCs have been given particular investment opportunities in the Middle East because of government reforms, which have targeted a common need for job creation and higher economic growth.

Literature suggests that MNC subsidiaries, particularly those in countries with a vastly different culture to that of the company’s headquarters, may experience particular challenges relating to inter-firm knowledge transfer.

This is an area of interest, as the effective transfer of knowledge between firms is "a key strategic resource for achieving economic growth and competitiveness" (AL-Husan et al., 2014: 234).

AL-Husan et al. (2014) employed a qualitative research design to conduct a longitudinal case study in French MNCs with subsidiaries acquired as a result of the government's privatisation programme in Jordan.

They collected data relating to the HRM reforms that had taken place and the processes MNCs used to both transfer HRM practices to subsidiaries and to manage them. Data collection occurred between 1999 and 2011, and involved semi-structured interviews with company directors, government officials, finance managers, department managers, HR specialists and union representatives, plus senior personnel based in France, as well as supplementary documentary evidence.

"Organisations adopting HR best practices, enhances employees performance"
There were three case organisations: a cement company with much international experience and a global perspective; a telecommunications company with less international experience

and a multi-domestic international strategy; and a water company that also had a multi-domestic international strategy. Each MNC had been part of a privatisation program implemented by the government in Jordan and was undergoing rapid global expansion, using differing strategies.

Findings revealed that the case organisations used a range of mechanisms for sharing knowledge. These included reporting relationships, HR reviews and audits, HR actions plans and budgets, and the collection of central information by the company. To facilitate relational control and exchange, a range of methods was used. These included: appointment of expatriates as managers (to be conduits of information – the main method for 'transferring know-how and control'), staff transfers, mutual visits (in both directions, between subsidiaries and headquarters), conferences (for social control and knowledge transmission), telephone calls, networking and meetings (particularly for reporting, discussing problems, collaborative work).

Several barriers to information transfer in the case companies were discovered. Some companies also had difficulty applying new HR practices because the HR function had previously been a reactive, administrative role prior to privatisation. The subsidiaries therefore lacked HR knowledge and needed guidance and support from the parent company. Further problems arose when introducing new HR concepts, due to a lack of understanding in the subsidiary. For example, at the telecommunications company, employees and union representatives were dissatisfied with new HR policies and perceived them to be unfair, seemingly due to a misunderstanding. A lack of cultural knowledge on the part of the MNC headquarters was found to impede knowledge transfer, even when the company was strongly motivated to communicate knowledge. Similarly, cultural misunderstandings and a lack of trust between corporate and local staff also reduced learning and information flow.

Findings suggest that managerial predisposition, social learning and willingness to apply that learning can all mediate knowledge transfer. Overall, AL-Husan et al. (2014) found that managers in MNCs with Middle Eastern subsidiaries are best able to work together with other parties to improve knowledge transfer between units when they are aware of the ways in which parties learn to work together and build common understanding.

AL-Husan et al. (2014: 248) conclude:

"The findings signal the need to move beyond a focus simply on mechanistic control related to HRM information exchange, to consider more nuanced developmental strategies, mindful of the intermediating variable of managerial predisposition."

Therefore, MNCs should appoint people with international experience and 'task know-how', as well as an adequate cultural understanding of the region, to positions that involve transferring HRM practices to subsidiaries in the Middle East. It appears that there is a need for the HR function in Middle Eastern MNCs to encourage a culture of open communication and trust, and to be aware of contextual factors, if HR is to play a strategic role.

"Transactional and transformational leadership behaviour of expatriate and national managers in the UAE: a cross-cultural comparative analysis"

Bealer & Bhanugopan

Continuing on a cultural note, Bealer and Bhanugopan (2014) compared Middle Eastern leadership norms with those of the United States (US) and Europe in their investigation of the transactional and transformational behaviour of expatriate and national (local) managers in the UAE. The study's aim was "to compare the leadership behaviour of expatriate and national managers in the UAE to identify their distinct styles and approaches" (Bealer & Bhanugopan, 2014: 294), using Bass and Avolio's (1994, in Bealer & Bhanugopan, 2014) widely applied distinction between transactional and transformational leadership. The study is particularly pertinent, as: "In the UAE, people from all over the world live and work in a multicultural melting pot" (Bealer & Bhanugopan, 2014: 297). It is therefore important to understand leadership within the context of organisational and national culture.

Transactional leadership is a traditional leadership style (by western standards) that is based on exchanges between a leader and their subordinates, and controls that enforce behaviour. It is a means for keeping an organisation running smoothly, and maintaining the status quo when circumstances are stable. By contrast, transformational leadership is a newer concept. It describes a leadership style that is inspiring and has the capacity to bring about rapid change by advocating a 'greater good' and engaging organisational members. The characteristics associated with transformational leadership have become increasingly popular in recent years and it is widely believed that transactional leadership is no longer sufficient to run an organisation effectively.

Various literature has supported the view that leadership is context-specific and tendencies vary in different countries, as leadership behaviour does not surpass cultures. To investigate this argument, Bealer and Bhanugopan (2014) focus on five companies within the UAE. The research design was quantitative and respondents from within these five companies completed a questionnaire based

on Avolio and Bass' (2004, as cited in Bealer & Bhanugopan, 2014) Multifactor Leadership Questionnaire, developed for use in US and European contexts. Respondents were made up of both local and expatriate employees, which is appropriate given that the UAE is one of the world's most multicultural countries.

Overall, findings suggest that leaders in the UAE are more passive-avoidant and somewhat less transformation than leaders in the United States of America (USA) and Europe. Bealer and Bhanugopan (2014) found that the main difference between the UAE and American/European managers was that it is more common for Emirati managers to use 'passive-avoidant leadership'.

Findings indicated that UAE managers do not tend to articulate a compelling vision or discuss important beliefs and values, which are key characteristics of transformational leaders. Thus, transactional leadership behaviours were generally found to be stronger in the UAE than in both the US and Europe.

One of Bealer and Bhanugopan's (2014: 311) main conclusions was that, "When expatriate managers match their behaviour with the culture and values present in the UAE, the outcomes are positive, leading to greater job satisfaction and commitment." The authors suggest, therefore, that there is opportunity for enhancing leadership practices in the UAE, in order to fuel greater motivation, satisfaction and commitment amongst employees, and ultimately to enable organisations to become more efficient and effective. Leaders and managers would benefit from training in how to manage in a multicultural setting, to enable them to be more sensitive.
Bealer and Bhanugopan (2014) also state that there is scope for conducting more leadership research in the Middle East and developing a leadership model that is specific to the cultural context.

“What locals want: Jordanian employees' views on expatriate managers”

Syed, Hazboun & Murray

Syed, Hazboun, and Murray (2014) explored cross-cultural leadership from a different perspective, in their study of the views of local employees in Jordan regarding their expatriate managers and their performance.

Expatriation is “the practice of sending home country managers to other country locations” and is popular amongst MNCs, despite the associated expenses (Syed et al., 2014: 213). Jordan has a large pool of skilled locals but MNCs tend to employee expatriates for senior positions. This is partly due to government trade agreements with the European Union (EU), active between 2002 and 2014, which established a free-trade area between the EU and Jordan, for employees.

Literature has shown that there can be trust issues between expatriate managers and employees from the host-country, and Syed et al. (2014) aimed to shed light on this issue in a Jordanian context. Data collection consisted of a survey of Jordanian employees who have expatriate

managers, which involved quantitative and qualitative components.

Findings highlighted some interesting differences between Jordanian employees' perceptions of the reasons for MNCs employing expatriates as managers, and the formal justifications provided by companies. Formal justifications generally revolved around expatriates being "transmitters of knowledge and innovation," while employees perceived them as being "guardians of organisational identity and control" (Syed et al., 2014: 226).

This indicates that there may be issues of mistrust and a lack of harmony between local employees and their company, and possibly divergent goals.

Interestingly, employees did not feel strongly about their manager's nationality; what mattered most to them was their managerial capability and competence across cultures. These are perhaps the factors that strengthen trust and enhance organisational performance. In general, employees would prefer to work with an expatriate manager if it meant that value was added to the organisation.

Some implications of Syed et al.'s (2014) findings are that MNCs should hire managers based on competence, not nationality, and should provide adequate cross-cultural training for expatriates. Additionally, MNCs should explain the reasons for expatriation more clearly to their employees, and adopt greater transparency regarding expatriation policies, to avoid losing the trust of local employees. There is also an opportunity for MNCs to pay greater attention to the attitudes, feelings and aspirations of local staff in subsidiaries, so that they can be more sensitive and better cater to local needs.

“Barriers to Emiratization: the role of policy design and institutional environment in determining the effectiveness of Emiratization”

Al-Waqfi & Forstenlechner

Al-Waqfi & Forstenlechner (2014) explored the barriers to the effective application of the Emiratization policy in the UAE. There is a unique labour market in the UAE, with a large reliance on international workers. There is a high concentration of national (local) workers in the public sector and a high proportion of international/expatriate workers in the private sector (close to 99 per cent). In the early 1990s, the government in the UAE introduced a workforce nationalisation policy, called Emiratization, to create opportunities for national workers in public and private sector organisations and reduce the reliance on expatriate workers.

Tools for Emiratization have included:

> Government quotas imposed on businesses in certain sectors, such as banking and insurance, for the number of national workers required

> Limiting the number of work permits available for expatriate workers

> Introducing extra work permit fees as a penalty for companies not meeting the targets for Emiratization.

Despite these measures, however, the unemployment rate amongst Emirati nationals has continued to rise as the population increases, and it seems that Emiratization has had limited success. In the face of the shortage of local workers and a rising demand for labour, the government adopted a liberal immigration policy that enabled large numbers of international workers to enter the UAE. Thus, the most recent figures suggest that Emiratis represent just 0.5 per cent of the total private sector workforce, and the unemployment rate among Emiratis is 14 per cent. A study conducted by the authors in 2010 indicated that – according to both locals and expatriates – the Emiratization policy has not achieved desired outcomes.

Within this context, the aim of Al-Waqfi and Forstenlechner's (2014) study was to analyse the effectiveness of the workforce Emiratization policy and its associated challenges, over the last two decades. Data was collected through semi-structured interviews, which had qualitative and quantitative components. Respondents were managers in high positions in their organisations, and were "considered credible informants on the Emiratization in their respective organizations" (Al-Waqfi & Forstenlechner, 2014: 174).

Several main themes were identified in interviews, which provided further insight into employees' perceptions of Emiratization and its effectiveness. The first revolved around the meaning of Emiratization, which varied amongst interviewees. The most common understanding of the term Emiratization was as a 'priority recruitment for nationals in both public and private sectors', which 66% of interviewees referred to. Other understandings of the term included the 'training and development of nationals' (28%), a program to 'integrate nationals into workforce in a productive manner' (22%), and the 'replacement of expats with nationals' (16%).

The second theme that emerged was the achievement of Emiratization targets. Findings suggest that there had been limited success of targets, which were perceived as being unclear, unreasonable and lacking enforceability due to insufficient reporting structures and a lack of associated penalties. In fact, in almost half of the companies surveyed, Emiratization targets were not met.

The perceived effectiveness of Emiratization was another theme identified in the interviews, with respondents reporting that it had been more effective in the public sector than the private sector. This was due to a number of factors, including a pay gap between national and expatriate workers. This made expatriates more affordable for companies in the private sector, whereas the higher wages in the public sector attracted more Emirati employees.

A related issue was that Emiratis are more difficult to retain than expatriate workers because they have more employment options, which leads to increased hiring costs.

Based on respondents' ideas, Al-Waqfi and Forstenlechner (2014) propose the following measures for the UAE government to improve the Emiratization policy:

> Address the pay gap expectations between the private and public sectors in the UAE

> Ensure that qualified Emiratis are hired where possible, before expatriate workers are given work permits

> Introduce Emiratization targets for private sector organisations wanting to receive contracts from the government, to leverage the policy in the hard-to-reach private sector

> Supply intensive training opportunities for locals seeking jobs

> Align job market needs with the higher education system.

Al-Waqfi and Forstenlechner (2014) conclude that the barriers to Emiratization need to be addressed before it will achieve the desired outcomes. They also suggest that HR practices in the UAE need to link performance to both pay and rewards, to support national job seekers in having an attitude of greater accountability and less entitlement.

“Goal orientation effects on behaviour and performance: evidence from international sales agents in the Middle East”

Chakrabarti, Barnes, Berthon, Pitt & Monkhouse

Chakrabarti, Barnes, Berthon, Pitt, and Monkhouse (2014) also focused on international workers based in the Middle East, in their study of the effects of goal orientation on behaviour and performance among international sales agents (ISAs).

ISAs are seen in extant HR literature as a “unique class of boundary-spanning employees” because they communicate with multiple stakeholders and have a relatively loose connection with companies (Chakrabarti et al., 2014: 320).

ISAs play an important role, although it is often undervalued. They often help companies to obtain entrance to new foreign markets and are generally responsible for contacting buyers in foreign markets and obtaining sales in those markets.

ISAs are typically chosen based on their connections, financial strength, and equipment and facilities. Despite their importance, they often lack support from companies, perhaps because they are not directly employed and operate at a distance. This study has value because:

“As managing across borders has now become the norm instead of the exception, it is important to probe the attitudes, motivation and aspirations of individuals operating in lucrative growth markets around the globe.” (Chakrabarti et al., 2014: 318)

Focusing on ISAs in the Middle East is one way of exploring management and motivation across borders in a unique environment.

The study examines several constructs: positive and negative feedback, a learning orientation, and a performance orientation, as well as working smart (made up of planning the sale, functional flexibility and adaptive selling), working hard and performance.

A set of 10 hypotheses was developed, predicting the relationships between these constructs, based on existing literature.
The research design was quantitative, and the relationships between these constructs were measured through a survey, which was administered to a sample of ISAs working in the Middle East, of mainly Pakistani and Indian origin. A summary of the hypotheses and findings can be seen in Table 3.

Table (3) Summary of Findings – Chakrabarti et al., 2014

Hypothesis	Findings
Positive feedback will positively influence the learning orientation among ISAs in the Middle East	Supported
Negative feedback will positively influence the learning orientation among ISAs in the Middle East	Supported
Positive feedback will positively influence the performance orientation among ISAs in the Middle East	Supported
Negative feedback will positively influence the performance orientation among ISAs in the Middle East	Supported
Learning orientation will positively influence working smart among ISAs in the Middle East	Supported
Learning orientation will positively influence working hard among ISAs in the Middle East	Supported
Performance orientation will positively influence working smart among ISAs in the Middle East	Supported
Performance orientation will positively influence working hard among ISAs in the Middle East	Supported
Working smart will positively influence performance among ISAs in the Middle East	Supported
Working hard will positively influence performance among ISAs in the Middle East	Supported

As shown, all ten of Chakrabarti et al.'s (2014) hypotheses were supported. More specifically, the authors found that a learning orientation positively influenced working smart and working hard more strongly than a performance orientation did, while working hard and working smart were found to improve performance.

Based on this finding, Chakrabarti et al. (2014) observe that it may be more effective to adopt 'soft' HR practices than 'hard', when working with ISAs located in the Gulf, as soft practices encourage a learning orientation.

An implication of this study is that managers should carefully consider the best ways to evaluate and appraise ISAs working in the Middle East, taking into account that individuals who are motivated by a learning orientation will be driven by both positive and negative feedback, as intrinsic interest in their work is what motivates them fundamentally. Managers would do well to consider what characterises a learning orientation, and design HR practices that are motivational and can be strategically tailored to meet the needs of individuals.

Furthermore, managers of ISAs in the Middle East should learn to effectively focus on goal orientation in order to better motivate staff to work smart and ultimately improve their performance.

Conclusion

This summary of recent academic journal articles presents a snapshot of current employment issues in the Middle East and some of their implications for HR professionals. It is far from exclusive, but it is useful for opening up a discussion on how organisations and governments in the Middle East can further leverage HRM to add value to the business and to individual employees, and support strategy.

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