

**Localisation: the appointment of host
country nationals to replace expatriates.**

**An investigation and analysis of issues and opinions
conducted in the Banking sector of the United Arab
Emirates with supplementary information provided in
Bahrain, Singapore and the United Kingdom.**

**Ph.D. Thesis
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Abstract.

This study seeks to identify and analyse issues which arise as organisations appoint local nationals to replace foreign workers. This is a subject of deep interest to many international and domestic organisations operating in countries which employ a substantial number of expatriates. It is also of interest to governments which wish to create employment opportunities for their own nationals and reduce their dependence upon expatriates. It has not been of much interest to academics if one is to judge interest by the amount of information published. This may be because it is a sensitive topic involving information which is difficult and expensive to produce.

It follows a qualitative approach to generate methods of investigation which enable the researcher to persuade respondents to give their opinions on the process. The study required the researcher to display great sensitivity to cultural norms and expectations of the respondents and their employing organisations. It also required building trust and rapport with individuals to induce them to talk about personal views and beliefs. It explores related issues within the field of International Human Resource Management, especially those regarding training and development, loyalty and socialisation, and motivation of staff in times of change.

The study was conducted in the Banking sector of the UAE with additional material from other locations. The researcher interviewed 60 senior staff of the participating banks as well as senior government officials, business people and several middle level staff. He also attempted questionnaire based surveys and focus group discussions. Those interviewed and surveyed were host country nationals, Western expatriates and non-Western expatriates. A substantial amount of information has been produced and analysed. Useful propositions for effective localisation have been suggested.

Although the focus of the study has been Banking in the UAE the intention of the study is to produce insights and suggestions which are intended to be of use in other locations and other industries. He intends that the research will prove of value to researchers and practitioners dealing with localisation and the management of Host Country Nationals and expatriates.

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Unfortunately I tended to have forgotten these solutions in the morning.

It is alleged that the Romans left behind the two steam driven computers used in the research room, along with their version of Word II, if this is correct I thank them. I also thank the administrative staff who made life in the university seem normal and not too isolated. They also helped me to use the photocopiers.

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Glossary.

ASEAN	Association of South East Asian Nations.
ETIBFS	Emirates Training Institute for Banking and Financial Services.
GCC	Gulf Co operative Council Countries.
HCN	Host Country National.
HO	Head Office.
HRM	Human Resource Management.
Localisation	The replacement of expatriate staff with those from the host country.
MNC	Multi National Corporation.
MNE	Multi National Enterprise.
NAFTA	North American Free Trade Area.
OJT	On job training.
PCN	Parent Country National.
R&D	Research and Development.
TCN	Third Country National.
UAE	United Arab Emirates.

Definitions.

GCC nationals.	Citizens of the Gulf Co-operation Council Countries.
Parent bank.	Any bank, world-wide, to which the bank in the UAE (Bahrain, Singapore) is a subsidiary or associate.
This bank.	The bank in the UAE (Bahrain, Singapore) only.
UAE nationals.	Citizens or those recognised by the Department of Labour or Department of Immigration as not requiring a work permit but who are not citizens of another GCC State.
Western expatriates.	Nationals of Australia, Canada, the European Union, New Zealand or the USA irrespective of their race.
Other expatriates	Nationals of any country except those of the GCC, Australia, Canada, the European Union, New Zealand or the USA irrespective of their race.

“The majority were men who, like himself, thrown there by some accident, had remained as officers of country ships. They had now a horror of home service, with its harder conditions, severer view of duty, and hazard of stormy oceans. They were attuned to the eternal peace of Eastern sky and sea. They loved short passages, good deck chairs, large native crews and the distinction of being white. They shuddered at the thought of hard work and led precariously easy lives, always on the verge of dismissal, always on the verge of engagements serving Chinamen, Arabs, half castes- would have served the devil himself had he made it easy enough. They talked everlastingly of turns of luck.....and all in all they said- in their actions, in their looks, in their persons- could be detected the soft spot, the place of decay and the determination to lounge safely through existence.”

Conrad (1900)

“God curse the Pahlavis, Bakravan thought, they’re the cause of all our trouble. Curse them for all the trouble they’ve caused with their insistent, too hasty demand for modernisation, for their insane disregard of our advice and influence, for inviting foreigners in, as many as 50,000 Americans alone just a year ago, letting them take all the best jobs and all the banking business. The Shah spurned our help, broke our monopoly, strangled us, and tore away our historic heritage. Everywhere, all over Iran. But we had our revenge.....And we won. And now, with foreign banks gone, foreigners gone, we’ll be richer and with more influence than before”.

Clavell (1986)

“They didn’t see, these young men, that there was anything there to build in their country. As far as they were concerned it was all there already; they only had to take, they believed that by being who they were they had earned the right to take...”

Naipaul (1980)

Chapter 1. Importance and Approach of this Research.

1.1 Outline of the Chapter.

This thesis explores an area of research which has been neglected by academics. The process of replacing expatriates is of much interest to organisations employing significant numbers of foreigners. In the chapter there is a summary of objectives and aims of the study. Then there is an outline of why the researcher decided to undertake the study. This is followed by discussion of some of the obstacles to a successful study. There is an endeavour to pass on the enthusiasm that can arise from researching into new territory. The interaction between globalisation and localisation is mentioned. The consequences of neglecting local views when considering the international perspectives are discussed. This leads to a brief explanation of the need to adapt techniques and approaches to discover valuable data from a number of cultures. The range of literature is examined and reasons for looking at a wide variety of studies, including many outside Human Resource Management (HRM), are given. The insights and recommendations which have arisen from the analysis of the results, contained in chapters 4 and 5 are then explained. Academics and practitioners, who are involved in issues of international HRM, are likely to find the information in the thesis of value and interest.

1.2 Objectives of this Study.

I wish to declare an interest at this early stage. I am interested in the subject of localisation. It was not my first choice as a subject for Ph.D. research as even at the beginning of the Ph.D. I recognised the difficulty of studying this topic. But as mentioned later, it is a subject of importance to many international business executives. A small feature of my interest and enthusiasm is that in the first and last chapters of the thesis I will often use the first person singular rather than the formal and impersonal terms used in the remaining chapters. This may seem unconventional but I wish to demonstrate my interest in the research topic beyond it as a means to gain a Ph.D.

A major responsibility in my roles as, successively, Personnel Manager, Chief Manager- Human and Technical Resources and General Manager (Personnel Services) in South East Asia and the Middle East has been the development of host country nationals (HCNs) to replace expatriates- usually called localisation. When, in 1994, I asked a group of general managers and HRM specialists in the UAE what contribution academic research could make to their job they said to me- *'help us to be better at localising'*.

Carrying out localisation successfully puts a foreign manager in a difficult position. He (the vast majority of expatriate workers are 'he') may want to achieve his employer's objectives but that means losing his job. He may want to help local friends progress in their careers but that means expatriates friends seeing their careers stagnate or end. He may wish the best for the organisation but have to watch standards change as the novice staff work through a learning curve. He may see other cultures, which are different to the ones he preferred, gain prominence.

But there is great satisfaction in being able to contribute to such an exciting change in an organisation. Few people have the courage to face such a challenge and fewer still have the skill. The Chief Executive Officer (CEO) and Human Resource (HR) manager especially can make a valuable and personal contribution to the organisation's development and to the development of staff. The senior staff have the challenge of

managing the expectations of the former and the fears of the latter. If the process of localisation is performed well even the expatriate staff can have their career prospects enhanced because they gain skills and expertise which can be sold to future employers. If the organisation's localisation plans and practices are of a high standard they may become the benchmark by which others, including government departments, judge the success of the process within the country or region. In some cases the individual manager is making a significant contribution to nation-building.

When the Dubai Personnel Managers' Forum suggested this study, however, I knew that the task would be difficult. There might be a desire to localise on the part of some individuals and organisations but many others resist the process in subtle or obvious ways. The whole process is often shrouded in secrecy because senior staff do not wish to upset employees, whether nationals or expatriates. To give access to an outsider and to give information which would not normally be shared even with colleagues was asking much of these potential participants.

I was also aware of the lack of previous academic research in the subject. This would mean embarking, as a novice researcher, into an area which experienced academics had not explored. There was a risk of relying upon practical experience and so producing a manual for HR managers but not a work of academic rigour and validity.

As time went on the frustrations and disappointments of the research process did not prove daunting but encouraged me to see how worthwhile the study had become. Those participants who gave time and information have reacted favourably to the knowledge and insights that the study has produced. The research resulted in a series of views which had been hidden from the participants and others interested in making localisation work well. I found that my own knowledge was vastly increased by tackling this subject in an academic manner. I certainly found it interesting.

1.3 Problems of Research on Localisation.

The process of localising jobs is of great concern to organisations that rely upon expatriates to perform crucial functions. It is also of concern to those organisations which operate in relatively wealthy countries where foreign workers are employed to carry out tasks which are unattractive to the citizens of those countries. It can be argued that it is of even greater importance to the societies within which these organisations operate. *The Economist* (1997) has drawn our attention to the high number of well qualified young people coming onto the GCC labour market with very few jobs available for them. Yet at the same time, according to Al-Jassim (1990) some of these countries have expatriates who make up around 90% population and hold more than 80% of the jobs in the state.

The current study is focused upon the situation in countries which are attractive to expatriates. It is in those countries that the issue of localisation is most prominent. That is not to say that it is of no interest in poor countries. Hailey (1994a) has written about the successful localisation in a company in Nigeria. With due respect to Hailey it is the contention of this researcher that Nigeria is not an attractive location to expatriates of the type who previously held senior positions in the organisations he studied. But Nigeria is still seen as a wealthy and attractive country by refugees and migrant workers, who are expatriates, from neighbouring West African countries. Few academics studying international HRM are likely to wish to study poor migrant workers.

Harzing and Van Ruysseveldt (1996) have commented on the apparent lack of academic interest in this subject. Brewster and Hailey, in conversations with this researcher, also pointed out how surprised they were that few academics chose to study or write on the topic. In chapters 2 and 3 of this thesis some explanations have been given for this neglect. Major factors are likely to be the difficulty and cost of access to information when the researcher is dealing with organisations which are thousands of miles away. The sources of information might possibly be in countries which use a different language and which have distinct cultures which differ from the researcher's own. Circumstances in one location may differ from those in other locations which the researcher may wish to

study, so make it difficult to develop valid conclusions in the research. There are also the problems which arise from being a pioneer, or at least being one of a small band, exploring new territory. Academics, quoted in chapter 2, including Campbell *et al* (1982), Bryson *et al* (1994), Hakel *et al* (1982) and Mendenhall *et al* (1993), advise undertaking bold research rather than following in someone else's footsteps. At times it did seem to me that it would have been more straight forward to be less bold and more comfortable. It would also have been less expensive to find an easier subject for study closer to home.

However, an easier subject would not have been so interesting. It would not have offered the insights into other cultures and ways of thinking. Nor would it have given a chance make a new discoveries. By tackling, in an academic manner, an issue seen as important by managers and staff operating in the real world, the researcher considers that he has made a valuable contribution to the study of international human resource management.

1.4 To Successfully Globalise, Organisations Must Successfully Localise.

The researcher is perhaps in danger of seeing the issue of localisation at the centre of all aspects of globalisation. He does consider, however, that in the attempt to focus upon globalisation many organisations, or more particularly their head office (HO) staff, have neglected the impact of HRM and Organisational Development policies on the local labour market and national society in which these policies are being applied. Robinson (1994) demonstrates that when crossing international boundaries organisations face conflicting pressures on the one hand for local responsiveness and on the other for global integration.

The views of Korbin (1994) regarding the lack of understanding of international issues in the head offices of global organisations are discussed in chapter 3. It is worth mentioning here that Korbin believes that those people making investment and dis-investment decisions have little or no understanding of the environments in which these decisions will have an impact.

Even worse, he along with Bedi (1991) and others suggests that those advising the decision makers also lack an international understanding. This is because they have had little or no exposure to the different environment and cultures in which these global organisations operate. They may have made brief trips in the role of what are unkindly called 'seagulls'. Seagulls fly in, make a lot of noise, spread a mess around and then fly away again. But they have not been in the location long enough to have an understanding of local issues or opinions on how to succeed in this environment. Even when the decision makers or their advisers have not been to the particular locality, if they have worked for a period of months or years outside their normal environment and culture, they may develop a sensitivity to the societal issues and cultural aspects which are likely to be of importance.

In spite of much discussion of global organisations there has been a shift in power from 'colonial' companies and Multi National Companies (MNCs) to local businesses. Some

of these local businesses have now succeeded in entering the domestic market of the former colonial power, (Weir, 1997) or in challenging the Western MNCs in their overseas markets, (Krugman, 1994). Scullion (1995) claims that the effective management of human resources is a major determinant of success in international operations. Yet, he suggests, many organisations have not understood how to identify or solve the issues which are important to those who work for organisations beyond their home territories.

I am probably not alone in thinking that Western management theories and techniques are exported without checking to see if they are suitable in the host environment. This contrasts with products such as pharmaceuticals and food which have to be proven to not be harmful before supplied to customers. Theories and techniques are supplied without any testing!

1.5 Cultural Factors and Cultural Differences.

I have been sensitised to the issues involved in replacing foreigners with local people, through many years as an expatriate. I originally left Scotland as a 13 year old 'expat brat' and have worked or travelled in approximately 60 countries. My expertise has been in motivating, managing and assisting people from a wide variety of societies and cultures. I did, however, hope that as I was no longer directly involved in these functions I could bring the perspective of an outsider but be accepted by potential participants in the study as someone with knowledge and understanding which was relevant and potentially useful to them.

I consider that there is a need to understand other cultures' ways of thinking and their members' expectations. This is not to say that one can necessarily define what is different in cultures, although Haire *et al* (1966), Hofstede (1980 onwards) and Trompenaars (1991 and 1993) have attempted to do so. I merely wishes to suggest that there are differences. Hence in chapter 4 I categorise respondents into national, Western and non-Western expatriate groups for the purpose of analysis. There is no suggestion that each group is homogeneous but each does represent a substantially different culture. By separating respondents into such groups a mass of data can be examined to produce useful insights.

1.6 Methods Used in the Research.

Owing to my previous experience as a practitioner, and because of a lack of previous research in this field, particular care had to be taken when selecting my approach to gathering and analysing information. Lincoln and Guba (1985) demonstrate that 'facts' cannot be assumed to be independent of the researcher's values. Therefore this researcher took care to identify those values whilst seeking to not impose them upon the respondents whose opinions I sought. I followed the advice of Welch (1994b) to avoid prior commitment to any theoretical model. Whilst I recognised that in taking a qualitative approach there was great danger of being subjective or imprecise in this study I thought these risks worth taking to yield rich insights to the subject. I was aware that, as Welch considers, the results could be suggestive rather than definite. But even suggestive results can, in the opinion of Mendenhall *et al* (1993), can be of much value to other academic researchers during the early stages of the study of a topic. I considered that I had a good sense of direction but not a route map. So I was often not certain if I was following the correct path.

Although the subject of the study is seen by many host country and expatriate managers as crucial to the relationship between an organisation and the society in which they operate, it is also one of extreme sensitivity. Appendix A.1. shows one of the responses the researcher had from an organisation which would claim to have successfully planned its localisation policy. The organisation thought the subject too sensitive to be raised with staff. The guidance of Lee (1993), on researching sensitive subjects, proved of significant help when attempting to gain access and information.

As will be seen later in the thesis it was often difficult to gain access to information which one would expect to be in the public domain. The UAE is not the only country in the developing world to be ultra sensitive to disclosing information. But the lack of some crucial information makes studies such as this difficult. For example there are no accurate statistics available on the numbers of nationals or expatriates in the UAE. Al Jassim(1990) found that, in spite of a census in 1985, the results of the previous 1980

census were still forbidden to be circulated. Even Central Bank statistics on employment within banks are suspect. This researcher gave much assistance and information to a committee carrying out a survey of employment practices in the banking sector in the UAE and was promised the results of the survey. The Chairman of the committee authorised a copy to be given but the members prevaricated and did not hand over the document because it was thought, by them to be too sensitive.

An examination of the limited literature on HCN development and appointment to replace expatriates is given in chapter 3. As the number of studies of the topic are so few, the review was cast wider than would be the case for a topic which had previously been well researched. This gave the researcher an opportunity to carry out a comprehensive search of relevant subjects. Much of the search was driven by the need to look at work by writers who may have taken different perspectives but whose work on, for example economic or political development, expatriates or culture produced interesting information on the process of appointing HCNs to replace expatriates.

Most of the information of the study came from interviews with host country nationals and expatriates as well as HO and regional office staff who developed and implemented localisation policies. It was supplemented by my personal experience of the interaction of culture and groups within a business environment. This personal experience was especially useful when generating research questions, building rapport with the respondents and analysing the results.

Salama (1995) takes the view, which this researcher supports, that to change people's behaviour one must first understand their ways of thinking, their ideas and values. He suggests discovering how different groups of people think differently and why they think that way. It is hoped that the results of this research will contribute to better practice as well as to academic knowledge. That is why I have chosen to attempt to understand ways of thinking, ideas and values.

It might be thought that the thesis could become too concerned with the practitioner's problems and not be academic enough in its approach. It is intended that this trap be avoided. I was persuaded by the suggestion of Eden and Huxham (1993), which was offered in a slightly different context, that this study be:

“A concern to understand the role and context and develop a view that can be presented to those readers expecting to gain from the research outcome is probably the most important requirement.”

1.7 Analysis of the Results and their Implications.

It is fairly easy for a host country to expel foreigners. Uganda did this in the 1970s. It might be said that its economy suffered and the nations to which the expelled Asian community moved gained. Throwing out some foreigners may just lead to others coming into the country. Brewster (1991) claims that there are now more expatriates working in Africa than there were in colonial times. So even expelling some foreign groups does not necessarily solve the domestic society's needs or wants. But the process of expulsion itself is straight forward.

Kuwait expelled Palestinians and stateless people after the Iraqis were dislodged. Other countries, examined in this study, have also repatriated many hundreds of thousands of foreigners. In this thesis I examine opinions and issues of concern to expatriates and the HCNs to suggest ways of replacing foreign workers in a manner which minimises the harm and maximises the benefit to both groups. I offer propositions from information gathered in one industry and mainly from one country but with input from other countries. It is intended that information from this study will be of value in other industries and locations.

1.8 Review of the Chapter.

This chapter has summarised the researcher's objectives and interests. It then described how he endeavoured to accomplish these objectives. Although the thesis is a study of a particular industry, banking, and is focused upon a particular country, the United Arab Emirates, it is also intended as an initial attempt to generalise issues concerning the topic of localisation. Some of the insights and suggestions in the thesis are likely to be of value to those studying other industries or other countries. It is the hope of the researcher that the thesis will be useful to others in their studies of host country nationals or expatriates.

In examining the academic literature it quickly became apparent that the subject of localisation was itself occupying a major gap in the field of human resource management. A number of practitioners and management consultants had presented conference papers on localisation but these took the form of case studies and were not grounded in an academic approach. The frequency of conferences on localisation suggests the topic is of great interest to practising managers as well as to host country governments. Many organisations are keen to find ways of being more effective in the way they carry out localisation but they are not being aided by academics in their search for solutions.

The next chapter will review the little material which has been written on localisation. A wide range of studies of potential value to the research, even where the authors had not written directly about localisation, was considered.

Chapter 2. The Context of Localisation Through a Survey and Review of Relevant and Related Literature.

2.1 Outline of the Chapter.

The chapter considers, briefly, why it should be that a topic so crucial to the success of organisations operating internationally, or which bring foreign workers to their own country, is neglected by academics. Relevant aspects of the relationship between developed and less developed societies and countries are then surveyed. This seems to be the province of economists and social scientists. There are explorations of their territory and an endeavour to identify ideas that can be of most use.

One of the main issues in research into international human resource management is that of successful globalisation of organisations. The researcher seeks to identify the most important works concerning globalisation. He then aims to bring out the key points that are relevant to the development of nationals of the host countries interacting with global, or at least transnational, organisations and with foreigners.

The role of expatriates is seen to be fundamental to success internationally and for this reason is subject to much academic research. Most of the academics, albeit with some important exceptions, are from the USA or work in that country. Their research may be driven by the apparent failure of Americans to be successful in their dealings with foreigners discussed by Swaak (1995). A reason for the focus upon expatriates may be that most people are ethnocentric and prefer to trust, delegate and communicate with others of the same race or background as themselves.

The chapter highlights authors who seek to demonstrate the impact that ethnocentric policies might have in international organisations. The recipients of an ethnocentric

staffing policy are considered by a few academics who have realised that it is no longer effective to neglect local people in the global market for goods and services.

There is then a summary of the most important of their ideas and experiences. In the last 30 years, driven initially by social scientists, much has been written about the role of culture in society and organisations trying to operate beyond their domestic origins or which employ a number of different nationalities. In the past the HCN's views and culture could more or less be ignored as there was rarely an effective competitor to offer them better service or products. That leads on to the human aspects of the process of transferring technology from one country to another.

2.2 Introduction.

Novelists seem to provide some of the best insights into the process of HCNs developing and taking over jobs previously held by expatriates. Because the novelists quoted at the beginning of the thesis have each been expatriates they have been able to enter the minds of those interacting with host country nationals. Two of the three, coming from 'developing' countries, also had particular insights into the minds of the 'locals' having to deal with foreigners. This researcher, using methods of academic investigation, attempts to extend these insights.

Little has been written on this subject by academics, even although it is of great importance to organisations employing foreigners. Hailey, who is referred to later, is virtually the only academic in the West who publishes articles on the subject of localisation. Harzing and Ruysseveldt (1996) complain that they were not able to include much material on host country nationals because so few academics have studied the subject. This review, therefore, has to consider those academics whose research and views have an impact on the subject even though their writing may not have been undertaken with ideas concerning the development of HCNs at the fore. As Gullick (1990) stated, it is rare for reference to be made to rival (by which one takes him to mean alternate) disciplines within a research report. This researcher has had study a number of different research areas to seek insight and perspectives that may not have been apparent or relevant to these researchers.

This review considers work relevant to organisations employing a mixture of nationalities, including host country nationals, and within societies in which expatriates have a significant role.

2.3 Why do Researchers not Study Localisation?

Often academics are encouraged, by lack of time and lack of financial resources, to concentrate on subjects which are readily available for study. When the subject is one which many others have already studied then there is comfort to be taken in following a path, or at least a direction, taken by others. There is also credibility to be gained from studying a subject which is regularly written about by other academics. Studying 'localisation', which is the commonly used term for the development of HCNs, requires time and effort to talk with foreigners even if we do not travel to visit them in their home country. They may not be fluent in our language. We invariably are not fluent in their language.

The host country and its national organisations are unlikely to offer the funding that large Western organisations can make available to those studying globalisation or the management of expatriates. To study HCN development requires interest in a subject more important to the locals than to the expatriates and more important to the practitioner and manager than the referee of an academic journal.

Adler & Bartholomew (1992) analysed published material in 23,000 articles on HRM issues and found :-

- a change in focus from single to multiple country studies,
- a recognition of the importance of culture,
- a willingness of academics and practitioners to work together to study subjects of most interest to transnational companies.

It does appear, however, that they did not identify the subject of host country managers as one of significant interest.

Most studies, including this thesis, concentrate on senior managers and issues important to them and few take account of non-managerial staff. Ferner (1994) recommends a qualitative approach at levels beneath that of senior planners and overall corporate strategists to examine the dynamics of organisational micropolitics and the constraints

within which they operate. The researcher found, in his research, that this is not an easy task. Organisations are reluctant to give outsiders access to staff who may not have absorbed the senior manager's view of the organisation's world.

Buckley and Brooke (1992) consider that despite our interest in international management issues there is little research which helps our understanding of how firms develop a local management capacity, the dynamics of effective localisation, the operational problems and financial implications, the cross-cultural issues that arise, or the process of selecting and training local managers. This thesis aims to help in this understanding.

2.4 Developing Societies.

2.4.1 The Importance of Development Studies.

The issue of development and underdevelopment (or the process of developing) is of great interest to economists and social scientists. It has been of limited concern to those involved in business matters. Those involved in business seem to confine their interest to matters of creating suitable markets in which to sell their products. This review examines the field from the perspective that without an understanding of the evolution of nations and societies it is unlikely that one can appreciate the influences upon the host country and its Nationals.

Those of us brought up in the West have had several generations of ancestors exposed to industrialisation and systematic organisation. Most of the societies in which this research project has been carried out have moved, as one interviewee put it

“from the camel to the computer”

in 25 years or as another (maybe less kindly) said

“from the camel to the Cadillac”.

Without an understanding of the process of development one loses sight of significant factors of influence on those individuals and societies going through these changes.

This thesis does not seek to make moral judgement of what is ‘progress’ or benefit to individuals and societies. It accepts that the current path of development is the one that most people aspire to or at least accept. For that reason it does not include material on non-industrial paths of development such as ‘alternative’ or ‘appropriate’ technology. Many people in the developing world want the products and lifestyle of the developed,

industrialised world-even if pollution and stress are included. One is, however, also mindful of the opinion of Toye (1987) that 'development' is not a neutral term. It suggests a movement from one state to a better state.

Chew *et al* (1990) point out that in developing countries the needs of workers are generally not those of self actualisation, suggested by Maslow (1970) ,but of economic and social security. These are gained by self sacrifice, service to others and a focus on collective success. Nusair (1985) studied motivation in Islamic societies. He suggests that needs of Muslims are:-

- Spiritual (love, belonging, trust, security, faith, loyalty and recognition).
- Intellectual (knowledge, thinking, observation, perception, experiment and speculation).
- Physiological (food, water, shelter, health and money).

Handy (1990) in a study of 200 Arab executives ranked the 10 factors they considered most important to their success. The most important was a good education, followed by exposure to early role models, third was experience of responsibility at an early age, then ethics and values especially religion i.e. Islam. It is unlikely that a similar group of Western executives would value education and religion so highly. Citizens of stable developed societies are not faced with the opportunities and challenges which face nationals of developing societies. It may, in the opinion of this researcher, be these opportunities and challenges which cause education and spiritual well being to be so important in many parts of the world.

Considering development studies will help us to discover why it is that, as *The Economist* (1995a), points out Vietnam has an income per head which is only 6% of that of the UAE but it has a higher rate of literacy.

2.4.2 The Development Process.

When considering the process of replacing expatriates with HCNs it will help to have explanations of growth and development. The researcher believes that Cho (1995) has useful definitions. He considers growth to be an increase in general well-being and development to be an improvement in general welfare and quality of life. The terms 'developed' and 'underdeveloped' do not describe the potential but rather the existing situation regarding wealth and material well-being. Many writers such as, Mountjoy (1984), however, believe that 'developing' does suggest a dynamic process of improving resources whether human or material. 'Underdeveloped' is not a broad term. It refers to a low standard of technical and material attainment not spiritual or other aspects of development. As Mutwa (1977) shows some societies, such as the 'Kung (sometimes called Bushmen), are considered highly developed because they demonstrate an ability to survive with few material possessions in an environment which would defeat others who have a wealth of material and technological advantages.

It has been suggested by Mountjoy (1984) that knowledge which took Europe 200 years to acquire is instantly available to other countries but without the supporting knowledge 'infrastructure' i.e. tradition, experience and culture necessary to use it. That is especially so in the wealthy countries which are the focus of the current study. These are developing countries but ones which the World Bank (1982) previously called 'capital surplus oil exporters' and are now 'high income oil exporters'. They have the wealth to quickly acquire knowledge and technological infrastructure but cannot quickly acquire the knowledge infra-structure for their own citizens. The countries of the GCC were amongst the last to become fully integrated into, what Leys (1996) calls, the global system of production and exchange. These countries were also isolated from technological developments in the West.

Al Mahdi (1996) points out that Bahrainis of only one generation ago worked in a harsh environment. That work environment did not have the disciplines and expectations of behaviour which the current generations of GCC nationals have to adjust to in the

industrial and commercial organisations of the modern society. Developing a positive motivation and sense of responsibility to work in such modern organisations requires a change in education and socialising the new generations of developing nations' citizens. Roe (1993) believes that development is 'fractious and unpredictable' and is always about processes rather than outcomes. He considers that quick results cannot be expected in a process of social and economic change. It is therefore unfortunate that so many of those involved in the process of localisation expect rapid changes in attitudes and application.

Although this review is not aimed at philosophical discussion regarding development it cannot ignore the contribution to the Marxist arguments concerning development.

Alexander (1990) has certainly made a strong case for the argument that the Marxist perspective has been too mechanistic and has ignored cultural explanations. The Marxists have, however, had a great deal of influence upon politicians and civil servants if not upon business people in the developing world. Writers such as Kay (1982) consider that classical economics tends to assume that underdevelopment existed once for all countries so its existence cannot be attributed to any class, economic or political system.

Underdevelopment was believed to be a natural phenomenon-previously explained in terms of racial differences. The developed countries and their policies and practices were therefore free of responsibility for their less fortunate brethren. The Marxist perspective believes that the differences between a developed and an underdeveloped country are differences of degree rather than of kind, much in the same way as Mountjoy (1984) believed.

2.4.3 Change into a Modern Society.

A useful view of the process through which workers and society change in order to move into the modern world is the classic work by Sahlins (1981). In reviewing his work it is by no means suggested that the developing societies are in the 'Stone Age'. Sahlins mentions that there are two courses to affluence- producing much or desiring little. Adopting a Zen strategy (material wants are finite and few and technical means are adequate) people can enjoy material plenty and a low standard of living. The typical hunter gatherer is not capable of continuous daily hard work and find it difficult to adjust to the discipline of the modern sector. In tropical areas gathering tends to be more reliable than hunting so the women (whose work this is) tend to be more used to regular work discipline. This reviewer wonders if that could be a factor commercial organisations preferring to employ female workers. There is another relevant phenomenon which arises in the GCC when there is importation of labourers or unskilled workers from traditional societies e.g. Pathans and Baluchis. These people tend to work for as long as is needed to acquire specific material items then stop working and return home. They have no interest in commitment to work or towards work discipline.

Goonatilake (1984) tackles the subject of development from the point of view of the technology and thinking patterns of the West overcoming those of the East and South. Those superseded maybe had more validity in those societies but lacked the 'newness' and dynamism of ideas or the military and organisational might of the Western colonialists. He believes that many of the ideas of the East and South have been taken over and 're-packaged' by people from the West. He mentions various mathematical tools and concepts, medical techniques such as vaccination and industrial technology such as steel making. Saha (1990b) has shown that high grade iron ore had been in production in India for longer than any other part of the world. Goonatilake (1984) maintains that non-European knowledge has been 'delegitimised'. This delegitimation caused a virtual stigma to be placed upon local knowledge, especially by the societies' elite. It led to a loss of confidence among many of the people of the developing world and encouraged their

propensity to look West for ideas. In turn it caused a search for expatriates to put the ideas into practice.

Lin (1995) in contrast to Goonatilake believes that some Asian societies, specifically China, were more advanced than those of Europe until the Industrial revolution of Britain in the 18th century. He argues that in Asian culture knowledge comes from experience whereas in industrialised Europe it comes from experience and experiment. The systems of Asia discouraged innovation although innovation did occur especially in times of crisis. The loss of technological advantage over the last two or three hundred years has been accompanied by a loss of confidence in indigenous capability which, in the view of this researcher, has only begun to be restored in the last twenty years.

Along with this restored confidence has come, to some, a realisation that no society has a monopoly of modernisation or has adapted fully to the requirements of modernity if for no other reason than that, as Nash (1973) has argued, modernity is an unfinished business. All societies and their members try to adjust or resist the process of development and find ways to survive or maybe prosper during the transition.

Worsley (1984) has suggested that whereas early in economic development a person could transfer skills from agricultural or other primary production to a factory this is not possible in organisations using sophisticated technological processes.

2.4.4 Transitional Societies.

LaPalombara and Black (1979) consider it is difficult to define developing nations except in terms of relative poverty or wealth. To travel to the modern cities of the GCC or countries such as Brunei it may be difficult to disagree but wealthy though such societies are they are not yet developed. Lim (1991) considers that true development is associated not just with high per capita income but with well developed human resources, economic infra structure and impressive utilisation of natural resources. One could argue with the definition and tautologous use of terms but he does demonstrate that money alone is insufficient for development. It is also clear that we should not confuse economic growth with development.

Societies can be in transition from a traditional to a modern state without being developed. They may be rich and urban but not industrialised or diverse in their resources. Salman (1988) believes that the UAE is an underdeveloped country in spite of its wealth because it lacks technological capability. He concludes that the mere existence of resources such as capital is not in itself sufficient condition for development. Toye (1987) demonstrates that the output of goods and services can be increased by exploiting labour, bad health and safety conditions as well as unfair treatment of workers- all of these circumstances are found in the UAE.

In most lesser developing nations poverty increases the desire for work and education but in wealthy developing countries the drive for education is lacking. In the UAE the education system is considered by many to be weak and has a high drop out rate amongst students. Al Jassim (1991) quotes a secret report prepared by the Ministry of Education which found 3 main reasons for these drop out:-

- the illiteracy of parents,
- weakness of teachers and other education staff and
- government encouragement to youngsters without qualifications to gain employment in public sector offices.

Where education is important as a means of gaining qualifications pupils try to go for easy courses such as humanities or pressurise teachers to let them pass.

Many including Salman (1988) believe that for a country to be considered developed it must have achieved a minimum standard of education. Such educated human resources are required to be able to direct the application of appropriate technologies. Without reviewing the history of education in the UAE it is certainly true that until the 1970s the number of schools in the country was inadequate for a modern society to be created. Hayajneh *et al* (1994) would claim that this was due to the colonial power (Britain) not having responsibility for internal affairs, so allowing the local power holders to keep the mass of the young population uneducated. Heard-Bey (1996) recounts how education in the region tended to be provided by foreigners, especially Egyptians and Levantines, who sometimes asserted their cultural superiority. This might be one of the factors which dissuades UAE and other GCC nationals from becoming actively involved in education as teachers or as interested parents. However the researcher is unaware of any authors, writing in English, being aware of this view but he is aware of UAE nationals expressing such an opinion.

Salman (1988) and Al Jassim (1990) believe that the UAE has imported technology without trying to understand the scientific basis for the technology. The UAE is a mass consumption society with high per capita income but is still underdeveloped. They do not believe it is possible to compare modernisation in the Gulf with the experience of the West because in the former case it is the result of an interaction between pre-Capitalist social structures and Industrial Capitalism, in the latter case pre-Capitalist society developed into Industrial Capitalist society. It has therefore been necessary for governments to organise the development.

2.4.5 The Fear of Others Catching Up.

In 1945, according to Boyacigiller and Adler (1995), the USA produced 75% of the gross world product (the sum of all GNPs). The rest of the industrial world's industrial capacity had been destroyed or disrupted during the Second World War. Since that time its share of world wealth has declined to less than 25% of GWP. In absolute terms, however, its wealth has still increased. The same pattern is true of the major European economies from the 1960s onwards. Those in the developed world have grown richer but others are getting rich faster, catching up and even overtaking.

Skolikoff (1993) argues that the developed nations will resist or even oppose the transfer of technology to the developing world. Any transfer, he maintains, will only occur on terms generous to the developed nation or organisations from that developed world. Norgaard (1994) suggests that many of those in the developing world see the desire to impose environmental controls as a means of keeping them as a source of raw materials and of cheap labour. Dombrowski (1994) considers that the West's preoccupation with patents and intellectual property rights is further evidence of the same strategy.

There is a fear in the West that as the workers of the developing world learn our skills so our wages must drop to their level to compete. Krugman (1994) examines this fear. He suggests that as developing countries' productivity increases so does average productivity for the world as a whole and with it average world living standards and the ability of more customers to buy. If wages are cut to enable prices to be reduced then the buying power of wage earners is increased but not necessarily the buying power of the individual wage earner. It is likely that as workers in transitional countries become skilled at tasks previously undertaken by the unskilled and semi-skilled workers in the West then in that part of the world there will arise a greater inequality in wages between the skilled who can still compete and the unskilled whose jobs have moved abroad.

Krugman's theme is developed in *The Economist* (1995b) which states that a commonly held fallacy is that the output of an economy and therefore the amount of work available

is fixed. This is not true. Although there have been rapid advances in technology in the last few centuries the level of unemployment has not increased as the technological developments have created new jobs.

The economies which have done best at creating jobs are those which have embraced high technology and dispensed with traditional technology. This is expensive technology for as Lin (1995) has shown new technology from experience is virtually free whereas that from science and experimentation is costly. Usually the only organisations able to afford the high technology are foreign companies or local governments. Kumar and Siddharthan (1994) believe that most of the technology employed in the developing countries is adaptive rather than creative. Cho (1995), however, believes that the presence of foreign firms may increase technological diffusion and improve the efficiency of local firms. May be the presence of foreign people does the same.

There is little incentive for the foreign companies to transfer creative technology or for governments to take the risk of generating creative ways of thinking. This is especially the case for authoritarian governments if they fear such thinking may not be limited to economic matters. Toye (1987) considers that authoritarian regimes in the developing world have tended to be more successful in economic performance than the democratic ones. But those such as ones found in South East Asia last longer than those which do not. It does have to be said that his evidence is slim. Despotic regimes in Africa and Latin America have lasted longer than those in post Independent Asia.

Hall (1986) suggests that the West should welcome its relative decline because this demonstrates that there has been significant advancement elsewhere in the world. Although the Western nations have lost relative advantage the people of those countries have a much higher standard of living than their ancestors because of the advances elsewhere in the world.

In the long term improved productivity is the only way to increase standards of living- in a material sense. In the view of this researcher that improvement requires organisations to

look at performance and ability not at national or ethnic origin of staff and potential recruits. However political considerations, especially with regard to nation building, will not permit this view to prevail.

2.5 Nation Building.

2.5.1 The Creation of a Nation State.

According to Miller (1995) many nations pursue policies designed to protect their particular identity and the culture of their members (or at least the dominant members). If nations are to acquire a common culture they need a common language which will be used in public even if other languages are used in private. Political unity is aided if the governing and governed can communicate in such a common language. In this context unity may not be aided by the fact that most business organisations in the region, which is the focus of this study, use English as the means of communications rather than the host language.

Arabic is the language of the United Arab Emirates, even if it is not the language of the majority of the residents of the country. In practice Hindi/Urdu is probably the most widely used language in the Emirates. In chapter 4, which discusses the results of the study, many respondents mention the lack of fluency in English of the nationals as a substantial disadvantage when recruiting. On the other hand many locals believe that it is unfair to expect candidates to be judged for suitability for employment on the basis of their knowledge of a foreign language.

The importance of language is an example of the particular issues which, according to Khilnani (1997), face countries which have had to create modern nation states rapidly following a period of colonial rule. They have been unable to acquire responsibilities and resources in the gradual manner of many European states. He also suggests that the citizens have unreasonable expectations of their states' responsibilities and capabilities.

Miller would probably argue that there has not been sufficient time and effort to create a shared system of beliefs and expectations. He considers that what holds nations together is beliefs. These beliefs are transmitted through media which is available to all who

belong to the community. Cultural similarities mean that co-nationals are better informed about one another than outsiders so are better able to assist each other than outsiders are able to do.

Nation states are, according to Miller, expected to supply specific assistance to citizens which would include care in times of distress and jobs in preference to employing foreigners. This researcher wonders if the weak nationalism of the GCC not only leads citizens to invest outside the region but also to feel that they have few obligations to each other.

The citizen must trust the state and must trust one another to comply with what the state demands of them. If they compete on the basis that it is a 'zero sum' game where one wins or loses then there will be little incentive to reach agreement on obligations and rights. Each sectional group will look after its own interests and any concessions will be considered signs of weakness. This lack of trust in fellow citizens, to share the costs of training and developing nationals is one of the major issues which has to be faced in localisation.

States are unequal in their capacity to provide for their members. It is possible to extend the opportunities and resources of the state to non-citizens who are resident and under the authority of the state while the number of non-citizens are few. But when they become a greater number there is much potential for instability as the non-citizens would have rights but few obligations. In most of the GCC countries the citizens are outnumbered by foreigners. In the case of the UAE it is estimated that citizens make up between 15 and 25% of the population. However, in the experience of Al Jassim (1990), it is extremely difficult to gain access to reliable statistics.

Radical multi-culturalism, practised by some groups in wealthy countries, demands rights to particular groups which those groups do not have in their own country. For example Indians and Pakistanis get free or heavily subsidised medical treatment in the UAE but they would not enjoy such benefits in their home country. This is the cause of much

resentment among local citizens who feel that the country's resources should not be spent upon foreigners.

2.5.2 The Role of Government.

In the UAE and other transitional or developing societies the role of government is crucial. McCalman (1995) points out that in the GCC region organisations tend to follow government's lead due to the significant impact of government decision making in small countries. In many longer established developed societies governments were spectators who moderated or occasionally encouraged industrialisation or commercial ventures. If governments of currently developing societies were to take on a passive role it is likely that foreign firms would use technological advantages along with those of scale and organisation to overwhelm any fledgling local enterprise. For those reasons writers such as Lim (1991) argue that governments hold the key to development. Others such as Mueller (1994) do not agree. But in the context of the GCC and ASEAN Lim seems to provide better explanations for activities such as placing restrictions on foreigner's ability to own land, to require licences and agencies to import materials, taxing foreign companies at different rates and establishing minimum local equity participation.

Cho (1995) claims that countries, such as those of the GCC and ASEAN, which pursue an export oriented strategy require openness in terms of free flow of capital, people and technology. It is interesting that both these groups of countries do not mind unrestricted importation of capital and technology but do object to unrestricted importation of people. Leys (1996) maintains that the removal of controls on the movement of capital in the early and mid 80s reduced the power of governments to promote national development. This researcher considers the free movement of goods and capital has not been matched by the free movement of labour.

In the Middle East, according to Muna (1980), a major role of government policies is to create a viable economic base upon which to build manufacturing, banking and shipping industries which are not totally dependent upon petroleum resources. This can be seen in

the attempts to stimulate tourism and business conference activities in Dubai where hotels, shopping malls and airport facilities have been created to generate local resources even if the number of jobs created for locals has been minimal. There are incomes generated for the local investors which depend upon creating facilities of real estate rather than real production of manufacture or services except those primarily provided by expatriates. This can cause the host society to be more concerned with consumption than production. In the short term, and in individual cases, surely an enviable state but in the longer term and in the case of society as a whole it can lead, as Alexander (1990) suggests, to a slow down in business expansion and eventual contraction with consequent adverse affects. LaPalombara and Blank (1979) demonstrated that policies which encourage capital intensive rather than labour intensive development may benefit a small minority at the expense of the majority of citizens.

It is the view of this researcher that governments' activities are crucial even if only in the role of providing a level playing field upon which global, foreign and domestic organisations can play. It must be recognised that often what some consider to be 'level' others consider to give a 'home advantage'. As LaPalombara and Blank (1979) have suggested MNCs are often better informed than national governments so maybe a 'home advantage' is necessary to keep a viable balance between host and foreign organisations.

It is doubtful whether a reduction in inequality or relief of poverty is ever the main aim of politicians or statesmen seeking development. Kitching (1982) believes that usually politicians want development in order to construct stable independent states. Harry (1997a) took the view that this stability and development may be possible by using host national labour but not if there is long term dependence on expatriate labour whilst local citizens are unemployed. If local labour resources are under-utilised then there are opportunities for social unrest to be encouraged by internal or external factors and actors. Kitching also demonstrates that inflated expectations of employment opportunities bring bitterness and disappointment if not satisfied.

The nation state, in the opinion of Kennedy (1993), will be unable to overcome the pressures of demographic and technical change. This is a particularly important perspective in the UAE where, as detailed below, demographic pressure is immense and the desire to be involved in technology is limited.

2.5.3 Employment Creation.

Societies seek industrialisation to create employment for a growing population, to raise standards of living and to improve the balance of payments situation. It may also be seen as a means of generating national self-respect and of creating self-sufficiency. Al Jassim (1990), in his study of the UAE, certainly takes the view that job creation is one of the major reasons for industrialisation. This may be because the UAE has one of the world's highest rates of demographic growth. The local population is growing by 4% per annum according to the Economist Intelligence Unit (1996). Arab society is similar to that of China described by Lin (1995) which encouraged early marriage and high fertility in order to create more males. This early marriage and fertility has implications for career selection which will be referred to in the results chapter 4. The *Al Bayan* newspaper (1996) quotes the number of young people in school in the UAE as 12,000 in 1973 and 300,000 in 1996. The society struggled to create worthwhile jobs for previous generations when oil wealth rapidly increased. It will be more difficult to create jobs when such wealth is stable or declining.

In the past jobs could be created in government bureaucracies. This may be an efficient way of spreading the benefits of new wealth through-out society and so preventing or diminishing jealousy or social unrest. It is not however a long term solution as more non-productive jobs have to be created. Even 20 years ago it was recognised that the bureaucracy in the UAE was overmanned and underperforming. Al Jassim (1990) reviews a report from the U.N. Advisers Mission for UAE Administration Apparatus published in Abu Dhabi in 1980 which pointed out that the employment of nationals is a means of distributing national wealth. This is so even if, in the opinion of the U.N. adviser, 40% of

those employed by Government are superfluous. The report did not, apparently, mention that there are still numerous expatriates employed in the Government sector. Binayan (1986) also concedes the problem of under utilisation of Kuwaiti labour.

It is unlikely that creating unproductive jobs will go as far as in Brunei, where Colclough and Godfrey (1982) discovered, the Department of Agriculture employed 10 times as many administrators as there were full time farmers in the country. However absurd this might seem from the Western perspective from that of those in the East it does not seem to be a problem. Saha (1990a) says that in Asia the public sector gives the impression of existing to provide employment which leads to overstaffing and poor productivity leads to low wages. He was particularly thinking of South Asia but this philosophy is certainly found in the GCC region where graduates prefer government administrative jobs to those dealing with technology or wealth creation. There is a status element to this preference described by Saha but there is also a recognition that it is in government service that one has power to decide which petitioners work is processed fastest, who receives contracts and whose business development is obstructed. This power can lead to reward of the individual through direct or indirect means.

Elhussein (1991) suggests that sponsorship of businesses and expatriates by HCNs blurs the border between civil servant and entrepreneur. He believes that civil servants sponsoring private business weakens the government's resolve to reduce expatriates and develop local nationals. This is supported by Muna (1980) who points out that government employees act as commercial agents helping expatriates and foreign businesses to get things done. These actions have an adverse affect on organisational efficiency and morale- not least within the government sector. Worsley (1984) also believes that those with access to government resources can build themselves into an elite who can use their control of the state apparatus to turn themselves into a propertied class. This is especially so in the GCC where there is a tradition of merchants having a monopoly of particular activities through agencies and licences granted by governments.

Naipaul (1969) describes how a government job can be used and abused.

“In the colonial days the civil servant, his way blocked by the expatriate who was sometimes his inferior and occasionally corrupt as well, expended all his creative energies on petty picaroon intrigue and worked off his aggression on the public.”

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2.6 Globalisation

2.6.1 Challenge of Globalisation.

Vernon (1971) proposed a three stage model of a firm's development. These were domestic, international and multinational. Adler and Ghadar (1990) added a fourth dimension of global to this model. These authors believed that organisations going overseas initially grow through the stage of domestic orientation ignoring the foreign world. Later they become interested in selling to the foreign markets but in a multi domestic manner assessing each individual market's prospects for buying, assembling or producing goods (or services). The next stage involves the realisation of economies of scale offered by an international outlook and the usefulness of standardisation and of integrated organisation. Finally in the global phase they become flexible, co-ordinated and integrated operations which offer quality and cost advantages in competitive environments. In this phase they are also highly differentiated and nationally responsive.

These stages of development are likely to involve becoming less ethnocentric and more receptive to the participation of host country nationals in the crucial decisions of the parent organisation. In some cases it is argued that the organisations eventually lose their 'national' identity but this researcher is not convinced that any organisation has yet developed sufficiently to be truly global in its culture. This is a view which will be considered in the section on culture found later in this chapter.

Many commentators state that organisations must become global or disappear. That view is challenged by this researcher who believes that it neglects the possibility that domestic operators can make a good living or that companies may chose federalism or co-operation with suppliers and customers as a means of competing with global organisations. The literature concerned with globalisation is, however, of relevance as the challenges which global or potentially global organisations face are similar to, or at least relevant to, others attempting to develop nationals and replace expatriates.

Dowbrowski (1994) believes that assumptions about globalisation include the expectation that economic growth depends upon technical development. He claims that because technological development has accelerated since the Second World War there has been a move away from domestic growth towards globalisation of organisations. Mueller (1994) supports Dowbrowski's view and doubts the significance of societal effects (which others may call culture) in hindering globalisation. He argues that MNCs have succeeded in transferring best practice across borders. He states that

“Foreign direct investment is often followed by the transfer of technology and the transfer of management practice through expatriates or the implementation of a firm specific management style”.

In the context of banks within the GCC it should be mentioned that virtually all of the current banks are or have been subsidiaries of foreign banks or were set up with a foreign bank holding a management contract. Sometimes the best practice brought by the foreigners does not get updated to meet the changing circumstances. In one local bank visited by this researcher the operating manual introduced by the Bank of America was still in use 20 or so years after that foreign bank had relinquished the management contract.

Welch (1994b) found that even if external forces dictated a global strategy the effectiveness of the strategy may be limited (or obstructed) by internal factors. She did not include parent country/ host country national conflicts within the internal factors. However the banks, in the current study, which attempt to develop global strategies have found that this conflict is a source of major problems in implementing such strategies. She confirms that many organisations recognise the limited number of high calibre staff and the problems of attracting and retaining such staff. She quotes Phatak (1980) that

“Geocentric organisations must have geocentric managers”.

2.6.2 Global Workforce.

With the increasing need for organisations to become global they will also need a global workforce from diverse backgrounds. Adler (1986) believes that successful globalisation requires

“...the knowledge, awareness and skills to negotiate in different cultures, manage groups with multi-cultural memberships and ‘read’ the environment of each country where the company operates.”

Scullion (1996) considers that early in their international phase organisations tend to be ethnocentric, with PCNs in the most senior posts, but as they develop they become polycentric with HCNs in the local subsidiaries and PCNs in the head office. At the early stages he suggests that HCNs may not be keen to join due to limited promotion prospects and poorer terms and conditions of employment in comparison with those of the PCNs. This view is supported by Bedi (1991) later in this chapter.

Global organisations which use local labour wherever they do business face substantial changes in the demographic profiles of the working population compared to that found at home. In the developing world they find a supply of labour among young people and in the developed world from under-utilised segments of the population such as women, disabled and over 50s. In this regard it is of value to remember the view of Moskowitz (1992) that the workers of most organisations are a diverse group in terms of values, expectations and abilities which results in a wide variety of behaviours and expectations. When employing foreigners the diversity is obviously greater. Global organisations must be able to recognise and handle complexities of the foreign market not treat it exactly the same as the domestic labour market.

Writers from Tung (1984) onwards have stated that the complexity of international human resource management is underestimated in the globalisation process. Easterby-Smith *et al* (1995) query whether models and practices of HRM can be transferred from

one country to another. They consider that if organisations are to develop internationally they will have create policies which can span different nationalities and cultures. On the contrary Torrington (1994) says that there is no such subject as international human resource management but just human resource management in different countries.

Doz and Prahalad (1987) considered that integrating personnel practices allows the benefits of shared learning, improvements of skills and expertise to be used throughout the organisation. It must still be recognised that there is a need to respond to the demands of the local labour market. This requires a great deal of skill in co-ordination. This researcher wonders if this will become the key competency for HRM in the future. Too often the head office sets the global personnel policy for all subsidiaries. They arrange the rotation of top management to fit the head office plan not the subsidiary's needs. *The Economist* (1994) quotes Matsushita's President Yoichi Morishita who says that in order

“to become a truly global company, we have to have diversity in top management.”

Sony now aims to have the top manager in each of its subsidiaries to be a host country national. In this they are unusual most organisations claiming to be global still prefer to employ PCNs in key overseas positions.

2.6.3 Search for Effective Structure in Organisations.

Drawing on the work of Vernon (1971) and of Adler and Ghadar (1990) Coyle and Shortland (1992) believe that organisations go through a series of stages in moving from domestic to international.

- First they are colonial with a sales office staffed by parent country nationals in key jobs and host country nationals in support roles. They are single focused, multi-locational and tightly controlled subsidiaries.
- At the next stage the subsidiaries are fairly independent and the organisation is multi focused and multi locational.
- At the multinational stage the organisation is single focused but multilocational. Subsidiaries are independent but are strategically controlled.
- The final stage is a global organisation in which there is an integrated focus and multi location, operations are interdependent, integrated and have strategic group direction. At the global stage the primary responsibility of the head office is strategic planning, acquisition and disposal. The subsidiaries recommend opportunities and the head office decides on the 'fit' with the strategy. Joint ventures are a good way to become global at minimum risk- often they are the only way to get into some markets.

Examining academic literature Melin (1992) sees internationalisation as a 'major dimension' in the continuing strategic development of business organisations. He examines the different schools of thought on international strategy and structure all of which may seem to be concerned with maximising efficiency but appear to this researcher to be about control and power. The manifestations of international organisations appear to be engaged in a battle to achieve dominance between the local operation and head office and between the host and parent country governments. There are conflicting pressures to standardise or to specialise. Realising that the battle can be changed from win-lose to a balance of win-win may be that is why organisations are recommended to think globally and to act locally.

2.6.4 Local Responsiveness.

In crossing international boundaries, according to Doz and Prahalad (1991), MNEs have to be sensitive to local norms and expectations. They believe that the need for local responsiveness arises from the diversity of market conditions and the social and political environment in the operating areas. This may be the result of different tastes, expectations, traditions or to government regulations and restrictions.

Bartlett and Ghoshal (1992) suggest that local responsiveness is a reaction by national governments to the prospect of local markets being flooded by global produce. Global integration arises from the need to capitalise on multinational customers, multinational competition, technology and investment intensity and to economies of scale. Bartlett and Ghoshal go on to suggest a matrix style of management in MNEs and that the integrating mechanism be a 'state of mind' of management brought about through shared experience and shared values of the organisation. The sharing would be enhanced via socialisation and rotation throughout the MNE.

Young and Huang (1994), unlike most of the writers mentioned above, examined non-Western MNEs. They suggest that third world enterprises develop in different ways from those in the West. They have lower levels of research and development, technology, size and skill base. By outward foreign direct investment (i.e. from the Third World to the West) these MNEs acquire technology instead of investing in indigenous development.

In *The Economist* (1994) is an analysis of the clash between global standardisation and local specialisation, economies of scale versus local expertise. There is a desire to be able to exploit knowledge on a world wide scale but to be responsive to national needs. Organisations such as Citibank, which previously used matrix management (reporting to product group HO and to country HO), have gone back to 'traditional' single line reporting due to conflicts between the different matrices which can harm the organisation or be exploited by local management. This is a useful reminder of the importance of diversity and differentiation mentioned by Adler and Ghadar (1990). If organisations

become too focused upon the economies of scale and the attractions of standardisation they may experience similar problems to agriculturists who now use mono-culture and expensive technical solutions to keep at bay pests previously discouraged by multi cropping.

2.7 Expatriates.

2.7.1 Definition of Expatriates.

Cohen (1977) is a sociologist, whose work is rarely examined by Human Resource Management researchers. He offers considerable insights into the minds of expatriates. He suggests that expatriates are a neo-colonial phenomenon representing MNCs, foreign governments and other foreign interests which perpetuate the relationship of dependency.

Cohen defines an expatriate as a:-

“voluntary temporary migrant, mostly from the affluent countries who reside abroad for one of the following reasons- business, mission, teaching, research and culture or leisure.”

Migrant labour and students are excluded from his research. In the current thesis this researcher includes expatriates from less developed countries within his purview. The definition chosen for expatriates by this researcher is ‘someone who requires a work permit, employment permit or residence permit to live in a particular country’. This definition excludes diplomats and short term visitors.

The term ‘expatriates’ is explained in a narrower manner by Torrington (1994). He implies that they are engaged in short term (three years or so) assignments, bring specific expertise to a project and then return to their home base. He uses the terms ‘international manager’ to define the type of foreign worker considered by Cohen. He uses the terms ‘engineer’ and ‘occasional parachutist’ to define those foreign workers who are only in an overseas location for a brief period.

2.7.2 Studying Expatriates: an Attractive Subject for Researchers?

Although this research is concerned with the replacement of foreigners by host country nationals it does have to consider the skills, motivation and attitudes of expatriates. Fortunately there is much literature on expatriates stretching from Victorian novels such as that by Conrad (1900) to academic studies by social scientists and management school experts. These give an opportunity to gain reflections of the role of the host country national.

It may be that expatriates are written about more than HCNs, at least in English, because they are accessible. Certainly more accessible to researchers than the host country nationals they work with. Often they share the same language and social circles as those who are looking for material to conduct research upon. It is also likely that their role in creating modern economies is of great importance. Scullion (1995) believes that academics study expatriates, at least in part, because of the high costs associated with expatriate failure. Few people other than Bedi (1991) have looked at the high costs of local failure.

At this stage it should be made clear that the expatriates being studied in this thesis are those in a post colonial world who do not have direct political power in the countries in which they operate. It is also worth mentioning that unlike most researchers, Rajab (1985) is an exception, who concentrate on expatriates employed by MNEs this researcher mainly considering those directly employed by local firms.

Although most of the researchers cited below focus on issues important to the expatriate this thesis attempts to draw attention to issues of expatriate adjustment and its impact on their ability to develop and manage hosts, aspects of the relationship between expatriates and hosts as well as the overall role of expatriates in international or domestic operations in foreign countries.

2.7.3 English, the Universal Language.

It is undoubtedly true that English has become the, near-universal language of business and international communications. Naipaul (1969) suggests that English has become the language of those who use it, irrespective of their nationality, not just the language of the British. Bedi (1991) believes that the use of English as the international business language causes many expatriates to think that they represent universality and so expect everyone else to conform. Developing and transitional societies look to English speakers as offering an important interface with the rest of the world and as a source of knowledge about modern societies and their workings. In this way the expatriate and the English speaking elite of developing countries share more than a bond of language but also, often, a view of how the world should be constructed.

2.7.4 Assistance or Resistance to Localisation.

To assist or resist the process of localisation? This is the central dilemma of the expatriate. By helping the local to take his job the expatriate, even if he (it is invariably he) is part of an organisation with operations in his home country, will worry about becoming unemployed. If he resists he risks being thrown out sooner than he might expect. Most expatriates, in the experience of this writer, chose to follow a strategy of mixing the assistance and resistance. A few are blatant resisters and some are enthusiastic assistants. In chapter 4 there is a discussion of the practice of these strategies. In this chapter we seek academic explanations on why such strategies might arise and what are their consequences.

As Nash (1973) has pointed out developing societies are transformed in a world in which there already exists developed and developing countries. Such societies will, with extremely few exceptions, seek help, advice, technology and personnel from those societies which are further along the development path. The personnel who come to help and advise bring with them ideas of how to run a business, what knowledge should exist

and what forms of social organisation are appropriate. These expatriates, as Maclachlan (1993) argues, also have their own ideas of what constitutes 'good' performance from indigenous staff. This is especially so if the expatriates are part of a wider organisation which relies upon them to keep a tight rein on overseas operations and pursue the overall interests of the parent. LaPalombara and Black (1979) found that all MNCs, of what ever nationality, used expatriates in this way. This is discussed further below in the section of this chapter on head office relations.

Lee (1994) considers that in all cases of transfer of technology there is technical assistance which invariably involves expatriates. It might be that a country can minimise the importation of expatriates by exporting HCNs to the originator of the technology so learn and bring back knowledge. But this is rarely successful or cost effective. Lim (1991) considers that the importation of expatriates is a 'cost of development' which must be paid by those countries seeking access to modern technology. Saha (1990b) quotes the case of the Bhilai Steel Plant which has been paying this cost, in the form of Russian expatriates, for over thirty years. This might be a case of more resistance than assistance!

Elhussaini (1991) recounts how commercial banks in the UAE resist pressure from the Central Bank to localise. He gives examples including:-

- Employment requirements which cannot be met by locals e.g. qualifications and long periods of experience.
- Compulsory training periods, which try the patience of the recruits.
- The use of English in business, when the language of the country is Arabic.
- The use of IT to release junior expatriates but keep senior ones and not recruit more nationals.

Heard-Bey (1996) writes that the oil boom of the 1970s brought an influx of foreigners whom the Gulf nationals tend to blame for change in their societies- especially adverse change. She says that the Gulf Arabs wanted the comfort and facilities which foreigners brought but simultaneously tried to be isolated from them. The wealth of the region

encouraged sycophancy among incomers and arrogance on the part of the hosts- who were inclined to treat foreign labour as a commodity.

But Norgaard (1994) points out that for many expatriates helping others to progress is seen to be good and useful even if the recipients do not always recognise the advantages. This may be because the expatriate, in the opinion of Richards (1996), has two basic traits. He is a stranger who is both objective and of doubtful loyalty.

2.7.5 Status of Expatriates.

Even when expatriates are studied by academics, it tends to be only the senior ones that are of concern not junior staff such as construction workers or bank clerks. Cohen (1967) believes that the lifestyle of the expatriate often resembles that of a colonial official. The differences are that many now look upon a period away as a temporary interlude in their home career and they are not masters but foreigners wanted for specific purposes.

If they do not fit into a colonial elite mould expatriates, studied by academics, often have high status because of the organisations they represent, the role they have or the rewards they receive. This brings them into regular contact with the ruling elite. The expatriate can often go to his embassy, or the HCN's government, for privileges denied to the local citizens. Expatriates often live in considerable luxury in comparison to their circumstances at home or even in comparison to the local elite.

Although clashes between expatriates and host country nationals are rare (and tend to be with lower levels of expatriates who do not command 'automatic' respect from locals) there is widespread covert resentment of foreigners by locals. This is fuelled by the aloof stance and social distance practised by many expatriates. Even when the expatriates appear to be welcome their presence is a constant reminder that the host country needs the help of foreigners.

Whilst the expatriates are seen as transients the HCN's resentment is muted but when they are seen as more permanent e.g. Indians in the UAE then they are met with hostility by local citizens. This leads these particular groups of expatriates to provide mutual support and trust. Such expatriates tend to have no choice but to endure and stay whilst saving as much as they can.

Understanding how others view us is the first step towards building a relationship. In the past professional and technical ability was a desired attribute of expatriates but now it is expected as a basis for employment with emphasis placed upon passing on skills to others. Thus Bedi (1991) considers that the Asian's perception of an expatriate manager includes:-

- fair in their dealings, liberal and patient regarding the behaviour of their staff, generous, frank and straight forward
- on the other hand they are seen as being excessively career oriented, spend too long reporting to head office, superficially aware of the local culture, do not transfer skills and knowledge in a consistent and organised manner and form opinions based upon first impressions. They also spend too much time decorating their homes and acquiring knickknacks, they mainly socialise with their own nationality, are very sports minded and talk too much about their maids!

Bedi believes that to an Asian a job is based upon a personal relationship rather than a business contract. A good manager is compassionate as well as competent. Often (maybe nine times out of ten) the Asian manager is among the first generation to have a university education, to have been employed by a large organisation to, to have travelled abroad and to live in a big city. Asian managers compelled, by their employers, to take culturally difficult decisions lose the respect of their employees. Bedi (1991) quotes a Hong Kong executive who said that:-

“To earn trust, you win the head of an expatriate, but with local associates you must first win their hearts.”

2.7.6 Numbers of Expatriates.

When undertaking this research the writer tried to find statistics on the numbers of foreign workers employed world wide and in particular countries. This proved impossible to achieve. In the GCC even population statistics are considered state secrets according to Al Jassim (1990). Even experienced academics with access to more data admit that there is no source of absolute numbers data argue about the relative increase or decrease in numbers. Brewster (1991) disputes Korbin (1988) and others who claim that the number of expatriates are declining. The large MNCs appear, in the view of Brewster and others, to be reducing the number of expatriates employed but more small and medium sized companies operating internationally seem to be utilising expatriates.

Scullion (1991), along with Brewster but in contrast to Korbin, found that in Europe the trend was for companies to continue to use expatriates or to increase their usage. He suggests that this is caused by a lack of local skills (especially in developing countries), a desire to maintain control of overseas units, to maintain trust in an organisation after acquisition and for management development reasons. Scullion suggests that sometimes the workers and customers in the host country expected the company to put a parent country national in post to show the importance of the operation.

The type of expatriate assignment is certainly changing to one within a region for example Europe/ North America/ South East Asia etc. rather than to other parts of the world. Among Westerners dual career families and attitudes to family separation have changed the willingness of staff to become expatriates. These changes are forcing organisations to look more closely at appointing HCNs. *The Economist* (1995c) quotes a survey of MNCs undertaken by AMROP (a Search consultancy) and the Harvard Business School which suggested that the respondents expected that by the year 2000 74% of their (overseas) managers would be HCNs compared with 45% at the time of the survey. Unfortunately there was no definition of the term manager.

Whatever the relative decline or increase in numbers, expatriates are still very important as sources of income in the host economy (especially if funded from the home country), as costs to the host country or company, as transferors of technology and technique and as part of the wider interlinking of national economies.

2.7.7 Expatriates as Carriers of Corporate Culture.

Many MNEs attempt to carry with them their own culture, by which they usually mean, their own way of doing things. The way they carry this culture is via a cadre of expatriates who ensure that things are done the 'right' way. If head office staff are sent abroad then control is greater, the HO culture is reinforced within the subsidiary and the HO is internationalised. Hiltrop and Jansen (1990) believe that expatriates are mainly used for the most significant or important positions in order to transfer culture as well as to control an operation.

Starkey and McKinlay (1994) quote Bill Hayden, Manufacturing Vice President of Ford

"Its an absolute truth that you can take me or any other guy who has worked in Ford Motor Company for ten or more years and drop us in a Ford factory in Outer Mongolia and we'll feel immediately at home. And that's not just because the structure and systems are the same: its philosophy, a culture, of how your management talk to each other, down to the way they dress."

At least two of the banks which took part in this study still use that philosophy.

Mead (1995), however, cites Ford's unsuccessful attempts to use efficient production, high wages, modern equipment, keen pricing and a good dealer network to make available a car which did not sell in a local market in Asia. The policy set by the head office was not flexible enough to cater for local desires. The Western expatriates did not

mix in the local community- preferring compound living so did not have a means to find out, from the local population, what they were doing wrong.

Perlmutter (1969) believed that international orientation of a (top) manager correlates positively with his own international experience. Korbin (1994) developed this to suggest that the manager's experience rather than the stage of the organisation's strategic development causes a geocentric mind set. He claims that such a geocentric mind set is associated with geographic scope and is not a function of the length of the organisation's international experience, strategy or organisational structure. In this he is critical of Negandhi (1987) who found that as firms evolve they change their staffing policies. Negandhi found, and is supported by Welch (1994a), that in the early stages of a foreign venture control is paramount and therefore expatriates are used more than is necessary at later stages of an operation. Korbin believes that a global outlook will only come when organisations build up networks of managers interacting on a personal basis with others of different nationalities. He considers that most firms, even the largest, are often still uni-national in their outlook. He goes on to suggest that even the largest firms in the largest markets cannot remain immune from competitive developments in other parts of the global unless they become truly global in their attitudes. Martinez and Jarillo (1991) found that organisations were using expatriates less as control mechanisms but this researcher found that most of the international banks in this study still kept a core of senior international (usually parent country) staff in roles which were generally referred to as that of 'policemen'. This would appear to create a problem if Henley (1997) is correct in her opinion that to be successful expatriates must be flexible in their thinking and attitude. She considers that effective expatriates are sensitive to others and are good team workers as well as good communicators- not attributes normally associated with 'policemen'.

2.7.8 Expatriate Community.

Cohen considers the way expatriate communities become structured through their efforts to resolve the problems of strangeness. The expatriates tend to create for themselves a 'social bubble' similar to that of tourists which shelters them from the host society. But not all expatriates take refuge in the 'bubble' to the same degree and Cohen suggests a typology of adaptive strategies. He also points out that although the expatriate communities may exist for prolonged periods their membership is in a state of continual flux.

Modern communications make it much easier for expatriates to keep in contact (or be contacted by) with the home country- culturally and socially. An example of this can be shown in apparently small ways such as leave periods for expatriates now normally being each year instead of six months off after each two and half years served- as was the norm until the 1970s. There is therefore less need to become involved with the local community.

Living conditions become of major emotional significance to the expatriate who is surrounded by a strange environment. In pre colonial times European traders were often confined to special areas, e.g. Nagasaki in Japan, and this has continued with the development of expatriate ghettos. In the past the segregation of expatriates allowed them to live in an accustomed way with little adjustment. This continues in countries such as Saudi Arabia. Such segregation reduces the strain of adaptation. The compound or enclave living provides a way of coping with the environment not retreating from it. Living in compounds, however, cuts off the expatriates from contact with the hosts.

If the expatriate can develop relationships with the local people, in the view of Mendenhall and Oddou (1995), he will be more likely to succeed in his assignment. They also believe that if the expatriate has activities or interests which can be practised in the new location these will help in adjustment. It is not clear whether the old pastimes and new friends are to be combined or if one is a substitute for the other.

2.7.9 Head Office Relations.

Brewster (1995) suggests that, because the number of expatriates employed by international organisations is a small proportion of the total workforce, it is difficult for all but the largest organisations to develop the necessary expertise to manage those staff. Long established companies have drastically reduced the number of expatriates to save costs but have had to face problems of control and communication. Smaller and newer organisations have the problem of which assignments can be localised and which have to retain expatriates.

As the number of opportunities for expatriate postings in developing countries are reduced so the skills required to manage these investments decline and there are fewer people in the head office with an understanding and empathy with these countries. Brewster (1991), Martinez & Jarillo (1991) and Korbin (1988) all see a direct relationship between expatriation as a means of transferring technical skills and as a control mechanism. Scullion (1996) thinks that it is because of trust between those at the head office and the subsidiary that expatriates continue to be employed. The HCNs are an unknown quality at head office and have not proven their loyalty to the organisation.

Kobrin (1988) believes that the phase-out of expatriates has gone too far and that the main reason for the phase out is the difficulty Americans have at adapting to overseas assignments. The consequent American expatriate failure rate as well as, in this researcher's opinion, the extra costs involved in compensating them for the adjustment have encouraged this phase out. He considers, although Brewster (as mentioned above) and others dispute this view, that there is a decline in expatriate numbers which has reduced local identification with the world-wide organisation which adversely effects the strategic control of the MNC and in turn reduces the opportunity for Americans to gain international experience, exposure and expertise.

If most employees with influence are HCNs there are few staff with world-wide knowledge or loyalty. The HCNs cannot be controlled or control from head office in the

same way as expatriates. Americans with little experience outside the USA cannot effectively run an international organisation. As local managerial and technical competence increases so the HCNs with knowledge of the language, culture and political system become more valuable than the expatriates.

Scullion (1991) further suggests that a shortage of competent managers is the major obstacle for companies intent on investing abroad. Companies investing overseas for the first time tend to rely upon expatriates rather than local managers. Reasons for this include a shortage of HCNs in particular countries, high turnover rates among capable HCNs along with failure to develop HCNs and TCNs. He suggests that companies operating outside their domestic environment lack knowledge of the host labour markets, the educational system and the relative status of qualifications. Recruitment methods are imported without adapting them to the local environment. There are language and cultural problems during interviews between PCNs and HCNs.

Tung and Miller (1990) conducted a survey which found that 93% of their respondents did not consider international experience or perspective was of value in promotion or recruitment into senior management. They found that most Japanese and European MNCs believed that the desirable assignments were overseas whereas the American MNCs thought that the domestic assignments were most attractive. This may be due to the relatively small size of the European and Japanese home markets compared with the American one. The overseas operations are of greater importance to the European and Japanese MNCs than to the American organisations.

2.7.10 Performance of Expatriates.

It was estimated by Swaak (1995) that the cost of a failed expatriate assignment was in the range between \$200,000 to \$1.2 million. This is a significant cost for even the largest organisations. A particularly difficult factor in expatriate management is judging effective performance-especially at a distance. The head office may also be reluctant to terminate

an assignment if they have already invested much money and time in the posting and, in the opinion of this researcher, if the expatriate is of the same race or group as the HO staff.

Brewster and Harris (1996) point out that expatriates are amongst the most expensive employees of any organisation but as the measurement of their performance is unreliable this causes organisations to view them as a cost not an asset. The view of expatriates as costs is accentuated by the move towards organising in business streams and by the lack of capable IHRM departments due to cutbacks in head office and regional offices. The reward system in the parent country encourages its nationals to be more concerned with short term profit and sales than with staff morale. Harry (1997b) has suggested that remuneration policies will have to change to take account of the development of HCNs and the different role of expatriates.

It appears to Harzing (1995), amongst others, that there are lower rates of failure of expatriates employed by European companies. This may be because the European expatriate is more flexible and sees an overseas assignment as a positive career move. Alternatively it might be that US firms are much more critical and willing to dismiss staff when performance seems to be lacking.

Cohen (1967) argues that getting along with fellow expatriates is the key criterion when head office or senior expatriates judge another's performance. This factor is of more importance to a career than getting along with HNCs. In fact as a number of writers, including Bedi (1991) point out, getting on with locals is seen as being a symptom of 'going native' and being unreliable.

Hailey (1994b) found that colleagues of the same nationality are often responsible for reporting on the performance of expatriates to the head office. There is then a trend to decry the contribution of the hosts, to send more expatriates and to enforce more strictly the HO ethnocentric policies. Most expatriates are appraised by fellow expatriates locally or at head office whereas the senior locals tend to be appraised by expatriates who may

have different values and objectives. Bedi (1991) found that expatriates even when employed on local terms, rather than be seconded by a parent organisation, are often concerned with immediate profit rather than establishing competitive advantage and long term relationships and alliances. Their main concern is immediate reward or their own career advancement not the well being of the organisation and the employees.

2.7.11 Expatriate Adjustment.

Black (1988) focused upon the expatriate interaction with HCNs as the most important part of adjustment. He found no connection between previous expatriate experience and ability to interact with locals in other locations. But in the view of the present writer if an expatriate cannot get on with one set of locals then he is unlikely to get on with other sets of local citizens. This may be because of the person's inability to accept differences or ambiguities in social and business settings.

Tayeb (1988 and 1994) considers that much expatriate failure is the result of an individual having a low tolerance of ambiguity and so choosing to separate himself from such situations. If employee commitment is low then management will attempt to overcome this by imposing greater control and supervision- may be, through introducing TCNs and other expatriates. By their nature most expatriates tend to be self sufficient and self centred so do not have a strong affinity with the employing organisation unless there is a strong correlation between the individual's and the employer's interests.

2.7.12 Expatriate's Role in Training.

Nadler (1993) suggests that there are two types of expatriates in the Middle East- those who are doing jobs that no national will do and those doing jobs that the nationals will do after they have been trained. He believes that the process of localisation consists in hiring an expatriate (who has probably never trained anyone before) for as long as it might take to train a local- this is rarely successful. If two expatriates arrive and are asked to train locals the one that succeeds will be sent off upon completion whereas the other who doesn't succeed in training a successor will be kept on for an indefinite period.

Nadler suggests that expatriates should be trained in training skills. There should be regular reviews of trainee's progress from the point of view of the local, the expatriate postholder and the organisation (in the form of the senior line manager). He suggests that when a trainee is half way through the period of training the trainer be given another person to start training.

The focus of training and selection, in the opinion of Scullion (1992), is on expatriates not HCNs. It is often more expensive to train host country nationals in their own countries than to train home country nationals due to the lack of support facilities. The training must be adapted to the local situation and not just exported from head office. Even if the local culture does not appear to be different the situation in which the training takes place is certainly different.

2.8 'Centric' Staffing Policies.

Having considered the use of expatriates we now consider some of the reasons which may cause organisations to pursue policies which, at their crudest, are racist in origin. Often the reasons are unconnected with performance but relate to communications, control and trust. Sometimes the policies are based not on race but on shared culture, irrespective of race, but usually no matter what the justification or rationalisation it does usually appear to the nationals of countries hosting the expatriates that decisions on appointments and promotion are based on race or at least ethnocentric factors which exclude outsiders.

According to Perlmutter (1969) international organisations may pursue one of three policies:-

- Ethnocentric- parent country nationals (PCNs) to subsidiaries,
- Polycentric- overseas posts filled by host country nationals, or
- Geocentric-all posts filled on basis of merit not nationality.

Banai (1992) added to that list:- Regiocentric- posts filled within area by nationals of the region.

Banai considers that there is no scientific basis for saying that any one policy is better or worse than any other. The current writer believes that there are advantages in pursuing particular policies to meet particular circumstances and these are discussed below.

At the most basic level one would have to accept that an ethnocentric policy must be pursued when there are no relevant skills available amongst the HCNs. It may also be necessary to pursue such a policy for a period when there is a chronic shortage of skills. It can be argued that in the long term all skills may be acquired if the organisation is willing to pay an appropriate price. But in the short term this may not be possible even if there is agreement on what is an appropriate price.

Dowling and Welch (1988) show that an ethnocentric staffing policy is common when setting up an operation where prior experience is essential. They also found ethnocentric policies used when there were thought to be shortages of qualified host country nationals or where the organisation wished to have a strong link to the head office. They consider that a polycentric staffing policy:-

- avoids the language difficulties and adjustment problems of the expatriate;
- avoids drawing attention to the organisation in sensitive regions;
- avoids the expense of employing expatriates and
- provides a long term orientation and continuity.

But as discussed above, in the section on expatriates, there are problems of trust, corporate culture, control and head office support.

The geocentric approach depending on having the best people for a job irrespective of their nationality requires much investment in training and development, standardising remuneration and other staffing policies.

Banai (1992) suggests that head office staff believe that the appointment of PCNs is advantageous because:-

- PCNs have superior technical skills,
- PCNs have particular management skills,
- PCNs are aware of the MNCs characteristics and people,
- PCNs will manage subsidiaries in accordance with the head office requirements.

Where there is more than one racial or religious group in the local operation the PCN is seen as neutral and they are loyal to the head office and parent group. Banai is referring to PCNs but it is likely to be that these beliefs apply to virtually all expatriates of the same race as the observer. The beliefs occasionally apply to a different race provided this is a race which is seen as having greater prestige than the local population.

Customers, government officials and local stakeholders prefer to deal with fellow nationals who they see as being knowledgeable about the culture and are likely to be

around for a while. The host country nationals also think that the head office could send better expatriates than they do so. The hosts feel exploited by managers who fail to develop the locals. If a few host country nationals can be shown to the head office to be making a significant contribution then policies may change to polycentric or geocentric policies.

Banai believes that ethnocentric policies can only be overcome by host country government legislation but in the experience of this researcher often the result is that a different ethnocentric policy is applied e.g. Bumiputras favoured in Malaysia and Arabs rather than Iranian origin citizens in the UAE.

It is suggested by Marginson *et al* (1995) that Japanese & American companies are more ethnocentric than European equivalents. This can cause them to prefer to rely on expatriates rather than host country nationals to manage their overseas subsidiaries. On the other hand, as conceded by Korbin (1988), Americans are often reluctant expatriates. Therefore US MNCs have sometimes been forced to localise for reasons other than operational efficiency or strategy.

Korbin (1994) maintains that with a geocentric international HRM policy the nationality of employees is irrelevant. But this type of policy would cause problems in those relatively strong economies e.g. GCC, Singapore or Malaysia which have sources of cheap and competent labour nearby in less strong economies such as Egypt, Indonesia and Bangladesh. However few organisations in those strong economies claim to be global in their employment practices.

Worsley (1984) considers that prejudice does not get translated into organised racism while jobs are plentiful and the best go to nationals. When the attractive jobs go to foreigners then racism is encouraged amongst the expatriates who think that they are better than the locals. It is encouraged amongst locals who look for someone to blame for unemployment or the privilege of the expatriates.

2.9 Host Country Nationals.

2.9.1 Views on Host Country Nationals.

As mentioned at the beginning of this chapter there is only a very limited amount of literature, published in English, on the HCN's view of the localisation process. There is undoubtedly literature written in other languages which will be of relevance. In an endeavour to gain access to such material this researcher has examined Masters degree and Ph.D. theses written by overseas researchers as well as abstracts and translations where these were available.

Where academics mention HCNs this tends to be in the context of training citizens of host states as a necessary part of doing business in foreign countries. The training is often encouraged to save the cost of expensive expatriates or to comply with government regulations. The authors whose work is reviewed in this thesis tend to take a more proactive and positive stance regarding the development of host country nationals and demonstrate the advantages which can accrue to international organisations from such policies.

One of the earliest works on HCN development was by Potter (1989) who considers that the fundamental issue in international HRM is how to balance the requirements to have a high quality workforce and to have national workers. He states that

“Effective localisation has occurred when a local national is filling a required job sufficiently competently to fulfil organisational needs”.

This is a good and simple definition. Localisation has not occurred if the local just has a title, isn't filling the job well enough to meet the organisation's needs or is being carried by expatriates. He believes that there are three considerations in ensuring effective localisation- the nature of the organisation, the capabilities of the individual and the capacity of the organisation to train for particular skills.

HCNs seeing an expatriate expert at work may underestimate the skills and experience being applied. They may not want to learn by progressing up the ranks and in any case are ambitious to get on quickly. If they don't get to the front of the queue early promotion into dead men's shoes will take a long time. These factors are shown in chapter 5 to be of great importance to both expatriates and locals.

It is suggested by Hailey (1994a, 1994b) that expatriate managers now work with sophisticated and experienced local managers. They no longer have a monopoly of knowledge about organisation, technology and information. Most of the banks surveyed in this thesis have local directors educated to post graduate levels. It is unlikely that equivalent levels of management in the United Kingdom would be as well educated. In chapter 4 it will be seen that the Western expatriates, participating in this research, tended to be less well educated than the nationals. In the case of the non-Western expatriates were as well, but no better, educated as their local colleagues.

2.9.2 Host Country Nationals in Key Posts.

There is agreement between Hailey (1994a and 1994b) and Potter (1989) that localising key management posts is of crucial importance to international organisations which try to balance global and local interests. Hailey maintains that the process of developing host country managers has to be seen in the context of development in general. The short term costs of spending on localisation have to be seen as a long term investment.

Hailey emphasises the current resentment and frustration of Asian managers against expatriates. This could harm the employing organisations. In being insensitive to the local culture the expatriates are likely to also be ineffective. He believes that localisation is an important factor in any globalisation strategy but that there is no universal formula for success. Companies should benchmark localisation strategies to understand the dynamics of the process, even if they do not use these as 'templates'. He considers that there is a

role for expatriate operational specialists providing expert advice but there is little need for expatriates as managers. There may be a use for truly international expatriates in ambassadorial or monitoring roles but not in functional positions.

It was the norm until recently, in the opinion of Banai (1992), for American MNCs to post parent country nationals to subsidiaries and affiliates to fill most key positions. These were mainly head office transferees. Recently more host country nationals have been appointed due to-

- are cheaper to employ than expatriates- in the experience of this researcher that is not always the case. When there is a shortage of skilled 'locals' the host country nationals tend to demand salaries and benefits equivalent to the expatriates they replace,
- are viewed favourably by host country governments,
- are perceived as having fewer 'cultural' problems.

Al-Haj (1989) emphasises that it is not the quantity of nationals in an organisation which is important but the extent to which they contribute to the decision making process. A government policy demanding quantities or percentages of nationals in a labour force leads to the creation of many non-productive jobs. Such a government policy can be looked upon by commercial organisations as a cost of business or as equivalent to a tax. The nationals are paid but not expected to be involved in the running of the business.

2.9.3 Managing Host Country Nationals.

Managing host country nationals, according to Trevelyan and Truss (1995), involves a range of HRM policies including development, appraisal, motivation, career and succession planning and remuneration. They suggest that the strongest argument for employing HCNs is their knowledge of the local markets and local businesses. This is supported by results from the current study. The locals will also have a network of contacts which could aid the business. This network is particularly important if it includes government officials as the state is likely to have a greater role in the host environment

than the organisation is used to in its home environment. Not only will the HCN know the language he will also have some knowledge of the informal systems at work within the society.

Finding suitable HCNs is often more difficult than finding expatriates- initially at least. It is therefore worth making an effort to recruit a good group of HCNs. Although not suggested by Trevelyan and Truss such a group acts as a quality benchmark for others to achieve and as a controlling group who will later prevent recruits performing at a lower standard.

Trevelyan and Truss (1995) believe that it is necessary to construct a set of HRM policies which will attract and retain HCNs. It is no use offering a season ticket loan if there are no trains or having a performance appraisal system which focuses on results when the local culture believes that it is the methods i.e. behaviour and relationships, which is important. In the opinion of Harry (1997b) that all international HRM policies should be examined from the perspective of both expatriates and host country nationals.

2.9.4 Advantages of Host Country Nationals.

The advantages of employing HCNs instead of expatriates are outlined by Hobrough (1995). These include:-

- Development of a localised strategy.
- Knowledge of the local market.
- Strong local contacts.
- Better communications with the workforce.
- No heavy relocation expenses.

Inclination to develop longer term strategies.

But in the view of the present writer shareholders may want short term strategies.

- They are a significant human/ cultural resource.

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- They are a significant human/ cultural resource.

He thinks that expatriates have been preferred when a company moves into a new region- as they are known and can be trusted. Locals are usually assumed to be unreliable and of a poor quality. But locals are better able to find their way around the government machinery and to build up a valuable customer base. HCNs with the necessary experience are usually harder to find than an expatriate- but it is usually worth seeking them.

Vance and Paderon (1993) taking an ethical point of view consider that multi national organisations have a duty to:-

- Assist all employees including the expatriate in the successful execution of their assignments;
- Avoid discrimination (they do not, however, discuss what to do when the State's government discriminates, for example against permanent residents who are refused citizenship in Brunei or the UAE or non-Bumiputras in Malaysia);
- Encourage full status integration within the global economy;
- Foster personal enlightenment and self enrichment;
- Help individuals develop useful, marketable skills;
- Contribute to the development of a greater and more functional national labour skill base and

Encourage a long term focus on ensuring value for the maximum number of stakeholder- this seems quite naive to this researcher who believes that expatriates can look at the long view as easily as the national can look for immediate results.

2.9.5 Why Localise?

Royle (1997) writes that even in the days of the British Raj in India localisation was seen as useful for two reasons - it reduced costs and gave political kudos. Some international organisations think that if they increase the percentage of local managers they will divert popular criticism of foreign companies. In practice only a few local leaders and officials will be aware of the change. In the view of this researcher popular discontent against foreign organisations will continue, especially if locals are unemployed whilst foreigners are brought in.

Localisation, in the opinion of Banai (1992) will go some way towards overcoming problems of poor morale amongst HCNs which is adversely affected by ethnocentric staffing policies. Banai and the others quoted earlier do not, however, tackle the issue of low morale of third country nationals (TCNs) and expatriates when they know that only locals will progress. Nor do they tackle the issue of some citizens having privileges and others being discriminated against.

Hailey (1994b) in a study of former MBAs in Singapore discovered that the locals felt that the expatriates relied too much on using head office or company procedures. They believed that the expatriates failed to adapt their management style to local needs in respect to time scale, interpersonal relations, use of local networks and their acceptance of local ethical standards. The Confucian Dynamism, suggested by Bond (1987), requires taking a long term view, developing mutual trust and building long term relationships not relying upon western systems of management.

Mead (1995) points out that it is important not to import techniques and standards which were successful in another location without considering if they are going to be relevant in the new location. He points out that in many societies family obligations to cousins, nephews etc. intrude into the workplace and often conflict with organisational requirements. In many societies expatriate managers learn that:-

“The work ethic is sacrificed to the family ethic.”

Mead goes on to argue that circumstances which influence an organisation's wish to localise include:-

- industry factors e.g. banking procedures are standardised so experience gained in one place can be applied in another,
- markets- local or global,
- technology, age and condition of the subsidiary,
- availability of local candidates,
- local government policies on staffing,
- criteria for HO promotion,
- labour market factors (this seems to the researcher to be similar to the availability of local candidates),
- culture,
- communications.

He considers that successful recruitment of local managers depends on supply, language factors, remuneration offered, other rewards and cultural factors.

2.9.6 Privileged Positions.

The view of Mead, quoted above, led the researcher to explore works on nepotism. Localisation appears to be very like nepotism as privilege is based upon criteria other than performance and in which is usually favouritism follows from nationality, membership of an ethnic or kinship group. Craig (1996) suggests that one man's nepotism is another's loyalty. Leys (1996) explains that in traditional societies a job depends upon birth rather than competence. In an industrialised country that can be called nepotism. Hayajneh *et al* (1994) state that nepotism or favouritism is encouraged by the socio-cultural structure originating from tribal and kinship relationships. In the context of the GCC States this writer would add influence (which is generally known as '*wasta*') based upon language groups or based upon geographic origin. This becomes more important in the more

diverse societies of the Gulf region when compared to the less complex (in ethnic terms) societies of the Levant and Egypt where Hayajneh and colleagues carried out their study. When reading the work of Hayajneh and his colleagues it often seemed that the word 'localisation' could be substituted for 'nepotism' and the issues and conclusions would be similar to those in the present study.

Privilege often results in dissatisfaction amongst the less favoured and can lead to ineffective working arrangements. Not that Hayajneh and his colleagues maintain that nepotism always has disadvantages. Although nepotism may damage the good of the community this is more than made up for by the stability family loyalty brings to the society.

In general, however, Hayajneh *et al* found that nepotism has negative impact on employees, management and organisations. They demonstrate negative affects on employee/ management satisfaction, motivation, morale, loyalty, commitment, co-operation and productivity. They quote managers reporting high levels of negative impact upon the organisation's mission, objectives, goals and effectiveness. Greenberg and Baron (1997) believe that employees who feel victimised, in situations such as nepotism, may not use their initiative or innovate.

The advantages of nepotism may include:-

- providing an efficient way to identify dedicated staff; improves communications (at least amongst relations and friends!);
- engenders family competition to the benefit of the organisation;
- keeps difficult younger generations off the streets and
- develops pride of ownership and family ties.

The disadvantages may include:-

- makes supervisors afraid of subordinates who have the ability to complain to senior staff;
- makes clear to those without influence that their actions will be reported directly to senior staff;
- puts unfair pressure on the 'favoured person' who is uncertain whether rewards are based upon performance or on privilege;
- causes family conflicts to become mixed with corporate decision making processes.

Poor morale occurs when hard working, talented managers have their advancement blocked- this also discourages potential recruits. This has become a problem in the UAE where it has become difficult to recruit expatriate staff apart from those towards the end of their careers.

Hayajneh *et al* say that nepotism leads to absenteeism and high rates of turnover. But in the UAE and other GCC countries many employees share accommodation or have only limited facilities such as air conditioning available and there are laws against the transfer of sponsorship and difficulties in staying away from work. So absence or high turnover rates are rarely found as a symptoms of dissatisfaction with localisation in the GCC states. A symptom may be found in the problem which many employers experience with staff returning late from leave.

2.9.7 Changes in Education Standards.

It is suggested by Lin (1991) that as society develops the general achievement norms set for citizens become higher. The raising of standards of achievement becomes particularly important in the realm of education. Requirements for literacy are increased and are often accompanied by the need for many members of the working population to become bi-lingual or tri-lingual. Levels of qualifications demanded become higher and with that the costs of achievement become greater. This leads to drop outs amongst students as there is

no change in the levels of intelligence at birth to accompany development of the society. The psychological and emotional costs of meeting ever higher aspirations also increase. Some groups, as well as individuals, might not be able to meet such high costs of development so fall by the wayside. The gap between the highest and the lowest achievers becomes greater and more obvious.

The Arab method of education which is dependent upon learning by rote is criticised by Craig (1996), Al Jassim (1990) and Salman (1988). But they do not mention, possibly because they assume their readers already has this knowledge, that the words of the Quran should be memorised and cannot be changed or interpreted. This method of learning about the word of God being fundamental to the Arab's life (at least to the vast majority who are Muslim) is bound to mould the educator's approach to teaching and study. Ajmi (1995) believes that Arabic society is full of indoctrinators trying to mould minds. Arab education is preoccupied with transferring knowledge through imitation and teaching without analysis and theorising. It shies away from experimentation and empiricism. This prevents questioning and dialogue. These influences have deprived Arab youth of cultural pluralism.

Duerr and Green (1968) believe that the reason for the shortage of management talent lies in the educational system, where there are gaps in knowledge, especially technical and managerial knowledge. They found it rare for foreign organisations to use American techniques such as delegation, initiative or profit orientation rather than sales level orientation. But even in 1968 only two companies in their study admitted preferring American expatriates to HCNs for managerial posts. They suggest that it is more practical to export technical expertise and management philosophy than to train American staff in the subtleties of local custom and practice.

Ajmi (1995) believes that education is the means to instil ethnic values and continuing cultural heritage. He considers that training is a short term activity aimed at preparing for a present life situation. Most of his work is concerned with instilling values in the Host Countries Nationals to enable them to work with expatriates as confident equals. Al

Mahdi (1996), who is actively involved in training Bahraini nationals who may be considered to have been failed by the country's educational system, believes that the student population in Bahrain is generally well motivated and works hard to acquire necessary knowledge and skills. But there are problems persuading them to accept a more disciplined work ethic and to fit into a modern and dynamic business environment.

Changes in individual behaviour must take place to meet these challenges. There must be changes in the educational process to assist this. People need more than technical skills. They must have positive and professional attitudes towards work, be motivated and possess a sense of responsibility.

2.9.8 Career Preferences.

Duerr and Green (1968) found a greater shortage of HCNs able to manage functions such as finance, engineering, manufacturing and sales compared to those willing to take on general management positions. Some of these shortages may, in the opinion of this researcher, be due to the perception of a lack of power in some types of positions. In the Asia and the Middle East even the finance function is not credited with much power or status. These findings of Duerr and Green have been confirmed by LaPalombara and Blank (1979) who found HCNs were usually employed in personnel, legal, marketing and public relations positions where knowledge of the local culture is a prime requisite. As will be seen in chapter 4 confirmation is given by the present study.

LaPalombara and Blank (1979) thought that in each country they studied (Nigeria, Brazil and Malaysia) local entrepreneurs lacked experience and management skills. These entrepreneurs demanded returns on investment which were rapacious. They found that local companies and business communities were unwilling to take on social responsibilities unlike the MNCs who were either willing or compelled to be act responsibly.

2.10 Culture.

“It is only when you meet someone from a different culture to yourself that you begin to realise what your own beliefs really are.”

Orwell (1962)

Issues of culture and the interaction between diverse nationalities within organisations are of great interest when considering the subject of localisation. In this review the study of culture is also used as a means of gaining insights to different values and expectations of organisations from the view point of the host societies. Such values and expectations may be talked about in coffee shops or written about in the local vernacular but information from such sources has limited availability to the academic researcher.

2.10.1 Relevance of Literature on Culture.

Over the last 30 years literature concerning the influence of culture has offered significant insights into the issues which organisations and societies must face when dealing with the development of HCNs and the replacement of expatriates. As Western organisations find it less easy to impose their own culture on workers and societies they must become more sensitive and responsive to the expectations and needs of local cultures.

In the view of Huntington (1993) cultural difference is more fundamental than political difference. He believes that the next major world conflicts will result from clashes between States with significantly different cultures. He believes that the process of economic modernisation and social change is separating people from long standing local identities. Fanon (1983) would agree with Huntington, as he believed that colonial powers, as part of the colonising process, set out to destroy, in a systematic way, the national culture which previously existed. Leys (1996) criticises Huntington for throwing

many, so called, facts at an issue but without deploying the facts in a scientific manner. This causes the facts and conclusions to be distorted.

Non-Western civilisations, according to Huntington (1993), have attempted to become modern without becoming Western. He considers that only Japan, so far, has succeeded in this attempt. In the future the West will have to accommodate non-Western civilisations whose power is close to that of the West but whose values and interests differ significantly from those of the West. In the future there will be no universal civilisation but a world of different civilisations which will have to learn to co-exist.

When considering how to manage cultural differences Harris and Moran (1987) state that

“A global manager must be cosmopolitan, effective as an intercultural communicator and negotiator who creates cultural synergy and leads cultural change.”

This researcher believes that cultural variations should be looked upon as potential strengths through synergy not as barriers to working together.

2.10.2 Definition of Culture.

Most literature equates nations with cultures, and often uses the terms interchangeably, but in this researcher's experience most nations are multinational e.g. tribes in Africa with different traditions and behaviours, or Malays, Chinese, Indians and aboriginal groups in Malaysia or Arab/ Iranian and Sunni/ Shia sections of Gulf Co-operation Council Countries.

Some researchers, such as Hofstede (1980), regard culture as a kind of collective mental programming of people in a particular setting. Chew *et al* (1990) refer to culture as a set of values, beliefs, attitudes and patterns of behaviour which are common and shared by a

group of people in an environment. Fountaine (1989) prefers to consider culture as shared perceptions gained from common experience. These perceptions may be manifest at national or macro level or could be at the level of organisations. It could be at the micro level where it involves those participating in a particular task, for the duration of the task. Fountaine goes on to state that 'at home' many perceptions may be universal (we all see the same) but that does not make them absolute (some day someone may see them differently).

Schein (1989) defines culture to be

“a pattern of basic assumptions- invented, discovered or developed by a group as it learns to cope with its problems of external adaptation and internal integration- that has worked well enough to be considered valid, and therefore, to be taught to new members as the correct way to perceive, think and feel in relation to these problems”.

Tayeb (1988) defines culture as

‘a set of historically evolved learned values and attitudes and meanings shared by the members of a given community that influences their material and non-material way of life’.

The members learn these aspects of culture at different stages of their life in institutions such as the family, religion, formal education and society in general.

Tayeb (1994) suggests that talking in terms of 'culture' is a means of diverting our attention from the commonly accepted means of describing organisations such as in terms of technology or structure and so moving towards softer issues such as values, beliefs and attitudes. She found that the cultural theories of organisations fell short of giving whole explanations- factors such as age, level of education, position within the

hierarchy, affected attitudes more than apparent cultural factors. There has been a tendency to ascribe to 'culture' any differences which cannot readily be explained.

Easterby-Smith *et al* (1995) confirm that culture is extremely difficult to define and can vary within national borders for example within the UAE there are citizens who belong to Shia/ Sunni, Iranian/ Arab, Bedu/ Urban groups, all with different cultures and overlaps between the cultures. In the UAE there are also over 80 other nationalities all residing in the same country. Fanon (1983) considered that the political regimes of Arab States are so different that they cannot be considered as a whole even in cultural terms- part of this is caused by their different colonial experiences. Fanon was mainly concerned with the states of North Africa which were colonised by the European states whereas those of Arabia were colonised by the Turks and Persians with a later period of 'protection' by Britain.

2.10.3 Universalist Model of Culture.

Much of the recent literature on the international business environment has been concerned with the issue of culture. Usually it has been an endeavour to explain how things work 'abroad' in different ways from at 'home'. Tayeb (1994) has been one of the few writers to mention that many nations of the world have become diverse in their cultural and racial mix.

In the years after the Second World War there was an expectation, amongst Americans at least, that the American way of life was the one that all others would aspire to achieve. Mueller (1994) reminds us that in the 1960s and 1970s the American way of management was the one to be learned and put into practice in all circumstances. It was assumed that managerial skill could be applied universally so there was no need to train for the environment. That is why much management literature suggested that employers concentrate on technical competence rather than cultural adjustment.

Historically, according to Norgaard (1994) people who clung to their own traditional cultures were a threat to modern people's belief in progress. Those who resisted being converted to Western values and rationality were not on the path of progress so their, obviously, eventual demise could, rightfully, be hastened. He suggests that cultural diversity was possible in the past because cultures had more space, people from different cultures met less frequently and societies were less economically dependant upon each other.

2.10.4 Cross-cultural Training.

Often the organisation's culture is instilled by intensive cross-national management development courses and by transferring staff between locations. Global organisations use this corporate culture to overcome the specific national culture of their hosts- and to increase corporate power. Modern organisations are not the first to use such techniques.

Both Naipaul (1969) and Worsley (1984) use the same quotation from correspondence from Taticus to Agricola circa 100AD.

“In the place of distaste for the Latin language came a passion to command it. In the same way, our national dress came into favour and the toga was everywhere to be seen. And so the Britons were gradually led on to the amenities that make vice agreeable- arcades, baths and sumptuous banquets. They spoke of such novelties as ‘civilisation’, when really they were only a feature of enslavement.”

According to Vance and Paderon (1993) cross-cultural training is likely to be of most value in situations where there is a sophisticated workforce willing and able to learn about the other. If the HCNs are at a subsistence level of economic development they are unlikely to be interested in the culture of their employers. They are interested only with the survival of their families.

In Indonesia Lee and Schwaller (1990) found that most training was aimed at meeting short term needs for particular skills not to meeting the strategic need of providing a core of broadly trained professionals with knowledge of all aspects of the business. Vance and Paderon suggest that the greatest priority of organisations will be to train those HCNs interacting with the expatriates.

The Westerner's ethnocentrism is reinforced by the foreigner's deference. Royle (1997) suggests that the very politeness of the local people can give a sense of superiority to the expatriate. Seddon (1985) points out that no amount of training will allow an African manager to give valid performance appraisals to subordinates. Feedback would be too personal. It is better to teach objective setting and improve communicating the objectives to subordinates.

Maclachlan (1993) found that senior HCNs managers rarely delegate therefore HCN middle managers cannot put into practice what they are taught in western style management courses. Therefore HCN managers can appear to expatriates to be apathetic and lacking in motivation. This leads to expatriates becoming cynical about HCNs performance.

Chew *et al* (1990) suggest that the key factor for international success is good human resource management. But this is often complicated by economic, legal, political & cultural factors. Western methods of training such as role playing may not be appropriate in other cultures. Role playing is difficult when the social norm is to avoid risk. Chew and her colleagues draw upon Hofstede's work showing the importance of adjusting training and development in to be valid in a particular cultural context.

Often MNCs concentrate on technical training without providing appropriate cultural & personal training. But Chew and her colleagues suggest that instead of concentrating on this type of training organisations should ensure that expatriate managers are culturally sensitive so are better able to collaborate with local employees and officials. It is

especially important to provide self awareness training so that people are aware of their own culture. Action learning in which small groups of managers work together monitor, supporting, providing feedback and learning can be most useful.

In the experience of Pun (1990) expatriate students in Hong Kong want to learn in a heuristic or discovery manner whereas the Chinese want 'the answers'. This may, in the opinion of this researcher be due to the differences in teaching methods in their home school system. The Chinese devote themselves seriously to study and expect the teacher to drive them hard. According to Pun they tend to be better able to grasp concrete learning faster than abstract concepts. They tend to be descriptive rather than analytic analyses. They respond well to trust, support and encouragement. Chinese want the teacher to confirm even the insights provided by discussion within the group. The teacher is the expert not the facilitator expected by the Westerners. The importance of power distance can be seen in the context of lecturing where there is great power distance between the lecturer and the trainee.

Western managers tend to believe that those affected by a decision are quite capable of contributing to the decision making process. To many Asians the decision is best made by experts. Throughout Asia as well as Africa and South America seniority in age brings respect. The role of the teacher is transformed. The teacher is the person with all the answers. This is reinforced in many, but not all, Muslim societies where the Quran is the source of knowledge of Allah and his laws. The scholars who are able to recite and give opinions based upon the Quran are given much esteem.

According to Tayeb (1988) the methods of imposing authority within an the organisation reflect those of the family, education and religious institutions. In much of the non-Western world there is overcontrol through the use of formal authority or rule bound supervision. Unconditional obedience to authority is to be encouraged. Independent initiative is stifled and blind compliance results. The reward systems of many non-Western societies engender a sense of helplessness as much is promised by parents, teachers, political leaders, bosses but not delivered. This results in a lack of trust in the

benefits of risk especially when organisations are characterised by negativist attitudes towards others for example emphasising only what is done wrong not what is done right.

According to Tayeb non-Western family and religious traditions tends to emphasis the past rather than future which can lead to a lack of concern for future planning - when things therefore go wrong this is blamed on the situation rather than lack of foresight. Time is thought of in an abstract way- it is ever present but never passing. Deadlines and delay are therefore thought of as irrelevant. Examples of this were found during the research for this thesis.

From their survey Brewster and Harris (1996) found that most expatriates wanted training in general practical knowledge (especially for the families), cultural knowledge and local business knowledge. Preparation needs to be directed at a specific job and location.

Seddon (1985) suggests that whilst practitioners are aware of cultural issues in practice they rarely alter their methods to take account of this factor- culture is seen as an obstacle to be overcome. He cites the experience of consultants encountering problems in Africa who found that people in groups gave way to those of higher status or who are older, behaved in a dependant manner with respect to the foreign expert or resisted being trained by fellow nationals which they considered as being fobbed off with second class standards.

2.10.5 Organisation and Culture.

Before introducing a new technology or to attempting increase skill levels it is important to have an understanding of the cultures of the various groups present in the workforce. It is also necessary to understand the factors which may prevent those groups from learning.

Often there is no attempt to disentangle social culture from organisational culture.

Hofstede's work is an exception in this regard but, because IBM has a strong US structure of jobs and management, the examples are not necessarily good representatives of particular countries quoted in his study.

It is pointed out by Morden (1995) that Hofstede's research was concerned with the wealthy countries of the West and the larger or more prosperous developing countries. Hofstede suggests that countries with strong 'uncertainty avoidance' have high levels of anxiety and aggression and a strong urge to work hard. Where there is weak 'uncertainty avoidance' then people accept what each day brings and are willing to take risks. They do not feel threatened by the culture of others. In what Hampton-Turner and Trompenaars (1994) call 'communitarian' societies the individual puts the collective or corporate interests before his own. Morden demonstrates how an organisation can construct rules to meet its own needs and society's needs. Tayeb (1994) points out that whilst Hofstede has made a great contribution to our knowledge of culture he never investigated, empirically, the relationship between the dimensions of values and the structure of the organisation.

Many of the cultural studies suffered from methodological weaknesses. Few, if any, researchers have attempted to study the cultural setting of the organisations they investigate. Tayeb (1994) cites Child (1981) who points out that those researchers treat culture as a

“residual factor which is presumed to account for national differences that have not been postulated before the research nor explained after it”.

It is rare for academics, Tayeb may be one of the exceptions, to attempt to disentangle the organisation's culture from that of the society in which it operates. This researcher believes that many organisations import and impose their culture into the societies in which they operate. There have been few attempts to conduct a systematic study of the cultural values and attitudes of the people concerned by investigating the historical development of those attitudes and values. Most researchers treat nations as homogeneous but many countries are multi racial and multi cultural. Many researchers over emphasise the role of culture and ignore commercial and non-cultural influences.

Laurent (1986 & 1989) contrasts the North American 'instrumental' view of the organisation with the Latin countries 'social' view. He and Hofstede have been criticised by others such as d'Iribarne (1991) for their disembodied treatment of culture. d'Iribarne sees culture as the result of historic development. He criticises Hofstede for naiveté in such things as his notion of 'power distance' and the dangers of relying on large scale surveys of cultural differences.

More recent research by Trompenaars alone (1993) and with Hampden-Turner (1994) has developed Hofstede's work but has once again been grounded in research through large scale surveys mainly using employees of a large multinational organisation. In the Trompenaars study the organisation was Shell whereas Hofstede used IBM. These authors have found that the sales and marketing departments of firms push hardest for empowerment and support the appointment of host country nationals as they appreciate the requirement to have people dealing with customers demonstrating the desire and ability to provide good service.

Trompenaars (1991) found three basic questions common to all human groups:-

- What is the modality of man's relationship to other men?
- What is the relationship of man to nature?
- What is the relationship of man to time?

He believes that each culture recommends ways to answer these questions.

Should our first reaction to a complex phenomenon be to reduce it to its parts (an analytical approach) or to find a pattern in the whole and relate to that (a relational approach)?

Are the individual or the group to be of paramount importance?

The societies with an internal locus of control believe in unlimited exploitation of nature whereas those with an external (or fatalistic) locus believe that the environment controls their lives. He goes on, in his 1993 work, to recommend knowledge of the consequences of cultural difference being necessary for successful international management.

Wong and Birnbaum-More (1994) use techniques developed by Pugh at Aston and of Hofstede in studying culture to examine banks in Hong Kong. They discuss the role of etics and emics to define different patterns of organisation. According to Tayeb (1988) the 'etic' aspects of the formal organisations are aspects such as centralisation and specialisation and 'emic' aspects are work related values and attitudes.

Wong and Birnbaum-More considered methods developed by the Aston Group of academics, under Pugh, for the analysis of organisations. These used the characteristics of: centralization, formalization, horizontal differentiation and vertical differentiation. They considered whether the size of the organisation or dependence on a parent organisation or 'power distance' (to use Hofstede's concept) or 'uncertainty avoidance' (again from Hofstede) made a difference to the structure. They found that the percentage of expatriates was correlated with the 'uncertainty avoidance' of the parent nation. They found, for example, that Japanese and Swiss, who prefer to avoid uncertainty, employed more expatriates. They also found that banks which had operated in Hong Kong for longer employed fewer expatriates.

This researcher wonders if banks which had operated in Hong Kong for a long period had time to train and to understand the locals. It would have been useful to study this possibility in the UAE but as only one bank has been operating in that country for longer than 30 years there were insufficient cases to examine. Wong and Birnbaum-More found

that size was positively related to structural differentiation but negatively related to authority. The acceptance of unequal power in the parent society was an explanation of centralisation of authority in many subsidiaries in Hong Kong.

2.10.6 Arab Culture.

Although the UAE has only a small minority of Arabs (people of Arab origin are a minority even amongst citizens) it is important to have some understanding of their culture. This is because most of the people of power and influence are from this culture or at least pay allegiance to it. Craig (1997) points out that prior to the 1970s oil boom the region was influenced more by South Asia than by Arabia. In fact until 1967 the currency of the then Trucial States was the Indian Rupee- even today some old taxi drivers still ask for their fare using the word 'rupee'.

Yasin and Zimmerer (1995) suggest that the Arab culture encourages mutual dependence rather than self reliance. Family ties often reduce labour mobility among the host population in the Gulf whereas in the Levant there has long been a tradition of travelling for trade and to improve financial circumstances. In Arabia, as well as much of Asia, loyalty to the family and old friends makes it difficult to employ outside decision makers or to dismiss unproductive but long serving staff. A family member or friend will be hired irrespective of a need of their services or their capability. In such circumstances there may be little incentive to do well in education or in work achievement.

Muna (1980) suggests that the Arab executive's role within the community and organisation is shaped by the expectations of relatives, friends and employees. He describes socio-cultural pressures upon Arab executives including:-

- The low value of time which leads to procrastination;
- The lack of, what he calls, an 'industrial mentality' for example aversion to systems and procedure, lack of organizational skills especially of delegation;
- Restrictions on women in employment;

- A preference to work alone rather than in a team;
- The tendency to take sole credit for success and to blame others for mistakes;
- A dislike of manual work.

The top executive sees himself as the head of a family. Muna states that there are distinctly Arab ways of decision making, management of conflict and interpersonal relations. The Arab style is characterised by a strong preference for personal and informal approaches to conducting business. Buying decisions are based on the personality of the salesman rather than the quality of the product. The importance of this is demonstrated in the answers to some questions in chapter 4. Reputation is important. This reputation is at stake if the individual does not conform to the community's norms and expectations. Arabs are person oriented rather than role or task oriented. That causes rules and regulations to be overcome by exceptions (because of relations, friends or circumstances). Arab executives (and in the experience of this researcher, South Asians) value employee loyalty more highly than efficiency. Expatriates are often bewildered by the discrepancy between policies and practices. Arabs often prefer to keep rules to a minimum. But Arab executives influence their society they do not just have a passive role and can influence the culture. The Arab executive is proud of his people, his organisation and its achievements.

Islam does not forbid women from working but in the conservative societies of the Gulf there is '*aib*' (shame) attached to a woman going out of the house to work. Arab executives, in Muna's opinion, will encourage female rights and opportunities but not at the expense of weakening family ties or traditions.

Islam's concept of equality (combined with the family ownership) causes many Arabian organisations to have a flat structure. A flat structure also stops rivals building up a power base. The religious concept of '*shora*' (consultation to build consensus) is often used to make decisions even if seeking opinions takes a long time. Individuals are not held responsible for decisions in these situations. In liberal Arab states the individual is expected to do his best then '*Twaki al Allah- leave it to Allah*'. The breach of a business

contract, written or not, is considered to be a religious sin. In the Gulf the nationals view work in terms of status, security, and proximity to home.

2.11 Overview of the chapter.

In this chapter we have considered a wide variety of sources for possible insights into issues and opinions considered of appointing host country nationals to replace expatriates. The literature search has been of some use but has provided little in the way of a of the territory to be explored. It became obvious that the only way to discover what were important aspects of this process was to find out directly from some of the people involved. This was not going to be easy. As we have seen when reviewing the literature there are issues of change in power, racial conflict, economic progress and social structure, all of which are extremely sensitive. Many opinions which could be held by those involved were not likely to be of a type which they would wish to share with strangers. Therefore it would be necessary to discover suitable means to gain access to issues and opinions.

In searching for suitable means to gain access to this data it was necessary to review the range of academic tools which were available. Most of the tools used by academics in the West are of limited value in the Eastern cultures in which this study of localisation was being conducted. Most tools may even have been of limited use in the West due to the sensitivity of the topic even in the so-called developed world. For example it is unlikely that a Scottish manager would be willing to share with a visiting researcher his views on a Japanese employer's policy towards the promotion of British host country nationals to replace engineers or senior managers transferred from Japan on better terms and conditions than the local staff.

One must keep in mind that the methods used in an investigation are chosen for their utility in enabling the researcher to achieve objectives. The choice of tools was made more interesting because of the paucity of previous studies of localisation. If there had been more research in this field it might have been possible to duplicate the methods used by others. Alternatively the relative strengths and weaknesses of others' methods could have been the basis for this current research.

The researcher was going to have to identify and learn to use appropriate techniques to uncover sensitive information and then to analyse and interpret the data gathered. This would lead to the deployment of methodologies more often found in social science studies of deviant groups than in the usual studies of Human Resource Management issues. To use such methodologies there are dangers of treating the topic in a sociological manner and not in a way appropriate to a business environment. In order to minimise these dangers it was essential to be clear on the objectives of the study and to be certain that methods were chosen for their value to the current topic, not just because they seemed interesting or useful in another research study.

Chapter 3 Objectives and Methodology Used to Gain Useful Information.

3.1 An outline of the chapter.

The chapter begins with a re-statement of the objectives of the study emphasising the influence of these objectives on the methodology. The boundaries of the research and the lack of a clear pathway to the objectives are outlined. It goes on to discuss the need for a wide variety of techniques to draw out valid information in this sensitive area of research. The researcher's ability to gain access to sensitive data is a key factor in the study. The scope of the study is then outlined. The use of qualitative and quantitative methodologies are explored. The reasons for using a qualitative approach are justified although it is recognised that no methodology can be immune from criticism. Then there is discussion of trust, access and participation. It was in persuading a number of organisations to give access to important and confidential sources of information which enabled the researcher to make a significant contribution to academic knowledge. There follows a discussion of methods of research which were less successful in producing useful data and those which were more successful. There are explanations for variations in success. Finally there is a brief description of banks in the UAE.

3.2 Objective of the study.

The subject of this research is an issue of crucial importance to many developing and transitional countries and to organisations operating in those countries. It is also of importance in many developed countries which welcome foreign investment but do not necessarily welcome foreigners. The purpose of this research is to endeavour to understand the issues and opinions emerging from the process of developing host country nationals (HCNs) to replace expatriate job holders.

It should be made clear, at this stage, that unlike most researchers into IHRM this researcher is not looking at PCNs (unless they are GCC nationals). Most of the expatriates this researcher has examined have no 'parent' organisation. They are employed directly by the local organisation and are not seconded from a wider group. In practice most PCNs which other researchers have studied are Western expatriates (a few look at Japanese expatriates). TCNs tend to be 'brown' expatriates who are rarely studied by Western academics. The current thesis does include studies of expatriates who others would consider to be TCNs.

The response of organisations approached for access and assistance made clear to the researcher that the topic chosen was of extreme sensitivity. In view of this it was necessary to try a variety of methods to draw out useful data for the study. This required significant amounts of initiative and persuasion on the part of the researcher.

Research into sensitive subjects, as noted by Lee (1993), addresses some of society's most pressing social issues and policy questions. The variety of methods used to investigate sensitive subjects aid theory building by introducing new approaches and ideas. However they do tax the methodological ingenuity of the investigator.

Conventional methods of carrying out methods of research in the West are not always appropriate in this region. For example one may not ask questions about a local person's family except in the most indirect manner. One must be extra careful when phrasing the

questions and interpreting results to gain accurate and useful data. The research has to design and apply techniques which acknowledge or take into account local culture. This explains why the researcher did not use some of the 'hard' techniques the Westerner might use in other cases. He is, however, heartened by the views of Eden *et al* (1983) that the hard scientific 'facts' of a situation are often not nearly as important as the subjective, soft issues. People dealing with a complex problem or series of problems will often have built up a 'theory' or means of dealing with the situation which incorporates knowledge and 'facts' which are now beyond their ability to articulate. The researcher may therefore be able to produce a simple explanation just because he does not have all the facts.

As Chapter 2 made clear there has been little research on this topic. Harzing and Ruysseveldt (1996) found few, if any, studies looking at HCNs and TCNs. Most studies of international HRM were of Western expatriates. Harzing and Ruysseveldt suggest that this is because most researchers, in common with the companies they were studying, were ethnocentric in outlook. This lack of previous research meant that there was no 'map' or 'template' produced by another researcher which could be followed for this study. Useful methods had to be found by the researcher exploring the field without methodological maps or signposts. This is not to say that successful tools and strategies developed by others elsewhere in academic research could not be adapted or utilised for the current study.

Rather than just examine articles and books during the early part of the study process this novice researcher arranged to visit prominent academics who had knowledge of the subject area. Dr. Fons Trompenaars made time available in his office in Amsterdam to discuss the most recent findings of his examination of cultural differences between societies. Professor Chris Brewster and Dr. John Hailey at Cranfield gave their very individual views of the important topics to be considered in localisation. Dr. Farid Muna, who had been known to the researcher for many years was able to give his up to date views on the Arab style of management. His classic work on the subject is a little dated now so it was extremely useful to discover how his views had developed. Martyn Hobrough of Temple-Smith Hilliard had intended conducting a similar study to this one

in China. He was willing to share views and information. If his study had gone ahead then there would have been some useful contrasts to be made between localisation in the GCC and the People's Republic of China. In some cases, such as with Anne-Wil Harzing, it was not possible to visit but e-mail provided a useful means of communication.

This academic study wished to tackle what Campbell *et al* (1982) describes as real problems in the uncertain world of organisations and to produce robust information which is clear, tangible and well understood. It arises from the researcher's interest and enthusiasm for academic investigation into a practical problem of real interest to organisations employing foreign workers. In fact the initial suggestion for the topic came from a number of Human Resource managers operating in the Middle East who identified this subject as the most important one impacting upon their organisations. During the period between the second and third field research trips the government of the UAE expelled 250,000 foreign workers (*Gulf News*, 1996). Shortly afterwards according to the BBC World Service on 20 November 1996 the government of Malaysia announced that no more work permits would be issued for many categories of jobs and that two million illegal immigrant workers would be sought and expelled. These actions are indicators of how significant (and sometimes frightening to the indigenous population) are the presence within the country of large numbers of foreigners and how this can influence social and employment policies.

It was important, however, to keep in mind the advice of Eden and Huxham (1993) to have general implications beyond 'local' theory. The implications of the thesis must be relevant and useful in other situations so it must contain analysis and attempt to build theory which will be valid elsewhere. It is intended that this research be concerned with theory as well as practice. It will be of value to academics as well as to practitioners. It is also intended to meet the criteria of Campbell *et al* (1982) of yielding robust information.

Davis (1971) maintains that in research one must choose between being interesting and being systematic- one cannot do both. As this is a dissertation leading to a Ph.D. it must

be systematic. It is, however, hoped that this work does not lose all of the interest in this complex subject.

3.3 An armoury of techniques.

Quillien (1994) believes that the researcher has to make a choice between solving relatively unimportant problems according to prevailing standards of rigour or descend into the swamp of important problems and non-rigour. She goes on to say that it is better to focus on the real and messy world even if this means non-rigorous enquiry. This researcher agrees with her and is attempting to tackle an important problem without neglecting rigour. To do that he had to build up what Carlton (1977) calls an 'armoury of techniques'.

Maslow (1966) maintained that

'science must not be method centered.... it must be problem centered and invent appropriate methods for investigating the problems of concern and puzzle'.

Bouchard (1971) agreed with this view when he wrote that

'Methods are means to ends.... good research lies not upon choosing the right method but in asking the right questions and by using the most powerful method of asking that particular question'.

The researcher was inspired by Campbell *et al* (1982) who stated that significant research does not focus upon a method or technique but upon a specific and important problem to be solved.

It has been suggested by Bryson *et al* (1994) that identifying emergent issues is much more difficult than exploring a field of study which has received previous attention from academics. It requires the researcher to be watchful and sensitive and to build up a portfolio of methods to draw out the issues. It does have to be recognised that there is a low probability of repeatability. Another investigator may be better or worse than the current researcher at drawing out and interpreting views. Taking this possibility into

account it was necessary to remain sensitive and aware of other possible views or interpretations.

As well as reading widely the researcher spent many days poring through data bases of information seeking references to relevant material. He soon found that although the term 'localisation' is the one normally used by practitioners and the few academics studying the topic it is also used by medical researchers and occurs far more frequently in their journals than in those of HRM and Management Studies. Because of the paucity of writing on the subject of 'localisation' the researcher had follow the advice of Sommers and Sommers (1991) to search wider and further back in time than he had originally expected to have to do in an endeavour to find useful material.

It was necessary to be mindful of Van Maanen's (1982) points that when focusing upon trying to find out what is going on it is easier to ask the questions than to have useful answers. In this he is warning that much data may emerge which will be difficult to make sense of when trying to construct useful theory. The results are likely to be revelation and disclosure which take precedence over explanation and prediction. For this thesis methods had to be found which would draw out valid and relevant data not just produce interesting questions.

Zelditch (1994) recommends any method which will provide relevant information. He does, however, warn against researchers who are slipshod in sampling, poor in documentation and who accept impressionistic accounts. Campbell *et al* (1982) have also warned that studies of significant problems in organisations are characterised by uncertainty, fuzziness and ambiguity. These potential traps were constantly in the mind of this investigator. He had to keep reminding himself that the only universally accepted means of generating scientific knowledge is a commitment to using logical argument and evidence to arrive at conclusions which are themselves recognised as tentative and subject to further amendment. He attempted, in the style of Lincoln and Guba (1985), to ensure that the methods used were sufficiently rigorous and appropriate to the research question and that the study was conceptually and theoretically grounded or could at least be

defended against contrary views where no theory was presented. As this study was aimed at acquiring genuinely new knowledge the researcher was not certain that there would be useful theory or even be certain that there are answers to the questions the research aimed to ask.

Naturalistic inquiry, according to Lincoln and Guba (1985) requires that there is no manipulation by the researcher and that the researcher does not impose limits upon the outcome of his inquiries. However they also maintain that the inquiry cannot be value free. Therefore any research must have some value agenda. The agenda this researcher has is to understand attitudes to the process of HCN development and to bring this knowledge to the notice of academics and practitioners so that the views of the participants may be understood and the transition from expatriate to HCN staff made smoother.

A researcher studying complex social phenomena has to accept that there are some contradictions and inadequacies in any methodology. Hunter (1982) has argued that no methodology can be defended against all possible counter hypotheses hence no study can be '*without methodological inadequacy*'. Van Maanen (1982) has supported this view by suggesting that qualitative research of the type being undertaken in this thesis, which tries to bring out the essential character of the process of localisation runs the risk of being challenged as superficial. But this researcher has in chapter 4 tried to explain the contradictions and minimise the inadequacies. In this he is following the guidance of Carlton (1977) who believes that ideal results correspond to an 'idea' not to reality. He points out that

'Human behaviour is riddled with behavioural inconsistencies and moral contradictions'.

McGrath *et al* (1982) offered support, suggesting that good research even using flawed methods well and in effective combinations can help us to accrue knowledge about behavioural and social science problems that are of theoretical and practical concern.

This thesis is not intended to just be good research but also to be significant and maybe even bold in its value to academics and practitioners. It was intended that it meet the criteria of Campbell *et al* (1982) which are that:-

- *'Significant research is an outcome of the investigator's involvement in the physical and social world of organisations'*
- *'Significant research is an outcome of the investigator's interest, resolve and effort'*
- *'Significant research projects are chosen on the basis of intuition'*
- *'Significant research focuses on real problems'*
- *'Significant research is characterised by uncertainty, fuzziness and ambiguity at its initial stages'.*

The uncertainty, fuzziness and ambiguity had to be added to the inconsistencies and contradictions highlighted by Carlton!

Hakel *et al* (1982) suggested that 'bold' research contributes solutions to tangible problems even if it does not have the methodological refinement of research following a well trodden path. The researcher in choosing a complex social phenomenon for study had to recognise that such research is based less on pre-set objectives and working to a plan and more, as Watson (1997) has written, of weaving

'many contradictory considerations into a sensible whole'.

It was therefore important to remember the advice of Gergen (1973)

“The concepts of the field are rarely value free and most could be replaced with other concepts carrying far different valuational baggage.....Perhaps our best option is to maintain as much sensitivity as possible to our biases and to communicate them as openly as possible.”

To that he added the advice of the Mulla Nasruddin (known as Joba in Arabia and the Levant).

‘Only children and the stupid seek cause-and-effect in the same story.’

Shah (1983).

3.4 Qualitative and quantitative approaches.

Watson (1996) when reviewing Anderson *et al* suggests that sometimes novice researchers opt for a qualitative methodology because they think of it as a soft option. It is hoped that the current researcher is not in this group. Although it will have seemed from the previous section that the researcher had chosen qualitative methods to suit the subject being studied he did not immediately discard a quantitative approach. He considered what value different techniques would bring to the study. He was aware that some quantitative researchers claim that qualitative responses based upon interviewers questioning individual respondents are less rigorous than their chosen methods. But he considered that the richness of data produced outweighed potential challenges of lack of apparent scientific objectivity. This is not to say that he believed that a qualitative study is not concerned with standards, procedures and a systematic approach.

The researcher saw the utility of quantitative methods which as Van Maanen (1982) says imply precision and he made use of some of the techniques for precision and accuracy when analysing the results. Qualitative aims, in the view of Van Maanen, to produce a description of a given reality and the truths it contains. The focus is to enter the world being studied and to report on what the 'insiders' know and how such knowledge guides and constrains their behaviour. He goes on to say that qualitative methods are rarely used in organisations but this has probably changed by the late 1990s. Zelditch (1994) recommends that when attitudes and views are relatively private and heterogeneous qualitative techniques such as direct enumeration or sampling should be used. Therefore to gain information for analysis this researcher mainly used qualitative methods.

It is worth taking account of Easterby-Smith *et al* (1993) who claim that a grounded approach is flexible and can provide explanations and insights. It may take longer and may lack the clarity and standardisation of other methods according to positivists but is of much value in a study such as this. Rudestam and Newton (1992) suggest that qualitative methods are especially useful for:

'...generation of categories of understanding human phenomena and the investigation of the interpretation and meaning that people give to events they experience'.

They write that qualitative methods allow researchers to find out information by spontaneous and natural methods rather than narrow and artificial means. In this way these methods met the needs of this researcher.

Graham and Gronhang (1989) point out that in the USA, where most management and business research is carried out, the emphasis is on rigorous quantitative methods and internal validity. They contrast this with international studies which tend to be contextual and therefore have to incorporate high levels of external validity. This was a difficulty which emerged during the course of the research. Davila (1989) has argued that the North American model of research requiring large samples and substantial data analysis is not appropriate in the developing world where it is difficult, if not impossible, to gain access to the quantity of data available in the developed world. In view of the subject matter and cultural influences mentioned throughout this thesis it was decided that, to paraphrase Zelditch (1994), data hardness has to be neglected for the sake of depth and reality. As Whitaker (1995) noted knowledge can be best demonstrated not by demonstrable facts but by stories about the world.

International management in the opinion of Melin (1992), is still dominated by cross sectional research which proceeds from a distance with a remote researcher gathering data from organisations of which he knows little. This researcher was determined to get close to the organisations he was studying. It did seem that a field research approach would be the most successful in drawing out data. In order to provide answers to questions of 'how' and 'why' it was necessary to understand the process involved. This in the opinion of Welch (1994a), requires trips to the field. This also meant, as Burgess (1994) has shown, that the researcher had to be a methodological pragmatist interested in getting 'profound and valid data' in any academically respectable way. This research aims to contribute to knowledge and in the way described by Lincoln and Guba (1985) the conclusions fairly

represent and logically follow from the field studies. It endeavours to demonstrate the trustworthiness of the researcher and his data. The awareness of the need for respectability and reputation caused hidden microphones to be rejected but as mentioned later did not exclude making indirect approaches to individuals when their employers had either rejected access or had restricted access to specific managers.

If the research was to concentrate upon counting heads and other quantitative methods the experienced managers, who are used to manipulating figures (see the section on banking in the UAE below) would have considered the project to have been naive. The researcher might also have been thought of as government oriented - the authorities constantly ask for reports on staff numbers by various categories but do not ask about attitudes or problems of implementation. By using qualitative techniques this was another way to emphasise that this was an academic study which would not be misused against the participants.

When banks were asked for quantitative data such as staff turn over by nationality or level within the organisation this was rarely, if ever, given. When asked the reason the researcher was told that it could not be given for reasons of confidentiality or that such statistics were not kept. Such a response was in that respect not unique to this study. Al-Jassim (1990) quotes an example of going to the UAE government department responsible for census and statistics and being told that all information including that of the last two censuses was confidential and could not be allowed into the public domain - and Al-Jassim was a fellow government officer. Muna (1980) has suggested that business related information and data are scarce resources in the Arab world. Where they exist they are

'often inadequate, unreliable and conflicting'.

There is no concept of freedom of information in the UAE or neighbouring States. It may be that this desire for secrecy is entrenched in the culture(s) of the Gulf. Certainly in non-democratic countries, and many democracies, there is little incentive or desire to share information with external researchers. It is only when the researcher is seen as 'one of us'

or is in a position of power that there is any prospect of having access to information in such circumstances. Ali (1991), Craig (1997), Al Muna (1980) and Salman (1988) all faced these problems.

Attempts were made to use questionnaires in a manner which might have been useful for quantitative analysis but as mentioned later in this chapter and in chapter 4 these were infrequently successful. It was therefore reassuring to recall the advice of Melin (1992) that there is a danger of believing that statistically rigorous, narrowly focused studies are superior to the rich, complicated understanding that result from careful examination of a few organisations. In the field the techniques of qualitative research proved the most useful in providing insights. They may, however, as Easterby-Smith *et al* (1993) believe, lack clarity and standardisation of other methods. Or as Fielding and Lee (1991) observe may produce data which will vary depending upon the individual researcher who is trying to make sense of it. Guba 1979 quoted in Lincoln and Guba (1985) suggests that qualitative research should be 'auditable', 'confirmable' and 'credible' rather than 'reliable' and 'valid' in the quantitative researcher's use of these words. In this study it does appear that these qualitative techniques produced useful results. This may be because as Tesch (1990) points out- few phenomena in the human world come in quantities.

3.5 The Scope of the Study.

Initially it was intended to compare attitudes and beliefs towards the process of developing and appointing HCNs to replace expatriates in a variety of industries and in a number of countries. It became apparent that apart from the resources required being beyond the researcher's self financed means, the problems of access to information would be too great. As Adler (1983) has written, international research is difficult to conduct given the complexity of a foreign environment, cost and time factors. Tung (1984) agrees and says that there is much evidence that the complexity of international human resource management is underestimated. In spite of drive enthusiasm and knowledge of far off lands gained by living abroad for much of his life there were times when this researcher thought that Adler and Tung underestimated the problems! This was especially so as Adler, Tung and others are usually describing problems of research in only a second culture not a multitude of cultures.

This study is dealing with many cultures. It is the norm in the UAE to have employees from the following nationalities:-

UAE nationals (from the Arab, Iranian and South Asian communities), Levantine (Lebanese, Jordanian and Palestinian), Egyptian, Indian, Pakistani, Sri Lankan and British.

Other nationalities often found include Australians, Americans, Bangladeshi, Filipino, Sudanese, Yemeni, Iranian and Iraqi. One previous employer of this researcher had over 80 different nationalities on its staff.

The major religions of Islam, Christianity and Hinduism are represented along with their various sects and castes.

The multitude of nationalities and religions present make it fundamentally important that the research methodology and the researcher using the methodology are sufficiently robust yet sensitive to be capable of handling multi cultural issues and understanding.

In view of the difficulties of access mentioned below it was decided to concentrate upon one country and one industry- banking in the United Arab Emirates. The researcher does, however, hope that his information, insights and propositions will be useful in other industries and in other countries. With this in mind where it was possible to obtain useful data from elsewhere, either from different countries or different industries, the researcher sought to use such information to check whether it was likely that the industry and country chosen were unique or whether general theories could be developed which could apply to a variety of situations. Instances of such check data are detailed in chapter 4.

3.6 Trust and Sensitivity.

Although the process of HCN development is of great importance the issues surrounding the subject are of great sensitivity. By its nature the process will lead to some very capable people losing their jobs for reason only of nationality. Along with loss of job and loss of income there will be disruption to family and social networks and social safety nets. In these circumstances it is hardly surprising that subtle and ingenious methods to sabotage the process may be developed.

It was, therefore, essential to use some of the techniques described by Lee (1993) for use when dealing with behaviour, attitudes and beliefs to which the actors did not wish to be identified. For example the respondent were shown, at the beginning of the interviews, the headings in the investigator's notebook which gave description of the respondent. The description was phrased in a way which precluded any individual being identified.

As this research was especially sensitive when drawing out attitudes to other races, religions and it was likely to be prone to non-response error (respondent chooses not to answer) described by Hosseini and Armacost (1993). There were only two occasions when respondents preferred not to answer questions once interviews had started. That suggests that the techniques used by the researcher were successful. There were, however, a number of occasions when organisations refused to take part in the study.

The creation of trust, confidentiality and integrity were to be the major factors leading to the researcher's success in generating useful responses. Often up to 20% of the time allocated for an interview was occupied with settling the respondent, giving assurances about confidentiality and the academic nature of the research as well as building rapport by creating awareness of the interviewer's knowledge of the country and the industry. The preamble was deliberately read out to give the respondent an opportunity to weigh up the interviewer. The researcher even dressed like a banker, wearing a suit in temperatures of 40C. Invariably the interviews took place in territory with which the respondent felt comfortable- normally their own office. During the interviews the respondent's views

were not challenged and no hint was given of the researcher's views but clarification was asked for where necessary along with requests for examples or supporting evidence. As Hosseini and Armacost (1993) have demonstrated the very presence of a researcher can lead to intensified social desirability effects or non-response so the interviewer had to tread a fine line between neutrality and naiveté.

Being prepared to meet at a time and place suitable to the respondent demonstrated enthusiasm and seriousness on the part of the interviewer. Many meetings took place out of normal working hours and regularly involved the researcher in long early morning or late night drives of 100 or 200 miles. On one occasion a visit was arranged for early morning in a location 150 miles distant. Upon arrival the researcher was told that his respondent had gone, the previous day, to another Emirate 250 miles away. The two spoke on a mobile telephone and a meeting was arranged at a half way point.

Another planned interview involved an early morning journey of 2 hours only to have the respondent say that he had been instructed by the CEO that no staff were to talk to anyone at all about the subject of 'localisation'. This was in spite of having agreed to the meeting and having confirmed the appointment the day before. A cup of tea was consumed and the researcher made the two hour return journey! Ali (1991) experienced similar problems in his study of Management Development in the UAE in spite of him being a UAE national. Although Edwards and Thomas (1993) recommend that conducting an organisation survey efficiently and effectively requires detailed planning it was rarely possible to have a detailed plan in this research.

Fortunately the researcher had been a senior manager with one of the largest banks in the region and had a reputation which was, in the main, favourable. One Indian respondent met for the first time went as far as saying "*As I know of your reputation, for integrity, I am happy to give you any information you want*".

That reputation allowed access to the most senior levels of government and banking. There was a disadvantage in that too close an identification with government and senior management might have led some respondents to doubt the interviewer's neutrality.

The fact that he is a British white male might have led to doubts concerning impartiality. These doubts were addressed through personal credibility and a professional and academic approach to the study and to the respondents. In some ways this researcher could be thought of as a post facto participant and observer as he had dealt with many aspects of the HCN - expatriate interface. He was, however, aware that there is too fine a line between bringing along valuable insights and bringing along prejudices and bias. Because, as Rudestam and Newton (1992) point out, the researcher comes to the subject with operative reality rather than detached scientific objectivity it is important to understand researcher's underlying values, assumptions and expectations. There is also a danger that prior knowledge may lead to the researcher ignoring or misinterpreting new knowledge. Lincoln and Guba (1985) have suggested that prolonged exposure to the culture of the target organisations increases the credibility of the research. Although this researcher had long exposure and hence maybe gives the study credibility he still found new and useful insights. He chose to follow the advice of Strauss (1987) to

'Mine your experience, there is potential gold there'.

The researcher's reputation also allowed access to some 'dissident views' and to less senior managers. This allowed him to triangulate the data, as suggested by Denzin (1970), by getting data from different perspectives as well as by using different methodologies. In this way the lack of an ability to cross examine respondents could be overcome by cross checking information. There is, as Lee (1993) warns, a danger that information from those who are peripheral, dissatisfied or no longer with an organisation that their views may be clouded by distance or distorted by exaggeration or malice.

3.7 Difficulties of Access.

A major problem of the study was the difficulty for outsiders to gain access to organisations and individuals in Asia and the Middle East. To gain access in such regions one must be aware that the cultures require one to spend time building up relationships. Our, western, culture specifies how we do business. Fontaine (1989) claims that since perceptions come from our culture then people from different cultures will have different perspectives. They live in different realities hence do business differently. The normal means of approaching a subject in Asia is to engage in face to face social small talk and then move slowly towards the important matter. Muna (1980) gives explanations of the Arab approach. During the initial contact with Arabs it is important to get to know each other on a person to person basis. They dislike the US attitude that this period is an opportunity to get a point over quickly, efficiently and neatly. Arabs also dislike impersonal and transient relations. Much of these descriptions apply in other parts of Asia especially in South East Asia.

This researcher's success in Asia has been due to efforts to get to know people and to be known. The getting to know and getting known was generally not possible due to the great distances involved and limited time available. Letters and faxes were sent to targeted banks in Bahrain, the UAE, Singapore and Malaysia. A sample is reproduced in appendix A.2. These were followed up with international telephone calls. Opportunities were taken to speak at international conferences (three in the year before the field trips began) in order to expand the researcher's network and to bring his research interest to a wider audience. For the same reason he appeared on television news programmes and in newspaper articles within the region. A sample is given in appendix A.3. In expanding his network the researcher was mindful of the opinion of Hakel *et al* (1982) that the amount of support a researcher receives is conditional on structure and nature of his direct and interpersonal relationships and that there is little point in having an extensive network if it is with individuals with little power.

In many cases the researcher knew individuals in senior positions including those of Chief Executive or Chairman but that did not always guarantee willingness of the banks to permit the research in their organisations. Banks in Malaysia and Singapore were especially reluctant to permit the research. In one case the researcher spoke several times on the telephone to a senior banker to arrange a meeting, made a special trip of three hundred miles only to find that the meeting had been changed to be with two senior Human Resource Managers instead of the Head of Human Resources. These managers questioned him for two hours about the research before reporting to their boss who finally, after more polite reminders, decided that the subject was too sensitive. A copy of his letter is shown in appendix A.1 as it is one of the few examples of a bank putting in writing its reasons for denying access. In other cases senior bankers, who had agreed to meetings, continually postponed or cancelled until all the researcher's time available in the country was exhausted. Events such as these gave insights into why international HRM issues are neglected.

In Bahrain four banks agreed to take part in the study but in spite of that prior agreement three cancelled at the last moment- after the researcher had travelled to the country. Pressing demands on executive time due to a deteriorating internal security situation were the usual reasons given. This seemed to not be a valid reason when it is considered that the bank which allowed access was dealing with an overnight bombing of one of its branches during the research visit.

In the UAE there was more success although even here the response to requests for access was slow to become positive. The National Bank of Dubai (the second largest bank in the UAE) and Standard Chartered Bank in the UAE refused to permit meetings with their staff . In spite of the view of Lee (1993) that there is little point in trying to find out why one is refused access informal approaches were made to former or serving members of those banks to enquire about policies regarding the development of HCNs and replacement of expatriates and whether these were similar or different to those of other banks in the study. It appeared that neither bank had a policy to change the existing mix of nationalities employed. The Commercial Bank of Abu Dhabi agreed to a meeting with

the Head of Human Resources but then, as mentioned above, the CEO issued an instruction that there was to be no discussion on the subject of localisation with anyone outside the bank. The Mushreq Bank, which was undergoing a number of management changes prevaricated, then agreed to access, then did not respond to communications. It was discovered later, through informal enquiry, that the UAE national Chairman of that UAE owned bank had stated that he was not interested in employing additional UAE nationals or of replacing his existing expatriate workforce.

At the time of the researcher's first and second field trips the Government of the UAE had committees established to investigate the subject of creating employment opportunities for UAE nationals in the banking sector. It was possible to share data and opinions between the researcher and these committees to ensure that there was no conflict or confusion between the studies. One of the senior government ministers interviewed, as part of the research, was the Chairman of the overall committee on Emiratisation in banking. Reference has been made in chapter 1 to one of these committees deciding that in spite of co-operation with the researcher it would not give him access to the data gathered.

Lee (1993) has made the point that it is necessary to balance the conflict between a representative sample and access and cost effectiveness. In the end this researcher found that the balance was best achieved by working through the management of willing participant organisations. As mentioned elsewhere generally access was allowed due to the topic being seen to be of great relevance and interest to the banking sector and to the country as a whole. Although there were not as many organisations participating as the researcher would have liked the quality of the information gained was of great value and was not diminished by a reduction in the quantity of respondents.

3.8 Use of Questionnaires in the Study.

3.8.1 Questionnaires in Different Industries and Countries.

As part of the preliminary study there were attempts, using a questionnaire, to elicit views on various aspects of developing and appointing HCNs to replace expatriates. The questions were constructed using advice from Hobrough, who as was mentioned earlier had intended studying localisation in China. The questions also arose from the knowledge and experience of the researcher. As a means of involving potential participants as well as putting many more minds to work on issues those banks which expressed an initial interest in the study were asked to comment on the proposed questions. Their comments resulted in some useful improvements.

Views were sought from human resource managers and general managers in a variety of industries and in two different countries. The Dubai and Northern Emirates Personnel Manager's Forum and the Bahrain Society for Training and Development each agreed to circulate questionnaires to members- a total of 85 questionnaires in the UAE and 50 in Bahrain. In both cases the researcher presented papers to meetings of the organisations on the subject of 'Host Country National Development and the Replacement of Expatriates'. The members represented most international and large domestic employers in the countries.

The questionnaires were handed out to those attending the Bahrain meeting of the Bahrain Society for Training and Development and posted prior to the meeting in the case of the Dubai and Northern Emirates body. Samples of the questionnaires are shown in appendix A.4. A local address was provided for response. The result of the questionnaire survey was disappointing. After reminders two completed questionnaires were received from Bahrain and none from the UAE. The researcher contacted a number of those who had received the questionnaire but who had not returned it. He was told by some that the questionnaire was asking for information which they did not have or that it would take too long to complete. Edwards and Thomas (1993) have pointed out, what may be

obvious, that if a survey becomes too long then respondents may not be willing to complete the questionnaires. Most non-respondents, however, told the researcher that they were not certain that the 'world outside' would understand the reasons why they resisted appointing HCNs into decision making jobs. Therefore they would rather not take part. Some said that they had considered manufacturing fictitious data which might give the appearance that their organisation was successfully handling this problem.

To test whether the original questionnaire was too long a simplified version was circulated to members of the Dubai Personnel Forum. A sample is shown in appendix A.5. This time the result was that one questionnaire was returned. That result suggests that maybe the opinion of Edwards and Thomas (1993), that a short survey is more likely to be completed than a long one does not have validity in research into sensitive subjects. They do point out that in terms of reliability single item dimensions are not as useful as the multi item dimensions.

In Malaysia and Singapore contacts were developed through the regional or head offices of banks and in the case of Malaysia through the Malaysian Institute of Personnel Management. In every case the researcher was attempting to develop intermediaries who would provide what Lee (1993) has called 'social insurance' which spreads the risk of embarrassment of an individual or organisation being studied.

The contrast between the questionnaire survey and the interview response is interesting. During the initial field trip to interview staff only two banks were willing to help. On the second trip several more joined. By the time of the third trip banks were faxing and telephoning the researcher asking to be included in the interview schedule. The fourth field trip was used to visit banks which were still hesitant to join the study and to meet senior government ministers. However, the majority of banks willing to grant access for interviews were unwilling to circulate questionnaires.

3.8.2 The Use of Questionnaires in Banks.

It was the researcher's intention to circulate a questionnaire the staff of the banks who were at or above officer level. Those levels of employees were chosen as the banking industry has a fairly standard description of officers. This provided a basis with which to compare like with like. Those levels of employee were also certain to be fluent in English which is the international language of banking and which is used throughout the UAE banking system. This current study is examining professional, managerial and administrative staff holding jobs which are likely to prove attractive to HCNs. A sample of the questionnaire used is shown in appendix A.6.

Unfortunately only two of the 16 participating banks were willing to allow the researcher to circulate the questionnaires. Both banks circulated the material to 100% of the officer and more senior level staff. According to Edwards and Thomas (1993) in small organisations the opinion of each individual carries more relative weight- hence the researchers intention of surveying 100% of the officer and managerial staff of small organisations and 10% of the larger organisations. If it should occur that the sample is unrepresentative of the population then errors will occur and incorrect conclusions could be drawn. As both organisations circulated the questionnaire to 100% of their relevant staff and response rates of over 90% were achieved it is likely that the samples are representative. The completed questionnaires were analysed using the SPSS computer program and are discussed in the results chapter 4. The use of SPSS is discussed later in section 3.13.

The reasons for non-circulation by the majority of banks were given as not wanting to have anything in writing (responses to questions at interview could be denied or explained as misunderstandings if they were ever publicised) or that the subject was too sensitive to be raised with staff who may not be aware of all the implications and complexity of the subject. Although as Sommers and Sommers (1991) observe, a self-administered questionnaire is potentially most efficient in terms of the number of respondents and being cheaper than extended visits. This is, however, not effective if

there is virtually no organisation prepared to allow the self administered questionnaire to be circulated!

In the past, according to Welch (1994a), most IHRM research was based upon surveys. She suggests the need for qualitative studies exploring underlying relationships and examining context of IHRM activities. Therefore it seemed appropriate to combine the questionnaires with interviews and hope that the latter, if well prepared and executed, would be more successful than the former when investigating the sensitive subject of this study.

3.9 The Use of Interviews in the Study.

3.9.1 Pilot interviews.

In view of his prior knowledge of the subject of host country nationals development the researcher was able to generate questions to cover topics which were likely to be of use when identifying attitudes and beliefs behind the actions of organisations and their management. He was aided by questions developed by Temple-Smith Hilliard Management Consultants which had been intended for research amongst MNCs in China. That research project did not take place but Martyn Hobrough made the draft questions available to this researcher. The focus group meeting which the researcher organised in Bahrain also helped in establishing which topics would be of most interest to those dealing with aspects of localisation in the region. The objectives and explanations of the questions are discussed and analysed in chapters 4 and 5.

At the testing and development of questionnaire stage other techniques were used such as free flowing, unstructured, interviews. In these the researcher said to respondents that he was interested in the subject of appointing host country nationals to replace expatriates. The interviewer then asked the person to give views and opinions without any further input from the interviewer other than to ask for clarification if he did not understand some words or concepts. This technique was puzzling to the participants who would often find little or nothing to say or would continually ask for guidance or further information. It was possible that the people wanted to gain an insight into the answers which the researcher wanted so that they could oblige or there may have been a cultural dimension to this puzzlement. In many Eastern cultures, as shown by authors such as Hofstede (1980, 1988 and 1991) and Trompenaars (1993), individuals have a different attitude to uncertainty when compared to many Western people. In some cultures e.g. USA and UK the education system encourages exploration and handling of ambiguous questions where not all the answers are known- or answers may not exist. In much of Asia uncertainty and ambiguity are not accepted. There must be an answer even if it is an unsatisfactory answer

which does not stand up to deep enquiry. The unstructured interview was not used for the main stages of the research as Sommers and Sommers (1991) have shown that semi structured and unstructured interviews may result in undeclared interviewer bias. Whyte (1994) argues that it has become apparent to others that genuinely unstructured interviews are not appropriate for this type of research.

It was decided to test initial questions by interviewing individuals and staff of organisations which would not be taking part in the final study. This offered an opportunity to test specific questions and to ensure that the meaning was clear to different levels and nationalities of staff. This also gave a chance to develop skills and techniques which would enable the researcher to build rapport with respondents and so allow him to receive honest answers rather than a 'party line' i.e. the answer they thought senior management would like them to give or the answer which they thought the interviewer wanted. Although the researcher has completed a number of courses on interviewing techniques and has many years of experience applying skills learned he had to change to a different style of interviewing to seek open and honest answers to very sensitive questions.

3.9.2 Use of Interviews to Elicit Information.

The objective of this research was to bring out beliefs which had an impact upon localisation. Zelditch (1994) describes beliefs as attitudes, assertions and theories. They are what Eden *et al* (1983) and Eden (1994) says are an understanding of causalities. Fontaine (1989) prefers to describe beliefs to be perception of the process by which we define, give meaning to, interpret or make sense of the world around us. Easterby-Smith *et al* (1993) describe situations in which people view the world not as real, but as a social construct. To investigate that world researchers must attempt to understand the meaning people put into this environment rather to measure the perceived 'reality'. Alexander (1990) stresses the centrality of human experience as the source of meaning for the actor and the analyst. This researcher was endeavouring to draw out what Mann (1997) calls

'tacit knowing'. By this he means what we take for granted. It is, in his opinion, hard to put into words. It was the intention of the researcher to draw out and put into words beliefs, opinions and attitudes and maybe even motivation.

Dutka and Frankel (1993) recommend personal or face to face interviews for obtaining valid data on attitudes, likes and dislikes, personal satisfaction. It seemed a recommendation worth following up especially as it was supported by those of the writers on research into sensitive subjects. The recommendations also contributed to the researcher's decision to carry out structured interviews. It has been shown by Sommers and Sommers (1991), Lee (1993), Strauss (1987) and Zelditch (1993) and others that an interview enables respondents to explore complex feelings and to develop rapport which the interviewer uses to draw out opinions. A structured approach was used to avoid or minimise the problems of bias and interpretation mentioned above in the context of unstructured interviews. However attempts were made to capture potential advantages of unstructured interviews by asking, at the end of the interviews, 'Are there any answers you wish to further develop?' or 'Are there any other points you wish to make in respect of this subject?' or 'Are there any other questions you consider should have been asked on this subject?'. At the stage of questionnaire design the insertion of the 'What would you advise a good colleague to do...?' style of question had been considered. Eden *et al* (1983) recommend such questioning to deal with sensitive subjects. This researcher, however, supported the view of Hosseini and Armacost (1993) that this type of questioning was not suitable for questions on attitudes and was better suited to questions concerning behaviour.

As the questions follow a logical flow, albeit with occasions to double check responses by asking similar questions later in the session, the respondent is led along pathways which enable them to vocalise feelings and opinions. Sommers and Sommers (1991) suggest that open ended questions be used to reduce leading responses by suggesting answers. Non-verbal clues and body language can be observed and cause the interviewer to probe particular responses in a non-threatening way. McGrath *et al* (1982) emphasise the importance of judgement of skilled researcher being sensitive to nuances. If the initial

response to a question is not clear to the interviewer the answer can be probed. The interviewer can use explanations or examples if the question is not clear to the respondent. There is comfort to the respondent to know that he is being asked the same set of questions as other people of the same or different gender, citizenship, religion or language group. An example of the success of the interviewing technique is indicated in the chapter 4 in which one expatriate offers a description, in detail, of how he has managed, over a number of years, to sabotage his employer's efforts to appoint and retain HCNs in his department. In addition to being a skilled interviewer this researcher is culturally sensitive or at least culturally aware having mixed with many different types of people in the 60 or so countries in which he has lived or worked. He has developed substantial ability to build rapport with a wide variety of individuals.

The language of banking and of commerce in most parts of the world is English. For that reason all bank officers and managers in the UAE, as mentioned in the section on questionnaires, are more or less fluent in that language. This made it possible to conduct all interviews in English no matter what the nationality of the respondent.

The researcher, after almost a decade working in the Gulf Co-operative Council region, was aware that in this part of the world it is not just the words which are important but the meaning behind them. Hall (1981) considers that Arabia is a high context culture in which meaning is strongly influenced by intonation, posture and expression as well as timing and the people involved. In such societies language contains many subtleties which have to be understood by those working with Arabs. The researcher had to be aware of this and draw out meaning through empathy and rapport as well as careful questioning. There are also conventions concerning questions and meanings- for example one must not ask about an Arab's wife or family unless one has a very close relationship to the individual. The researcher was also aware, from Hofstede (1980) studies that in a desire to be helpful the respondents might feel a cultural need to be hospitable and give views which would not offend even at the expense of truth

The interviews were planned to be with the Chief Executive Officer, the Head of Human Resource Management, the most senior UAE national, the most senior Western expatriate and the most senior non-Western expatriate. These categories of staff were selected to interview employees with knowledge of strategic issues and who reflected the most important national groups in the banking sector. In making these choices the researcher supports Whyte (1994) who maintains that the best informants are those in a position to observe significant events and to be capable of understanding those events. Zelditch (1994) maintains that respondents, if well chosen and effectively questioned, know better and are less likely to falsify than an apparently neutral observer. In addition some things happen which few people know about hence the interviews with senior people dealing with the strategic issues of 'localisation' rather than more junior staff who may be more directly affected but whose knowledge would be narrower.

At this stage it may be helpful to mention why the investigator used 'respondents' rather than 'informers'. Zelditch (1991) defines 'informants' as those who provide knowledge about others rather on themselves. 'Respondents' provide knowledge about themselves. For that reason respondent is a better description for the people being interviewed or completing questionnaires in this particular study.

By choosing particular categories of post holder this reduced the ability of Directors or senior managers to exclude difficult individuals. It must be recognised that normally few managers remain in senior jobs if their views do not conform with the norms of the management team. However in the case of the subject area being investigated there were a significant number of respondents whose views did not reflect those of their bosses- this can be seen in the results section of this dissertation. The reasons for this non-conformity may be the mix of nationalities selected by the researcher, the different ages (or at least career stage) of respondents and above all the potential for controversy of the subject.

In the case of two banks the researcher was offered, and took, the opportunity to interview more staff than the five normally questioned. This enabled him to gain multiple respondents at the same senior levels and to check the views of more junior staff. He was,

by this means, able to explore the likelihood that different levels within the organisation were concerned with different issues or that they might view issues in a different manner.

In a number of cases the researcher was given access to only one or two senior staff. He formed the view often that this was because senior management was concerned that other staff might give seditious opinions or at least opinions which might not be the same as those held by their bosses. This view was confirmed by some of the respondents.

Generally the reason given for the limited access was pressure on management time.

Obviously there are problems involved in relying upon interviews. The respondent's current emotional state can influence his or her expression of opinions, attitudes and beliefs. It is hoped that the interviewer's skill could identify the respondent's current emotional state for example by finding out that the person's promotion prospects have recently been improved or diminished or that there are conflicts within the management team. Some of these matters are outlined in chapter 4. Achrol (1988) has contended that few events are truly reproducible in exactly the same conditions and few events are entirely unique. This must be recognised as a disadvantage of the structured interview technique but skilled interviewing can reduce the potential criticisms.

Whyte (1994) warns that reporting may be influenced by ulterior motives, e.g. self promotion, desire to please the interviewer, idiosyncratic factors such as the respondent's emotional state or interruptions during the interview. He also believes that the taking of notes makes the situation formal and may inhibit the respondent. But the note taking also makes clear that the views of the respondent are valued. There were occasions when the researcher put aside his note book to encourage a hesitant respondent to talk or to enable a person to give a confidential opinion which was not to be repeated. The very acts of writing or putting aside the note book played significant parts in building trust and understanding.

Dutka and Frankel (1993) have demonstrated that occasionally bias is introduced by respondents fearful that others, in power, will become aware of their attitudes. Hence the

steps the interviewer took to ensure that all respondents felt assured of confidentiality. The result was that on balance the interviews yielded robust and rich information, which Campbell *et al* (1982) contend is the role of research data gathering.

Initially the researcher had thought of using a tape recorder. In every case where this was suggested the potential respondent said that they would not be comfortable with the meeting being recorded. So notes were taken using speed writing and were transcribed in full to a word processor. The transcription was usually done later in the day of the interview. The note taking was intended to be an accurate record of the words used rather than to summarise the meaning of the answer. This was to minimise the potential for bias arising from interpretation.

The structured interview technique used succeeded as it allowed the respondent's ideas and views to flow through a series of questions. These acted as a prompt to memory without giving a suggestion of expected answers or of any bias which the interviewer might have brought to the meeting. By allowing some input from the interviewer even if it was the sound of his voice or mannerisms or body language there was scope for rapport. This rapport can be lost or exaggerated in the unstructured interview. It is certainly difficult to develop sufficient rapport to elicit honest and useful information without either party falling into the trap of assuming they know what the other wants and means. Many years of interviewing experience and a measure of expertise enabled the interviewer to generate rapport and useful data from respondents of many different nationalities and of different levels within the institutions being studied.

At the end of one particular interview with a bank director, who was also a senior government official, the researcher was asked to provide a transcript of his notes as the questions had raised questions in such a way that the respondent's answers elicited ideas and views which had been latent but not obvious in his consciousness. The respondent was so pleased with the information which the researcher's questions had drawn out that he wished to develop this for his own use in government and banking.

3.9.3 Structure of the interviews.

Although many researchers, for example Easterby-Smith *et al* (1993), recommend commencing with factual questions this researcher wished to stimulate the interviewees by asking challenging questions from the beginning to provoke deep thought. In this he was following the advice of Sommers and Sommers (1991) who believe in putting the most interesting questions at the beginning. Factual questions were introduced towards the end of the interview so that there was a return to straight forward matters after a period of demanding thought. This technique is recommended by Edwards and Thomas (1993). It was not initially intended that biographical questions would play a role in the research but they were used to demonstrate that the researcher was interested in the respondent as an individual rather than just as a 'sample'. Edwards and Thomas warn against asking for too much demographic information in case the respondent doubts the anonymity of the study. It proved useful to the researcher to analyse the results using demographic data such as age and educational level of the respondents as well as nationality, length of service and type of post held.

A sample of the questionnaire used is shown in appendix A.7. Although it had been intended to ask the same questions of all respondents, with supplemental questions to be used with the CEOs and heads of HR or Personnel departments, this proved to be impractical. Most CEOs limited the time available for the interviews. Some CEOs preferred to give a general picture of the issues than to answer specific points. In one case this resulted in a monologue albeit a useful one. For senior government officials it seemed more appropriate to delete questions which were aimed at commercial enterprises and to introduce other relevant questions. A sample of the questionnaire used for these respondents is shown in appendix A.8.

3.10 Focus Groups.

The researcher had organised a meeting with managers in the UAE to identify topics for academic research which might be of value to laymen. Later he organised three focus group discussions on the subject of 'localisation'. One took place in Bahrain, two in the UAE of which one was in Dubai and the other in Sharjah. Two of the focus groups comprised managers attending conferences on the topic of localisation. The other involved managers of banks in the UAE who came to a special meeting at ETIBFS in Sharjah to discuss this researcher's study. The ETIBFS meeting proved to be very muted as the result of a few negative comments by national attendees which caused other members of the group to suppress their views. This meeting was not useful except in so far as it confirmed that dissent is rarely tolerated in this part of the world. The other two groups proved to be useful and generated animated discussion and useful insights.

The format of the focus groups did not follow the format suggested by Eden *et al* (1983) of getting each person to write down on cards the ideas they considered most important. This was because the participants preferred to verbalise their thoughts. This preference for oral rather than written arguments or discussion is a feature of the cultures represented in the UAE. People are so sensitive that they would rather speak and re-interpret views which are challenged than to write them down. This sensitivity has limited the utility of the focus group method of gathering opinions but it was interesting to experiment with the concept. Bristol and Fern (1996) had warned that the atmosphere in such groups makes them appropriate for only a limited number of qualitative research tasks. The results of two focus group meetings are contained in chapter 4.

3.11 Alternative Research Techniques.

According to Eden and Huxham (1993) we should attempt to discover 'truths' about a situation rather than the 'truth'. Although, in the opinion of McGrath *et al* (1982), it is rare for researchers to admit to restrictions, compromises and modifications which result from the circumstances of the research. It is the desire of this researcher to mention some of the alternative techniques which could have been used to gain other 'truths'. Some have already been mentioned above, along with some of the obstacles encountered.

The researcher would have wished to have been able to carry out more triangulation. He recognised the value of triangulation and used focus groups, questionnaires and informants to provide a measure of triangulation. It is expensive, however, in terms of time, skills and resources to use two or three different methodologies in one study. In so far as resources and participants permitted there were attempts at triangulation.

At an early stage in the research a case study approach had been considered. This was eventually excluded for reasons concerned with the cost of long term access to locations far from the university. It was also considered likely that continually changing management staff of banks in the region risked a withdrawal of facilities for research. A long term study would have put demands upon manager's time which it was unlikely to bring sufficiently useful results for the employing organisation to justify. It was realised that it would prove difficult to persuade several organisations to grant access over an extended time scale. The methods chosen, do however, offer snap shots of organisations at stages of the HCNs development process rather than offering a series of views over an extended period.

The role of an observer would be extremely difficult as there was only one researcher who could not be many places at once. Edwards and Thomas (1993) draw attention to the cost, complexity and time consuming nature of studies using observers. They also point out that interviews with respondents offered access to information which might not even

be apparent to an observer. This situation can occur in cases where incidents happen infrequently, so are unlikely to be seen by an observer.

The use of diaries by respondents was considered but was not likely to be acceptable to the possible participants for reasons of confidentiality and the preference against putting information in writing has already been mentioned several times. It was also felt to be too time consuming for busy managers. In addition it was thought by the researcher that well chosen questions would produce more value to this study than waiting for significant and relevant events to occur and be noted.

The researcher had thought of using an action research approach but the obstacles seemed too great. He would have required more access and involvement than the participants were prepared to give. Such an approach is discouraged by Eden and Huxham (1993) for doctoral students as it requires resources, beyond the means of such researchers, to deal with the uncertainty of method and structure. The chaos and changing pace and focus of action research should be seen as a virtue but maybe not for doctoral students.

The objective of the use of different techniques was to be able to demonstrate by the end of the study that the disjointed pieces of the map of the localisation topic all made sense and are connected. The hope of this researcher that the map of the subject which this thesis represents is an accurate representation of the features of the topic.

3.12 Centre of Attention of this Study: Banking in the UAE.

3.12.1 Description of Licensed Banks.

The Ambassador at the United Arab Emirates in London arranged for his staff to produce a list of banks licensed to operate in the UAE (see appendix A.9). These total 40 of which 23 are either representative offices (employing one or two staff) or very small scale operations employing less than 25 staff. The smaller banks generally cater for particular ethnic groups in the local market. It was decided not to approach these small banks as it was believed that in view of their circumstances, few staff and limited local resources, there would be little useful data from them regarding the subject of localisation. Eight larger banks were also excluded from the study as they have a policy of only employing their own nationals or those who are from their ethnic group- these banks included Iranian, Indian and Pakistani Banks. Informal approaches had suggested that no researcher would be allowed access to those banks.

The major effort of the research was therefore directed towards the largest banks which employed a mixture of nationals and expatriates. They may not be representative of the whole UAE banking community but as they employ the vast majority of banking staff in the UAE they are most relevant to this study. Lee (1993) makes the point that the more sensitive the topic the more difficult it is to get a representative sample. In this case it was recognised that the participating banks and respondents may not be representative of the whole banking community in the UAE, even less employers of foreign and local workers in the world. They do however give an insight into the views and feelings of individuals and employers who regularly deal with the issue of HCN development and appointment to replace expatriates.

Federal Central Bank statistics of 1997 state that the banks which participated in the study employ approximately 11,000 (89 %) of the total 12,100 employed in the banking industry in the UAE. The figures given are approximations as some banks do not include staff who are engaged in regional or head office functions. By excluding these staff the

banks save themselves the cost of a training levy as well as giving the appearance of employing a greater proportion of nationals than is in fact the case.

The fifteen banks are either foreign or UAE owned. Foreign banks are allowed up to 6 branches in the country. UAE owned banks invariably have 100% of their shares owned by nationals- there are occasional anomalies which have allowed a small percentage of foreign shareholders. The foreign owned banks tended to have Boards of Directors and senior managers who were foreigners but not necessarily of the same nationality as the shareholders. The UAE banks invariably had a Board of Directors comprising UAE nationals and senior management of who were expatriates along with a few UAE nationals. Al-Qatami (1994) proved to be a useful source of information to supplement that of the UAE embassy on the banking sector.

3.12.2 Participants in the study.

The banks which agreed to participate in the research were:-

UAE owned banks:

Commercial Bank of Dubai.

Dubai Islamic Bank.

Emirates Bank International.

Emirates Industrial Bank.

National Bank of Abu Dhabi.

National Bank of Fujairah.

National Bank of Umm al Quwain.

National Bank of Ras al Khaimah.

National Bank of Sharjah.

Foreign owned banks:

ABN/AMRO.

ANZ Grindlays Bank.

British Bank of the Middle East.

Citibank.

United Arab Bank.

Middle East Bank, which is a subsidiary of Emirates Bank (International), also participated in the study.

In addition Standard Chartered Bank in Singapore and Al Ahli Bank of Bahrain took part and data from them is included in sections of the results chapter 4. This data is used to check whether there are common themes in the study which apply to banks outside the UAE.

When requests, for assistance and co-operation, were made of the targeted banks the researcher offered them the chance to discover how the banking sector in general was approaching and tackling the issue of HCN development and the replacement of expatriates. Originally the researcher considered offering a contrast between the individual bank and the industry norms but rejected that comparison when he realised how sensitive people were about confidentiality and how concerned they were in case they could be identified by others.

3.13 Use of computers in this research.

It would have been difficult to conduct this investigation without the support of computer facilities. Computer programs were used to produce and print the questionnaires and letters to potential participants. They were also used to record and retain information from articles, books and meetings with academics, managers and respondents. The data management aspect of research seemed at various times to be in danger of dominating the actual investigation.

Such functions are, however, merely using the computer as a smart typewriter or filing cabinet. There are other aspects of their use which bring genuine advantages to the researcher. It was only at a late stage in the study that the researcher became familiar with the NUD.IST program for sorting and analysing data. Tesch (1990) recommends NUD.IST and similar programs to identify and explore themes which can emerge from data. If this researcher was to be embarked upon again the investigator would be able to use NUD.IST to manage data as well as to sort and analyse information. It would have been possible, with NUD.IST to analyse the data without having to plan as much structure into the interviews. Programs of the NUD.IST type can be used to examine unstructured data. As the researcher had expected to sort and analyse manually he structured the interviews to make it easier to group answers. This was by no means the only reason for structuring the interview questions but it was certainly a factor in the decision to use a structured approach.

As described earlier, an intention of the study design was to circulate questionnaires to a substantial number of staff in the participating organisations. Also as described, very few employers were willing to circulate those questionnaires to staff. It was disappointing to find that the members of the Dubai Personnel Managers' Forum and Bahrain Society for Training and Development did not return questionnaires. In expectation of a large number of completed questionnaires it had been intended to use the SPSS program to analyse the response. This is a program to analyse statistical information and would have been ideal for a response rate of dozens or hundreds. In the event only 26 responses were received

from the participating banks and only three from the members of the professional bodies. The three questionnaires were not analysed. The 26 responses were examined using SPSS but with such a small number a calculator with a statistics function would have been as useful. SPSS was therefore used only to increase the skill of the researcher rather than as a useful tool in the research.

Although computer programs can be used to analyse data according to Lincoln and Guba (1985) they

'do not draw inferences but simply arrange or display the material in ways which aid the inquirer to make interpretations'.

It was to arrange and display the material that this researcher used computers and programs. They were handy tools but they did not replace the intellect of the user.

3.14 Transcripts of interviews.

The researcher has produced a record of the transcripts of the interviews with respondents. The transcripts are in appendix B. These have been sorted using the NUD.IST program to group answers together by categories of respondents. It would be possible to make available the transcripts in interview order. It was, however, thought to be most useful to the reader if they were grouped in question order. Coding was done to identify the ownership of the bank, nationality group of the respondent, the type of post held by the respondent, their age, educational qualifications and gender. A numerical individual identifier was also allocated. The researcher was the only person able to collate information on a specific interview with a specific person. The codes used are shown in appendix A.10. Individual codes are shown in appendix A.11.

The appendix B is not for circulation because of the risk of individual respondents being identified. It is possible that they could be identified through the answers in the transcripts.

3.15 Review of the chapter.

This chapter has surveyed a range of techniques available to the academic researcher. It has examined the difficulties to be overcome when seeking sensitive information. There were many disappointments and frustrations in attempting to gain access to sources of information. These were overcome through determination and perseverance. The patient ways of the East were practised by the researcher more often than the assertive ways of the West. Skill in interviewing and sensitivity to cultural expectations allowed the researcher to draw out opinions and other information from a number of respondents who operated, mainly, at a senior and strategic level within banks. He was also able to gain information from senior officials and business people who were involved in the localisation process. The researcher believes that he succeeded in gaining access to a great deal of valuable information which would be hidden from most academic researchers.

Access and information are limited utility without analysis. Care has to be taken when analysing data gathered using the qualitative methods used in this research. The person carrying out the study may be accused of being subjective or of manipulating material to produce his or her own desired results. It is difficult to refute such charges even when one uses valid and academically acceptable research tools. The fact that the researcher has chosen not to circulate the transcripts of interviews, in order to protect the identity of individual respondents, may cause some critics to challenge the credibility of the researcher.

Nevertheless the application of qualitative research tools- tools, interviews, questionnaires and focus groups- to the analysis, together with interpretation of the results in the context of the researcher's experience as an international human resource manager, has produced valuable insights into localisation.

Chapter 4. Findings of the study and discussion.

4.1 Outline of the Chapter.

This section of the thesis discusses the answers given during interviews that conducted with respondents in the UAE Banking sector. These interviews are supplemented with others in Bahrain and Singapore and in London with two senior managers, who had responsibility for strategic HRM including management of expatriates and host country national development. The majority of interviews were with those currently employed in banking but two were with senior government officials and two with prominent business people who had strong links with the sector. A full transcript of the interviews is reproduced in appendix B¹. There is also an examination of the results of questionnaires and focus group discussions.

The researcher has endeavoured, as Looker *et al* (1989) suggest to, identify themes and sub themes, deal with ambiguity, interpret findings and study deviant views. He wished to draw out insights from respondents and to have an initial discussion of the implications of those insights. There will be further discussion in chapter 5. The analysis is based upon the researcher's informed opinion (which some may call subjective). There is no attempt to give weight to particular views by suggesting that *x* respondents thought *y* and therefore this must be a valid view.

¹ This appendix is not for publication due to the possibility of individual respondents being identified by their answers. In order to provide the audit trail recommended by Lincoln and Guba (1985) copies are given to supervisors and examiners of the thesis.

The researcher is mindful of a quotation from Maalouf (1996):

“.... there is no majority in truth. Under the four climates, hosts of people nurture the most absurd superstitions. Does their great number add any value to their beliefs?”

Often the minority or individual view is the one that shows most insight and creates most value. However no views are ignored and attempts are made to investigate all opinions. The investigation is carried out by classifying opinions into groups of similar responses for analysis. It will be necessary to defend the analysis but the researcher intends to achieve this by drawing upon focus group discussions and his own powers of investigation and reasoning.

The researcher respects the opinion of many of the respondents who in reply to various questions state that attributes are more likely to be individual traits rather than those of a group labelled by their nationality. It is, however, useful in the context of recruitment and promotion into organisations, on the basis of citizenship, to enquire about the likely abilities and attitudes of groups.

This section of the thesis explores the answers to questions asked in interviews. Owing to time pressures not all questions were asked of all respondents. In some cases, mainly those of ‘check’ questioning of junior staff, not all questions were asked as the respondent was unlikely to have knowledge of the subject area. In a few cases the respondents refused to answer particular questions. Therefore the number of respondents appears to vary between questions. There were also some occasions when respondents embarked upon a monologue that was not a response to a specific question. Such monologues have been appended to the answers to question A1a unless a more obvious location seemed appropriate. Czarniawska-Joerges (1995) suggests that when interviewees break away from structure and provide stories these can be studied to get to useful points. Occasionally the individual respondent is referred to using the codes which are contained in appendix A.11.

As a general point the researcher found that several of the non-Western expatriates gave exceedingly thoughtful answers. They had often considered the issues in greater depth than the HCNs and the Western expatriates. A reason for this might be, as the answers to the question in section 4.2.2 show, that the non-Western expatriates tended to be better educated than the Western expatriates. They may have thought of localisation as a consequence of the retreat from Empire and the development of local human resources. Another reason may be that the non-Western expatriate often has a greater fear of unemployment in his home country. Most of the non-Western expatriates in this study were from South Asia where, as Tayeb (1994) shows, social status and role in the community can be dependent upon the post one holds. A job is not just a means of earning money. Most of the Western expatriates had moved extensively during their careers and maybe have been exposed to localisation in other locations, so did not think deeply about the process.

The chapter is divided into nine sections. Section 4.1 is an outline. Section 4.2 has questions asked of virtually all respondents. Section 4.3 questions asked of Chief Executive Officers. Section 4.4 questions asked of the Head of Human Resource Management. Section 4.5 personal questions asked of UAE (or Bahrain) nationals and expatriates. A sample of the questionnaire, which include definitions of national and expatriate respondents, is shown in appendix A.7. Section 4.6 has questions asked of government officials or business people. Section 4.7 briefly gives an overview of the results. The sections each give the question, the reason for asking (where appropriate) along with an analysis and evaluation of the responses.

Section 4.8 is concerned with the results of questionnaires circulated to managerial staff of a locally owned and a foreign owned bank. Finally there is discussion of opinions of two focus group meetings. One took place in Bahrain and one in the UAE. Both focus groups were composed of individuals from all the GCC countries and from a variety of industries.

4.2 Limitations of this Study.

Initially the researcher was disappointed to discover that there was great resistance to the completion and return of survey questionnaires. He came to realise, however, that even a non-response itself provides useful data. That data might be that the questionnaire was too long or too complex or asked for information which the recipient did not have. In the case of this research, however, it appeared that the wrong instrument initially was being used to discover sensitive information.

The face-to-face interviews with senior staff of banks and with prominent government officials and businessmen proved to be better sources of information. These meetings were intended to gather opinions and explore issues rather than to gather 'facts'.

The success in generating valuable data lay in the trust and rapport between interviewer and interviewee. It also lay in their willingness to share, with the researcher, beliefs and assumptions they had about issues concerning localisation.

This method of gathering data seemed to the researcher to be a most useful way of generating knowledge about a topic which is rarely examined by academics.

Bryson *et al* (1994) supports this view when suggesting that emerging theory relies on subjective impressions and judgements. They also say that this method produces good qualitative data but little quantitative data. That view is supported by the researcher's experience.

Rudestam and Newton (1992) would maintain that the researcher was using a phenomenological approach in so far as he was not interested in explanations, e.g. why expatriates and HCNs are resentful about the other's role in localisation but, in demonstrating the existence of those feelings. He does, however, intend to go beyond discovering feelings by trying to make sense of them. He is looking for what Davis (1971) calls 'clues, which indicate the way a problem can be solved'. By following the advice of Eden (1993) to analyse subjective beliefs, we are able to consider possible options to experiment with.

We must remember when exploring these beliefs that we are not comparing like with like in the groups chosen for this study. Mention has previously been made of the differences between and within each group. We have to recognise difference not just in culture and nationality but in age profiles, experience, academic attainment and motives for working in a location and for a particular organisation.

This has to be restated when we start to try to explain the results of the research, consider its implications and generate theory because, as Perry (1995) suggests, theory must make clear where it comes from so that its origins can be considered and judged. He is not just talking about geographical location but social and cultural location. Having made clear the origin of his information, the researcher will now do as McGrath *et al* (1982) advise and take his results and go in search of theory.

4.3 Questions asked of all Respondents.

4.3.1 Discussion of Order of Questions.

The questions and answers shown in the first part of this section were actually placed at the end of the interview but are shown here in order to give the reader a view of the respondents. It may be of value to review the categories of respondents before reading their opinions on various aspects of localisation.

The answers to the questions given by the respondents in Bahrain, Singapore and London have been omitted due to the small number of respondents in those locations. Some respondents in the UAE , for example CEOs, were not asked these questions owing to time constraints. The answers from the five junior staff respondents, who were asked a limited number of questions, are not included in the personal data as they tended to hold lower-level posts or had a short length of service. They were included in the study to see if the views of the more senior staff differed significantly from the junior staff. There did not appear to be significant differences between the groups.

The government officials and businessmen were not asked for this personal information. The researcher is, however, aware that three of those respondents are graduates and two have MBAs. One is in his 30s, two in their 40s and one in his 60s. Three are or have been directors of banks. All have substantial family businesses.

There is information from 19 nationals given in this section. There are 10 Western expatriates whose personal information is included and 16 non-Western expatriates.

4.3.2 Personal Information from Respondents.

Question. May I seek some information about you?

- a. How long have you been in your present position?
- b. How long have you worked for this bank?
- c. How long have you worked for the parent group?
- d. For expatriates- Can you speak Arabic? Is this an advantage/ would it help if you could?
- e. What are your educational qualifications?
- f. May I have an indication of your age? (Under 30 then 10 year intervals).
- g. What has been your career history within the Banking sector (i.e. Banks and countries worked in and for how long?)

This question was designed to bring the main part of the interview to a close by asking for personal information which would be useful for classifying responses. It also demonstrated that the interviewer was interested in the respondent as an individual. The reasons for asking for this information at the end of the interview rather than at the beginning have been presented in the Chapter 3 of the thesis which deals with methodology. It is worth recollecting, however, that by asking for this information towards the end of the meeting the possibility of unsettling the respondent has been reduced. This is because he or she has not been concerned, when giving opinions, that his or her identity could be deduced from the answers given. Although the researcher has taken the issue of confidentiality seriously, the person being interviewed may not have trusted him had they given personal information before having a period of time to build rapport and to become comfortable with the research.

Information on nationals and expatriates.

a. How long have you been in your present position?

	Mean length of service	Range of length of service
Nationals	7.1 years.	1 month to 25 years.
Western expatriates	3.7 years.	7 months to 12.5 years
Non-Western expatriates	3.5 years.	3 months to 13 years.

Table 1

b. How long have you worked for this bank?

	Mean length of service	Range of length of service
Nationals	12.7 years.	1 month to 30 years.
Western expatriates	11.0 years.	7 months to 30 years
Non-Western expatriates	3.5 years.	3 months to 22 years.

Table 2

Comparing tables 1 and 2 we can see that it is unlikely that non-Western expatriates had been promoted whereas the nationals and Western expatriates were likely to have progressed within the banks. This is deduced from the information that the latter two groups have a much longer length of total service than service in the current job. It is, of course, possible that they had been demoted or moved laterally. This is, however, unlikely to have been sufficiently common to account for the wide differences in mean service in the post and in the bank.

c. How long have you worked for the parent group?

National respondents.

Only two nationals had worked for a parent group before being transferred to a subsidiary. Both worked for a locally owned bank which had taken over another local a bank. They had been transferred to the acquired bank as part of their career development.

Western expatriate respondents.

Only three Western expatriates had worked for the same group elsewhere and been transferred from the parent or another subsidiary. Although the international banks taking part in the study often employed PCNs it was only those with International Officer (IO) or equivalent status who would be posted from place to place within the group. Other PCNs would be employed on a contract basis in the same way as TCNs and would be likely to have the same security of employment as those third country expatriates.

Non-Western expatriate respondents.

Four of these expatriates had been employed elsewhere in the parent group before moving to the present employer. They were, however, not transferred as such but broke service with the other part of the group. The Trade Unions in South Asia will not allow someone to move to another part of a group and retain seniority in the home country.

d. For expatriates - Can you speak Arabic? Is this an advantage/ would it help if you could?

Western expatriate respondents.

One Western expatriate had a degree in Arabic and claimed a broad fluency in the language- although he did point out that he was trained in classical Arabic and had to make adjustments in the Gulf region to account for dialect and different usage. Two claimed conversational Arabic and seven said they had nil or virtually no knowledge of the language. Of those only two thought that some degree of fluency would be of use.

Non-Western expatriate respondents.

Two of the non-Western expatriates were native Arabic speakers. Two others claimed a degree of fluency. The other twelve did not speak the language. One of them made the point that he was only invited to certain meetings because he did not speak or understand Arabic. Three of the non-Arabic speaking respondents felt that it would be of some use to understand the language.

e. What are your educational qualifications?

	No qualifications	Diploma	Graduate	Post graduate
Nationals	1	2	10	6
Western expatriates	3	0	6	1
Non-Western expatriates	0	1	10	5

Table 3

National respondents.

Their graduate and post-graduate qualifications were all from overseas universities. It is not surprising that the senior national staff of banks should be well qualified and this is a demonstration of the value of an educational qualification in assisting a career. There are, though, differences between the levels of qualifications of the UAE nationals and the qualifications of the Western expatriates. The qualifications of the national respondents and non-Western expatriates were similar.

Western expatriate respondents.

It will be noticed that the other two groups contain a much higher proportion of post-graduate qualification holders and much fewer, in fact only one, without a formal qualification since leaving school. In contrast a high proportion of the Western expatriates have no qualifications. Yet they are of an age, as can be seen in table 4, when it would have been quite normal to gain academic or professional qualifications in British and

other Western educational establishments. The Western expatriates appear to contain a significant number who rely upon experience to gain and retain their positions.

Non-Western expatriate respondents.

Of the five who had post graduate qualifications two were from a foreign university.

f. May I have an indication of your age?

	under 30	under 40	under 50	under 60
Nationals	1	9	8	1
Western expatriates	0	1	8	1
Non-Western expatriates	0	7	8	1

Table 4

It is noticeable that whereas around half the nationals and non-Western expatriates are aged under 40 only one out of ten of the Western expatriates fall into this category.

g. What has been your career history within the Banking sector (i.e. Banks and countries worked in and for how long?)

	This only worked with this employer.	Previous employed in another bank within the UAE.	Previous employed in another bank outside the UAE.	Previously employed outside banking.
National	9	7	0	3
Western expatriate	0	0	10	0
Non-Western expatriate	1	6	9	0

Table 5

National respondents.

Except from brief periods attached to foreign institutions as trainees or on familiarisation trips the nationals had no experience outside their home country. Over half had worked for other employers apart from the current one. This suggests that there may truly be the inclination for job hopping amongst nationals suggested by many respondents. The ones who had worked for other organisations had mainly been in government service.

Western expatriate respondents.

All of the Western expatriates had worked for other banks outside the UAE but none had worked for another bank in the country. The former factor suggests that these respondents had wide banking experience. Most had served in many different locations for large international banking groups such as the Hong Kong and Shanghai Bank, Standard Chartered Bank and Grindlays Bank. This latter factor suggests either loyalty or that other employers are not able to match the rewards offered by current employers. At this level of appointment the Labour and Immigration regulations restricting change of employer would not be a hindrance.

Non-Western expatriate respondents.

One expatriate was working for his first employer. Three had worked for the same bank in their home country. Four had worked for another bank in their home country. Six had worked in a different bank or other employer in the UAE. One had worked for a number of banks outside his home country and the UAE. Three had extensive banking experience outside their home country and the UAE.

When considering the number of non-Western expatriates who had worked for other banks in the UAE and the short mean length of service compared to the other two groups one must conclude that it is likely that these respondents are more likely to move. This may be due to lesser loyalty but is more likely to reflect the poorer rewards and security offered to them than to the other groups. Once again this level of staff would be able to gain exemption from government restrictions on expatriates changing employer.

4.3.3 Advantages and Disadvantages of Employing Nationals.

Question. In your opinion, what are the advantages and disadvantages of employing UAE nationals in senior positions (that is officer and manager levels) within this bank?

This question goes straight to the core of the issue of 'appointment of host country nationals and the replacement of expatriates'. It does not state that the national will replace an expatriate. It does, however, seek to discover what contribution to competitive advantage there may be in localisation. As with the other questions, which follow, it does not seek to lead the respondent. The person giving an opinion may choose the contribution to profit, to the country, or might suggest other advantages or disadvantages. It does however assume that there may be advantages and disadvantages to employing UAE nationals.

As can be seen in appendix B, a number of respondents embarked upon a monologue on the topic of localisation before answering the question. In one case a respondent talked for almost 25 minutes on the subject without actually answering the question. As he was providing useful insights the researcher chose to take notes and not to interrupt.

Advantages.

Outline of opinions of national and expatriate respondents.

UAE national respondents.

Most nationals gave a strong opinion that there are substantial advantages in employing fellow nationals. One person emphatically stated that the question was not one of advantage and disadvantage but that it was essential to employ indigenous people. The issue of 'not comparing like with like' is highlighted. Organisations are being asked to consider the advantages of employing young untrained or inexperienced nationals compared with older, trained and more experienced expatriates. This researcher believes that we should be especially aware that we are also comparing a 'normal' distribution of national talent with what may be the 'cream' of expatriate talent.

Western expatriate respondents.

These respondents generally recognised that localisation would happen eventually so they might as well try to ensure that it happened in the most effective way. They inclined to the view that this was the national's country so it was only right that they should aspire to take over the jobs held by expatriates. The Western expatriates interviewed tended to be at the end of their careers. This can be seen in the responses to question 15. They were usually at senior levels which not vulnerable to nationals taking over from them in the near future.

Occasionally the respondents inferred that they resented the loss of status that arose when nationals rose to senior positions. Remarks that occur in answer to later questions such as '*Nationals always greet another national first*' suggest that they notice, if not resent, the change.

Non-Western expatriate respondents.

The issue of change of status that affects Western expatriates is not of such importance to non-Westerners. This, in the opinion of the researcher, may be due to the non-Western expatriates being in a 'third class' category. They are able to see a change in position between the Western expatriates who were previously in the top place and the national who were previously in second place. These relative positions are now being exchanged in most organisations. The relative status of non-Western expatriates has, generally, not changed.

One respondent commented that when well motivated and well led the nationals can perform very well. This is an interesting observation as it shows that expatriates cannot say that the national is fully responsible for his performance. It is the supervisors and managers who create the environment which enables the national, and expatriate employee, to perform well or poorly.

Bahrain and Singapore.

The respondents employed in Bahrain and Singapore tended to have similar views to those employed in the UAE. Although the sample size in those countries is insufficient to draw general conclusions it is useful to know that they do not contradict the opinions found in the UAE.

Key issues.

Influence with national customers.

The responses of nationals emphasised the advantages in terms of customer contact, ease of access to the business community, language and knowledge of the local culture especially expectations of the roles people were expected to fulfil. The access to government and powerful members of the society was important for 'getting things done'.

Western expatriates believed that contacts, relationships and the ability to get things done in the local society are the most important advantages of employing nationals.

This is probably a recognition that in the past power lay with the colonial administration and commercial organisations linked to that administration. Now banks and other service providers have to cultivate the newer local powers.

Non-Western expatriates supported the views of nationals and Western expatriates that the contacts, especially with those in government posts, of UAE nationals made a valuable contribution to business development and to profit. They also pointed out that most of the wealth in the country is controlled by nationals. So using other nationals to contact those wealth controllers is crucial. An alternative view is presented under answers to the disadvantages section of this question.

Image.

It was seen, by nationals, to be important for the image of the company and the country to employ nationals.

Expatriates did not mention this to be an advantage.

Business acumen.

Nationals of the UAE, particularly of the Northern Emirates, have a reputation of being commercially aware and business minded.

In the case of one bank it was claimed, by a senior national, that no profits were made under the previous expatriate management. Since being taken over by nationals, six years ago, the bank had begun to make profits.

Expatriates did not raise this as an advantage of employing nationals.

It is the opinion of the researcher that as the people of the UAE have been traders they are more likely to be interested in 'wheeling and dealing', looking for commissions and mark up rather than manufacturing or providing a regular service. This trader mentality may account for the apparent lack of respect for rules and regulations and a systematic approach to business. However the researcher recalls similar complaints about attitude and approach shown by Africans in Malawi and Zambia and by Malays in Brunei. This may be a symptom of adjustment to regular employment in industry or commerce. The problems of work discipline identified by Thompson (1968) during early industrialisation in England suggest that this view has merit.

Long term view.

The long term outlook of nationals in comparison to expatriates is highlighted by some national respondents but is disputed by others who consider the young prone to impatience, unrealistic ambition and job hopping.

Benefits can certainly accrue to the institution and the country from the long service of the national. In the experience of the researcher, in the Gulf region it is not unusual to find expatriates willing to spend the whole of their career with a local organisation. Therefore the benefits of a long term view need not be solely an attitude of the nationals.

Loyalty.

Loyalty is also seen as a distinct advantage for employing nationals. Some Western expatriates recognise that a long term and wider outlook offer advantages but others place more weight to a possible parochial attitude.

Non-Western expatriates recognised the stability and useful contribution of the long term view of nationals. It is interesting that they also consider that a reduction of dependence upon foreign labour is an advantage. Some point out that a long term view does not always result as nationals may be concerned to make a 'quick buck'.

Although no reasons were given for this view, it is the opinion of the researcher that the national sees that he (it is almost certainly “he”) must take advantage of opportunities as and when they occur. To be left behind at the beginning of a career risks always being behind. According to Muna (1980) and Hayajneh *et al* (1994) opportunities for promotion in the Arab world come with seniority. As the supply of national recruits increases and the demand decreases, due to posts being filled, then promotion will have to be into ‘dead men’s shoes’.

Honesty and trust.

The honesty of nationals may be linked to a long term outlook, although once again some respondents think that there is a desire for a ‘fast buck’ among younger nationals. It is difficult for the national to run away if he is dishonest or makes a mistake. The stigma remains with the individual and family for decades. Muna (1980) and Bedi (1991) both claim that this is a disadvantage suffered by HCNs when compared to the expatriate who can make a mistake and move on leaving a poor reputation behind him. Perhaps this is why later we hear expatriates complain of nationals not being prepared to make decisions.

One national claimed, but he is not unique in this view, that expatriates will ask for bribes to grant facilities. He implied that nationals are less likely to do so but in the experience of this researcher and respondents such as 44 no group has a monopoly of honesty or dishonesty.

Several nationals claim that only those with ‘*wasta*’ or influence are likely to be appointed to positions of power and influence. Some went as far as to claim that only those with ‘*wasta*’ would be appointed at all. For example in the case of one particular bank (the one employing respondents 68 and 69) a scan through the list of chairman, executives and senior staff reveals that same family or name appearing with great regularity.

Although foreigners may consider UAE society to be homogeneous this is not the case and there are distinctive groups such as those of Bedu, other Arab, or Iranian descent and of Sunni or Shia affiliation. Often there is pressure to favour those of the same group and to hinder those of the other groups.

This topic was not mentioned by any of the Western expatriates. It was, however, broached by one non-Western respondent, 44, who stated that in his extensive experience as an auditor nationals are honest and trustworthy because of the accountability they have in the organisation and in the wider society. When this accountability is reduced, he gave examples from the withdrawal of a foreign bank from part of the market, the nationals are no more or less honest than any other group. It is, however, not possible to ignore the fact, pointed out by Banai (1992), that most nationals and most expatriates start from the position of trusting fellow citizens and distrusting foreigners. This leads organisations to try to have the most senior posts held by citizens of the nationality of the major shareholders. Black and Gregerson (1992) have shown the difficulties of serving two masters in the same MNC. It is more difficult to serve two masters who are of different nationalities.

Technical skills.

The advantage of nationals in networking or building contacts to aid marketing may be linked with their apparent preference for roles involving social skills rather than those of a technical nature or requiring quantitative skills such as IT or accounts. Discuss belief that those are low status jobs done by Indians. The networking roles are asserted to offer scope for 'side benefits' in the employee's own business as well as offering scope for improved social status.

A distinctive advantage to the individual of preferring social skills is that these skills once learned rarely have to be upgraded. The technical skills in business have to be constantly improved or added to through continuous personal development. This requires training courses that risk failure. As mentioned in chapter 2, in the GCC and Asian countries the

issue of 'face' is very important and to attend a training course and fail is to lose 'face'. It also requires time being spent with books and training aids. Time will be in short supply when the national has to meet social and familial obligations.

Cost.

Nationals never mentioned the cost saving of employing a local recruit but one did believe that the savings in not having to interview abroad were an advantage.

Expatriates never mentioned cost saving as an advantage but it could certainly be argued that if organisations invest in training and developing nationals who will stay with them for much of their career there is certainly a cost advantage.

With the employment of expatriates the 'host country and organisation' gain skills which have been paid for by the foreign country and organisation's investment in education and development of the expatriate. The expatriate's skills then contribute to the host economy rather to the parent country.

Disadvantages.

Outline of opinions of national and expatriate respondents.

Interestingly many of the categories of answers under disadvantages repeat those of advantages. It could be that the researcher has imposed a discipline upon the answers which is not valid, but it is more likely that the respondents recognise that there are at least two perspectives which can be brought to the issues- that of the host and of the expatriate. One sees advantages where the other sees disadvantages. The appearance of opposite views even within a single national group is a recognition of the complexity of the subject.

National respondents.

Most national respondents claimed that there are no disadvantages in employing fellow citizens. If they say that there are disadvantages they occur if the 'wrong' type of employee is recruited. This refers to those who are lazy, come from wealthy families who are not motivated to perform or are poorly educated. They are wary of lowering standards. The older nationals, as predicted by Muna (1980) resist employing or promoting young nationals who are not prepared to learn every aspect of the job and rise up slowly. The older generation appears to resent youngsters relying on education and training to develop their careers rather than relying upon experience.

Western expatriate respondents.

These respondents gave a range of disadvantages which can be summarised as not being subject to the same expectations of behaviour as the expatriate staff. This can create problems for the organisations but, perhaps more importantly, creates problems for the individual managers who has to learn to control the national employee's contribution using techniques which do not rely upon a rule book. The manager has also to deal with the motivation of the expatriates who have to work with HCNs and pass to them the skills and knowledge which will be essential to his effective performance.

Non-Western expatriate respondents.

These respondents emphasised the lack of technical knowledge of HCNs and their unwillingness to work long hours and dedicate themselves entirely to the employer's business. There were important points made about the 'emotional' or unstructured style of the nationals. This may be because the nationals are not subject to the same discipline and possible sanctions which create insecurity among the non-Western, mainly South Asian, expatriates.

Key issues.

Influence with national customers.

By focusing upon the utility of HCNs in their dealings with the national community some Western expatriates, particularly those employed by International banks, felt that a parochial attitude developed. If the employee's worth was only in relation to a small local market then professional and technical skills, useful in wider markets, would not be acquired.

It is notable that, along with some Western expatriates, the Singapore respondents cited resistance to international moves as a disadvantage of employing nationals rather than expatriates. This view is examined later when question 6 is discussed.

Non-Western expatriates pointed out that if all the staff of the organisation were nationals then foreign customers would transfer to other banks- assuming there was a choice of banks. A reason for this is maybe the language factor in that the customers wish to meet customer contact staff with whom they share a common language. In view of the number of UAE nationals who are fluent in Urdu, Hindi and a version of Persian as well as English, the language issue is not the primary one. It would have been useful to interview staff of those banks which only target members of particular nationalities or ethnic groups

such as some of the South Asian or Iranian banks. As mentioned in the methodology chapter 3 this was not a viable option.

Image.

Although a positive image is created in the national community there can be, in the opinion of the Western expatriates, a negative image concerning the confidentiality of information which is discussed under the heading Honesty and Trust.

Non-Western expatriates believed that the UAE nationals were prone to being emotional and non-professional. This has led to a number of incidents, some of which are described in answers to question 7, which have an adverse impact upon the image of their employers. It is likely that non-Western expatriates are more aware of emotional outburst against members of their communities than the privileged Western expatriates.

Business acumen.

This was a subject which was not mentioned as a disadvantage. The educated nationals bring modern management and business skills to add to those of their trader ancestors and knowledge of how deals are made in the region.

Long term view.

Occasionally the initial answer of no disadvantage, claimed by nationals, is modified. The modifications are that there is a high demand for national employees so they are able to be quite demanding. They are thought to be ambitious and impatient for promotion so will job hop if not granted advancement by their employers, whether ready or not. These employees do not look at the investment of the employer in their training or at their long term career prospects only at what they can gain in the immediate future.

Expatriates also believed that ambition, impatience and a superficial attitude caused nationals of the younger generation to take a short term view of results. It was claimed that staff turnover was higher amongst nationals than among expatriates. This was difficult to verify but is likely to be correct. Atiyyah(1995) and Heard-Bey (1996) have shown how difficult it is for expatriates to move from one employer to another. The bureaucratic and other obstacles to movement are great.

None of the respondents mentioned that expatriates have often worked for organisations in the UAE for a significant portion of their career. It is not unusual to find Indian or Pakistani staff who have worked for the same UAE organisation for 20 or 30 years. A great number of people from South Asia and parts of the Arab world would undoubtedly commit themselves to work in the UAE for the whole of their career and would acquire UAE nationality if this were possible. They would certainly like to be able to take the long term view of their organisation's interests.

Honesty and trust.

Several Western expatriates claimed that the UAE national employees will put their community interests before those of their employers. This preference for the national customer rather than the employer is most apparent when the national employee is able to make use of his official position vis a vis a customer to gain favour which may aid his, or his family's private business. Muna (1980), Hayajneh et al (1994) and Bedi (1991) each describe how that Arab and Asian manager does not draw a distinction between public and private or employment and social roles so expects to gain advantage from a job in government. the government employee would probably argue that he brings from his private and social roles advantages to his employer.

The expatriate respondents gave lack of confidentiality of information amongst the national employees as a factor causing senior government officials and rulers to prefer to deal with expatriates and foreign banks. This appears to be an issue concerning banks' liabilities which might be moved abroad. It may be worth explaining that to a bank its

liabilities are funds owing to customers which those individuals will look upon as assets. It is perceived that investing outside the country demonstrates a lack of confidence in the local economy and society. Therefore many people are not keen that their fellow citizens become aware of foreign wealth.

Technical skills.

Some nationals believed that there could be a lowering of technical skills and standards unless the 'right' national was selected. By 'right' the respondents explained they mean those willing to learn and to apply that learning not those who wish to have a position and privileges without responsibilities.

Western expatriates recognised the inexperience of newly appointed national employees in comparison to the expatriate employees they replace. To an extent this will occur in all job situations as the replacement will invariably be less experienced than the predecessor. In the expatriate/ local national situation there is the added difference that the expatriate had probably held a similar job in his own country so initially brought substantially greater experience with him when first appointed in the host country than would occur in an equivalent promotion situation in the parent country.

Non-Western expatriates were particularly keen to mention the lack of technical skills of nationals. This may be because the non-Western expatriates are better qualified than Western expatriates (see answers to question 15) and so wish to emphasise the skills and abilities they bring to their employers. Some point out that the host country gains at the expense of the parent country which has paid, through the provision of education and technical training, for the expatriate's skills but the parent country does not benefit, at least directly, from those skills.

Non-Western expatriates saw a danger of losing a quality edge if their organisation chose to appoint HCNs who were weak in technical skills. They would also lose a competitive

advantage if their organisations chose to appoint nationals who were gaining skills whilst other organisations continued to rely upon trained and experienced foreigners.

A reliance upon external consultants instead of making use of their own expertise and that of others within the organisation was seen as a symptom of the diminution of technical skills when appointing HCNs.

Costs.

Nationals recognised that fellow citizens cost more than expatriates. Banks and governments can afford to meet these costs as there is, currently, little pressure on them to reduce employment expenses. Elhussein (1991) and Binayan (1986) show that there are cultural and nation-building reasons which oblige the governments to meet these costs whether directly or indirectly. A commercial business, claims Atiyyah (1995), would not be prepared to incur the immediate impact upon profit of employing nationals.

Western expatriates certainly agreed that the costs of UAE nationals were higher than that of expatriates. When indirect costs such as training and development, management attention and learning process time are added to the higher salaries and benefits of national employees the costs are substantially greater than those of foreign employees.

Discipline.

There is a tendency for Nationals to spend work time paying attention to the running of their own business activities and neglecting their employer's tasks. This leads to conflicts of interest and problems of discipline especially regarding time keeping. It has been argued that expatriate staff encourage nationals to conduct their own business activities so preventing the national from carrying out the full activities of the principal employer's job and so preserving the expatriate's job.

Nationals strongly suggested that fellow nationals were not prepared to work the excessive hours undertaken by expatriates. This view is supported by the expatriate respondents. The author has argued that expatriates have little desire to be in a foreign country so work long hours during the period spent there and build up leave to be used in their home country (Harry, 1997b). The expatriates are willing to do this to maximise their leisure time and time with their families. HCNs already being 'home' wish to minimise their working week and are prepared to reduce accumulated leave to be with family and friends.

Western expatriates believe that the HCNs lack a work ethic- by which they are understood to mean a willingness to undertake work in a manner prescribed by a modern business organisation. It does occasionally mean laziness but this is rarely mentioned as a factor. The national is accused of picking and choosing between tasks allocated. He pays attention to those which interest him but neglects those which are seen as dull. This gives the appearance of being unfocused in his work.

Because the nationals enjoy a privileged position, enshrined in UAE labour law of 1980, they are less likely to be disciplined than expatriates. Their performance is less closely monitored and infringements of rules and regulations are often ignored by senior management. The process has been described by one senior HRM executive, not amongst the respondents, as 'wiring round' the faulty component. Privilege for an individual can have substantial adverse effects upon morale within an organisation as shown by

Hayajneh *et al* (1994) as well as making those nationals who do perform feel that their efforts are not adequately recognised.

Non-Western expatriates resented the lack of protection of the rights of expatriates who feel very insecure in the country. They felt that the nationals created too much 'politics' within the organisations which in turn generated indiscipline.

4.3.4 Reasons for Nationals Leaving.

Question. For what reasons have UAE nationals left senior positions in this bank?

This question endeavoured to discover real and apparent reasons for departure. It was intended to find reasons for voluntary and non-voluntary departure. The researcher recognised that not all respondents will have knowledge of reasons for departure. It was, however, felt that the respondents might answer this question with their own views of why a UAE national would chose to leave rather than pass on the views of others. In the case of UAE national respondents the question enabled the interviewer to pose the type of question, recommended by Eden *et al* (1983), which allows the individual to disguise his own motives or opinions by claiming that they belong to others.

With hindsight it may have been useful to ask a similar question in regard to expatriates but this would have changed the focus of the research from a concern with the HCN to that of balance between the expatriate and the local. As many researchers, such as Brewster, Black and Mendenhall along with others, cited in chapter 2, have examined the expatriate view, this researcher chose to concentrate upon the nationals.

As can be seen in the sample questionnaire in appendix A.7. a number of responses were expected. It was rare that these possible responses where used as a prompt but the interviewer did clarify the point made in the preamble that he was interested in posts of officer level and above and was not, in this question, seeking information on trainees or

junior staff. The people he wished to consider were those who had reached the level of a strategic or supervisory job.

Outline of opinions of nationals and expatriates.

National respondents.

Often generalities were given such as better opportunities and career. A little probing was necessary to find what lay behind these vague expressions. Respondents tended to comment on the material causes of severance especially immediate remuneration and pension. They drew attention to the differences in supply and demand of nationals. This was especially important in the banking sector where the government had decided to introduce quotas for the employment of a certain percentage of nationals. In fact at the stage of writing the final draft of this thesis the researcher has received a communication from the UAE saying that the cabinet of the UAE Federal Government was considering issuing an instruction to banks which would require a 20% quota of national employees by 2000 and an increase of 4% per annum from that year.

Western expatriate respondents.

These respondents often claimed to have no idea why nationals left. If they did have ideas it was that the nationals only came to learn and go into their own business or to go into easy government jobs. Mention was made of poaching by other organisations of the trained staff. Interestingly no national ever suggested poaching as a reason for leaving although they did believe that the imbalance of supply and demand would make nationals attractive to other employers.

Non-Western expatriate respondents.

Usually these expatriates had similar views, but less detailed opinions, as the HCNs. They felt that the nationals were inclined to be feckless and keen to go to pastures new.

Key issues.

Immediate remuneration.

Although we have discussed the possibility of HCNs taking a long term view of business when it comes to the management of their own career many expect promotion and material gain sooner rather than later. As suggested elsewhere, Harry (1997b), a reason for this might be the need to progress very quickly early in their career or risk awaiting promotion into 'dead men's shoes' for the remainder of their working life. There is also a feeling that employers are not to be trusted and that their promises will not be honoured. This is definitely the case where the boss is an expatriate who may move to another country before the promise can be fulfilled. So the national wants his reward now not later.

Deferred remuneration.

Virtually all HCNs referred to the better pension provision offered by government service. The private sector is obliged, under the 1980 Labour Law, as amended in 1987, to give employees a terminal gratuity based on length of service and final salary. The maximum payable is two years pay. The employer has no further responsibilities towards the former employee or his family. In the case of death or disability in service the employer may make an exgratia payment or, in the case of exceptional employers, has an insurance scheme for staff. Most UAE nationals, even early in their career, have substantial family responsibilities. They worry what would happen to their families if they were unable to provide for them. Although Islam (The Koran, 1983) discourages forms of insurance which seek to avoid the consequences of God's will it also encourages individuals to care for their families so these nationals are keen to find ways of helping their families in the event of accident, disability or death. Government terms and conditions enable former employees with 20 years' service to have a pension of 75% of salary, subject to regular review, for the remainder of his life so his family will have an income in the event of his death.

Attraction of employment in government service.

Nationals strongly believed that the security and lack of stress in government employment was an attraction to nationals. The pension and provision for family aspects have been discussed above under the heading 'deferred remuneration'. Nationals agreed with the opinion of Binayan (1986) and Al-Jassim (1990) that work in the public service, except possibly at very senior levels, is certainly undemanding and offers plenty of scope to establish influence or personal business opportunities. The private sector can offer the same opportunities but with more demanding work and a higher risk of a conflict of interest being alleged.

This attraction of government service is a factor early in the national's career but after he has built up a measure of seniority he is unlikely to be attracted to the less interesting positions which would then be available in the public sector.

Working hours and other terms and conditions of service.

Banking seems to offer an attractive career with 'banker's hours' of work which should allow time to be with one's family and, in the case of nationals, to devote to outside business interests. The reality is that employers and colleagues expect staff to devote more time than that in an employment contract to the organisations interests. This certainly causes some nationals to leave and move to their own or family member's business. Such a business not only offers working hours and conditions which suit the national's lifestyle but give autonomy and status in a society which Muna (1980) demonstrates it is considered best not to work for another person, family or group.

Many nationals describe the pressure of work in terms not of hard effort but in terms of having to follow procedures, rules, strict time keeping and being subject to control by others. Modern organisations have developed such systems to cope with complexity. Non-Western expatriates believed that the locals do not like to be supervised by others whether national or foreign. Nationals whose fathers were traders, fishermen or farmers have not been used to a tradition of industrial discipline. Binayan (1986) suggests that even the school system does not expose young Arab nationals to the need to follow an organisation's rules. These factors encourage nationals to prefer to work in their own business. Often they will seek to learn technical and business skills before leaving.

Family pressure.

Although this heading might refer to working hours, it is used by national respondents to cover family commitments in the case of females and religious beliefs in the case of those who marry a spouse who dislikes the employee working for a bank. Al- Jassim (1990) argues many families dislike females working in any commercial occupation. They believe this shows that the family has no shame and needs the daughter or wife to go to work. A father may have allowed his daughter to work but if she marries, the husband may object and then she will have to leave. In addition when she becomes a mother she could chose to spend time with her family.

In the matter of religious beliefs, this arises when an employee does not consider it 'Haram' which means that it is forbidden to work in an institution which accepts payment of interest as the basis of business. When that person marries they may join a family which has a different view and the employee, whether male or female, is likely to leave and go into another occupation. Occasionally the employee has changed their opinion on the ethics of interest without family pressure but this is less frequently found.

Frustration.

This was cited as a reason for leaving by nationals who felt that they were not given sufficient responsibility or that their contribution was not recognised. It is different from wanting to have a promotion or pay increase. It arises from a sense of not being valued. It often arises from expatriate resistance to the HCN developing. Non-Western expatriates thought that the nationals were too ambitious and that this was the source of their frustration. If a national goes to a competitor it is likely to be because of frustration in the original organisation. It is particularly noted in the case of the nationals who leave a foreign or international bank to join a locally owned one.

Expatriates.

This heading covers nationals who leave because of expatriate resistance but also because of the wish not to work with foreigners. Al-Jassim (1990) has argued that many young nationals are surprised that when they join an organisation in their own country they have to work with so many expatriates, who have their own languages, cliques and ways of working. At first the recruit is not concerned but eventually they chose to move to another organisation with more of their own nationality. One respondent suggested that there is a need to create a 'critical mass' of nationals to make joiners feel comfortable and to overcome expatriate resistance. The identification of 'role models' among the nationals also helps the recruit to feel at home.

Poor recruitment.

Nationals complain that the wrong type of person was recruited in the first place and their departure could be predicted. The main cases involve those who come from wealthy families who are sent to work for the private organisation just to keep them occupied and disciplined. More than one national branch manager had been told by recruits that their monthly salary from the bank did not cover the mobile telephone bill! It was felt that recruits who were not motivated would leave as soon as they could persuade their fathers to let them go. It was interesting that the older nationals who came from less wealthy families and who had worked their way up the ranks were those who blamed the recruitment process for bringing in the wrong type of national.

Nationals do not leave.

Some nationals claimed that UAE citizens do not leave their employing organisation. This may be so in a small bank but is unlikely to be the situation in larger banks employing many nationals nor even in small banks over the medium to long term.

4.3.5 Special Training Needs for Nationals.

Question. Are there any special training needs for UAE nationals to prepare them for senior posts (i.e. needs which expatriates do not have)?

- a) How does this bank meet these needs?
- b) Does this bank provide separate training for managers of different nationalities?
- c) Is there a 'fast track' for UAE nationals.

This series of questions endeavoured to identify special training needs and facilities which help nationals replace expatriates. It was expected that technical skills and cultural assimilation would be the main responses. It was known that only two banks in the UAE have their own training establishments in the country but all have access to the Emirates Training Institute for Banking and Financial Services. All Banks have to pay a levy of 2% of payroll to this Institute and no fees are charged for participation on course. Places on those courses are, however, limited. Priority is always given by the Institute to UAE nationals but the employing banks can argue a case for expatriate staff having priority in specific instances.

The answers were not as illuminating as the researcher had hoped. This may be because most of the respondents held line management positions so might not have the depth of knowledge of training needs which a Training and Development specialist would have. It is, however, interesting to note how superficial are the opinions of line managers who are charged with managing the UAE nationals.

The ethos within the region has been to buy in trained expatriates or to call upon consultants to solve problems. The idea of developing in house talent is a new one for many of these organisations.

A number of those questioned complained about the lack of career strategy. They strongly felt that training should be part of a career plan for nationals it should not be a case of

sending them to courses which were available with little thought of the relevance to their future career.

Outline of opinions of nationals and expatriates.

National respondents.

Most respondents expressed a desire for English language skills to be developed. Arabic is the national language of the UAE and performs a useful nation building role as well as forming the method of communication. The majority of the national population are descended from those who spoke a dialect of Persian but the rulers and the original settlers spoke Arabic. Most state school tuition is in Arabic. English is, however, the international language of business. It is not looked upon as the language of the British. Naipaul (1969) believes that, unlike other languages, it belongs to those who use it not to a particular nationality. This means that there are few associations with the former colonial administration. The majority of the graduates entering the employment market and a substantial number of non-graduates have been educated overseas in the English language. Local television and radio stations broadcast in English as well as Arabic. These facilities have enabled the local population to develop excellent conversational English. When it is necessary to read and understand technical documents or, for example, to write credit proposals the nationals lack sufficient command of the language.

Western expatriate respondents.

Western expatriates wished the nationals to have training in business studies to introduce them to the complexity of business in general and banking in particular. They felt that the UAE nationals were too superficial and merely wanted to attend the course not to understand the subject. Some pointed out how technical banking had become in the West and that it was no longer possible to survive on social skills and networking. They drew attention to the way the industry has change and that it no longer has unskilled jobs or jobs which could be understood by experience. To an extent this conflicted with their

views on the value of 'on the job training' but this may reflect problems with the standard of training provided rather than of the philosophy of training per se.

Non-Western expatriate respondents.

These respondents emphasised the need to approach training with the correct attitude. They made some useful observations concerning training in human aspects of management which are discussed below.

Key issues.

Language skills

This topic of English language skills has been covered at length in the general opinions section. No one mentioned a need for Arabic training for expatriates or for those nationals whose Arabic skills were weak.

Quantitative subjects.

It is odd that in a business which one would think needs an appreciation and interest in numbers and calculations that UAE nationals seemed so loath to be involved in quantitative subjects. They are drawn to positions requiring interpersonal or social skills. This may be due to the trading and 'wheeling and dealing' background of many of the families. It may, as Al-Jassim maintains, be due to the education system encouraging students to take Arts and Humanities courses rather than precision subjects such as Science or Mathematics. Of course, as respondent number 30 argues, it could be that Islam calls for adherents to ponder and contemplate not to dispute and that this leads nationals away from the quantitative subjects.

Human relations skills.

Several non-Western expatriates desired training to be given in people management and customer service skills. It was felt that there is a tendency to bully on the part of HCNs. The trading background of the Emirates could have caused a feeling that in business it is a case of win / loss whereas complex organisations in business prefer to see activities in a win / win light. Another reason for the intimidating style might be that the national does not know any other way to manage or that he is unaware of the impact of his management style. Problems occur especially when the staff are being required to change their methods of working. This could be solved by providing training in techniques of managing and motivating people.

Means of meeting training needs.

Almost all respondents referred to training courses provided in-house, at ETIBFS or overseas. Many expressed doubts about the effectiveness of the training. Line managers preferred that training, other than the most basic and in English language skills, was undertaken 'in the real world' or 'on the job'. This may reflect the background of many of the respondents who had themselves learned their banking and managerial skills through experience rather than by study and qualifications.

Same or different training.

Almost all respondents confirmed that training was normally provided for HCNs only. In exceptional cases where there was a specific need, an expatriate might be sent on a training course. Priority is certainly given to the nationals. Expatriates keen to progress or even to keep their existing jobs were expected to improve themselves through self study.

Fast track.

It could be argued that there is not a 'fast' track for nationals but that they occupy the only track. It is just in the foreign owned organisations that non-nationals can hope for promotion. Even in those organisations it is the Parent Country Nationals, with 'International Officer' status and HCNs who will be considered for promotion.

4.3.6 Special Development Needs for Nationals.

Question. Are there any special development needs that UAE nationals in management positions require?

- a. How are these needs met by this Bank?
- b. Does this bank provide different development support for managers of different nationalities.

This question endeavoured to discover non-training needs of UAE nationals. It proved to be one of the more difficult questions for the respondents to answer and did require the interviewer to prompt by giving some possible responses as examples. It appeared that most respondents did not think of staff developing other than going on training courses and being promoted. In answering the question many gave the impression of not having thought about this topic before but it did seem to stimulate some ideas which they might attempt to implement within their organisations. In the case of Western expatriates the question seemed to bring out some deeply held views which could have been covered up

when answering the previous questions which were easier to answer in accordance with a 'party line'. It might just be that the respondents were becoming more comfortable with the interviewer and the interview situation.

Many respondents, perhaps led by some examples of possible answers, suggested that mentoring would be useful. The researcher is aware of the opinion of Greenberg and Baron (1987) that there are risks of repercussions to the mentor in the event that the protégé should fail. In the sensitive environment in which this study occurred it is likely that potential mentors would be very aware of these risks and would hesitate to act as a mentor unless it was to a relation or to someone 'guaranteed' to succeed. Coaching, suggest Probst and Buchel (1997) might be a better means of meeting any special development needs of nationals. As coaching is aimed at particular aspects of task and work it carries fewer risks than mentoring which is concerned with an individual's whole career.

Outline of opinions of national and expatriate respondents.

National respondents.

These respondents tended to say that it would be good to provide development support but that this was not provided within their organisations. Some alleged that the older UAE nationals instead of helping the young nationals, in fact held them back. The respondents thought that this was due to those from 'lowly' families being jealous of the youngsters from 'good' families or those who had been able to gain a useful education.

Western expatriate respondents.

This question caused a number of the expatriates to go on at some length about the lack of drive or laziness of the HCNs. They suggested that the nationals have a poor work attitude and are too arrogant for work in the service sector.

Non-Western expatriate respondents.

This was one of the questions which did not produce much thought from the non-Western respondents. Those who had answers limited their opinions to individual attention and self discipline.

Key issues.

Individual attention.

Several nationals thought that individual attention and counselling would be useful. They thought that counselling in work discipline and organisational expectations would be especially relevant. If this were to be combined with being given early responsibility and monitoring of performance this would result in far better performance.

Managerial skills, cross-cultural communications and relationship building were also mentioned as relevant development needs for the UAE nationals.

The Western expatriates felt that the nationals were already given too much attention. They claimed that in spite of much attention and care they were not prepared to develop the attitudes needed in this business. One example was given of a national who assaulted a member of staff in front of customers. He was counselled but showed no improvement and after further incidents was persuaded to leave.

Leadership.

Some Western expatriates suggested that there was a local preference for consensus rather than leadership. This meant that the nationals were loath to give guidance other than in most gentle ways. The development of the nationals was therefore held back because they did not know what others truly thought of their performance or understood what standards they were expected to achieve.

Needs rarely met.

All respondents thought that development needs are rarely met.

Different support.

The UAE nationals felt that the only development support given was to International Officers of the foreign owned banks.

4.3.6 Cultural Differences in Management Style.

Are there cultural differences between the management styles of the nationalities employed in the UAE?

- a) Could you explain these differences?
- b) How does the gap affect this bank?

This question endeavoured to gain insights to the perception of the impact of culture and management style practised by different nationalities. It was probably too vague in its wording for many respondents who wanted the interviewer to give a clear impression of the answers he wanted. Obviously the interviewer did not wish to lead the respondents in this way. The question gave an opportunity for those being interviewed to express their views on the different nationalities they worked with and leads into a more sensitive area of questioning.

Outline of opinions of national and expatriate respondents.

National respondents.

The respondents suggested that the Europeans worked more quickly than the non-Europeans. They were also more concerned to complete a task. It was felt that the Asian

managers preferred to not take responsibility for their actions. Some suggested that differences are due to individual experience not nationality. It was recognised that the UAE nationals prefer consensus and that some of their fellow citizens were hesitant to take decisions. They drew attention to the opinion that each Emirate demonstrates different characteristics in its population.

Western expatriate respondents.

These expatriates primarily had views on the cultural differences between them and the HCNs. The only differences they saw with the non-Western expatriates was in terms of protecting their fellows and a desire to cover up mistakes. They also thought that the nationals were inclined to cover up mistakes. Western expatriates saw the nationals as either having a relaxed style or ruling by terror.

Non-Western expatriate respondents.

Most of these respondents focused upon the use of power by the UAE nationals. They considered the nationals to rule in a feudal manner by which they may mean subservient to those above and tough with those below. They do point out that the potential for a tough approach with those below is modified by an inclination to seek to please everyone. There is some ambiguity in this matter which may be a reflection of very different individual styles of management.

Key issues.

Time management.

One strong attribute which the nationals believe the Western expatriates possess is a desire to manage time. A number of examples were given of this trait. Nationals preferred to look at the context, e.g. people and situation, in which an activity takes place rather than to feel constrained by time.

Nationals suggest that the Indian staff like to work long hours and so spin out work. Harry (1997b) has argued that this is because many expatriates do not wish to be in the region, they devote their time to work whilst they are in the host country but try to maximise the time off they get in their home country. In the case of expatriate staff holding junior jobs the desire to work long hours is influenced by the simple, and often shared, accommodation rented by those staff. To be at work, especially in a bank, gives access to air conditioning, free refreshments and companionship with others also working late.

Non-Western expatriates considered that the UAE nationals are lazy and have no work ethic. They do not consider that the need to be with a family or to spend time creating consensus are more than a cover for these traits.

Status.

Nationals believed that Indians are very concerned with status. To an extent this contradicts the view put forward by the researcher in the discussion of question one. Western expatriates considered themselves to be open and not status conscious. It could be argued that this is because they feel that they have high status already. Some expatriates suggested that the national likes to show his status by meeting customers for a talk and then pass them on to the expatriate to have work done. It seems to Western eyes that this creates scope for needless delay and confusion. It seems to this researcher that if nationals do expect expatriates to always be around to carry out the 'real work' that the localisation process will not succeed.

The non-Western expatriates suggested that the ego of the UAE nationals was very much to the fore. The national wished to have the trappings of position without the responsibilities. As one Arab expatriate (number 69) said, they "*want a big office, a beautiful secretary, three telephones, 2 or 3 luxury cars, foreign travel and no involvement in planning or work*".

Insecurity.

Nationals are inclined, in the opinion of some of their fellow citizens, to engage in politics and infighting amongst themselves. This undoubtedly refers to the need and desire of those ambitious employees to get ahead whilst there are opportunities for advancement. It may also be a consequence of the diversity within the local population made up of groups which are of different backgrounds in terms of ethnic origin, language, wealth and religious affiliation.

Several respondents feel that the non-Western expatriates are loath to train UAE nationals. They fear for their own jobs as they have experience but not qualifications. It is suggested that they resent the presence of well qualified nationals. Western expatriates believe that at least some nationals encourage this sense of insecurity as a way of managing their staff. This was occasionally described as ruling by terror. The Western expatriates did, however, recognise that there is much resistance by expatriates to the development of skills among nationals.

Toughness.

Nationals thought that most Europeans were tough managers but could be persuaded by subordinates if a convincing argument was put forward. They considered that the UAE nationals were inclined to be humane in their dealings with other people. In view of the comments given in answer to earlier questions it has to be stated that this humanity is not always seen by those they deal with.

Western respondents believed that the nationals will not say no. They will always try to get consensus or meet the desires of seniors and customers. It is assumed by the researcher that their unwillingness to say no only applies to the nationals who have a humane management style not those who rule by terror.

The non-Western expatriates believed that the Western expatriates have drive but are not forceful. In contrast they see Asian expatriates as being forceful except with those more

senior to themselves. In this regard it appears that all UAE nationals are treated as senior as no cases occurred in which an Asian was forceful with a national. This may be because, as Hayajneh et al (1994) claim, those in a position of privilege have access to the highest levels of the organisation even though the individual appears to have a junior post.

Systematic.

Nationals see Europeans as being focused and systematic. They think of Indians as being capable of getting the immediate job done but that they have no strategic vision. Some consider that their fellow nationals are inclined to be superficial and make fast decisions with little thought. Western expatriates suggested that the nationals do not supervise or lead their staff. There is a lack of monitoring of staff who have been given a task to complete. Western expatriates saw the context view of the nationals as being inconsistent. They complained that the national will be bossy or helpful depending on the person being dealt with. Generally Western respondents believed the UAE style of management to be haphazard.

Decision making.

In spite of the opinion of some nationals that they are decisive, other nationals contradict this view. They also suggest that some of their fellow citizens prefer to make decisions which please customers rather than meet the organisation's requirements. Western expatriates thought that the UAE nationals preferred to talk about a subject rather than to make an analysis or take action.

Effects.

Many nationals claimed that the cultural differences had no effect. Many others say that all nationalities are treated differently and allowances are made for cultural differences. The Western respondents considered that their organisational structure was not affected

by cultural differences but that there was scope to build upon the strengths and weaknesses of different cultural groups. It was argued that nationals should be used in PR and marketing roles and Indians be used in back office jobs.

The non-Western expatriates considered that the different styles of management created favouritism and nepotism which led to communications and discipline problems with adverse affects upon morale.

4.3.7 Expectations of Future Careers of Nationals.

Questions. What expectations do you have of the future careers of UAE nationals?

- a) Will they go as far as European expatriates including being posted to long term positions outside the Gulf? Why?
- b) Could they get appointments at senior levels in
 - i. Banks other than the parent group? ii. outside the Gulf?

This question endeavoured to discover opinions on the true effectiveness holding senior posts and posts in complex situations. It identified European expatriates as the group with which they must be compared. The reason for choosing Europeans is that they have tended to hold the most senior banking jobs. It was rare for a non-European to hold the top post in an international organisation. Until recently even the local banks tended to have a European CEO. This has started to change but it is still unlikely for a non-European expatriate to hold the most senior posts. The reasons for this include ethnocentrism on the part of international organisations and racial preference on the part of domestic or regional organisations. There are also historical factors in that the British banks were the first to establish themselves in the area. A proviso must be made that the South Asian and Iranian banks, which were not surveyed, are likely to have Branch and Regional Managers who are not European.

The question also seeks opinions on the likely effectiveness of UAE nationals outside their home environment where they will not have the advantages of a local network and support system.

Outline of opinions of national and expatriate respondents.

National respondents.

UAE nationals emphatically said that fellow nationals were capable of effectively filling the most senior posts in the Emirates. They did often express doubts about the willingness of most nationals to be based outside the region.

Western expatriate respondents.

The respondents already saw HCNs in the top positions in banks through out the region but did make reference to some jobs in which expatriates were preferred. They tended to be more optimistic about the nationals going abroad and being effective. This may be because the Western expatriates are looking at the technical competence of the UAE nationals likely to be appointed abroad rather than the cultural constraints which might create difficulties.

Non-Western expatriate respondents.

These expatriates were more aware of the cultural factors affecting transfer of UAE nationals. They also claimed that the nationals were often figure heads who still needed expatriates. Only a minority of nationals were thought capable of holding the most senior posts. This is probably realistic as it is unlikely that the whole population, or even a significant proportion, are capable of being effective in any position.

Key issues.

Job restrictions.

The Western expatriates mentioned cases of Board of Director resistance to HCNs holding particular posts. This was the case even in the banks which were locally owned and the Directors were fellow nationals. The posts deemed sensitive were in Treasury (even some nationals felt these posts sensitive) and those positions with access to information about prominent customers. It was felt that there was too much risk of information leaking out into the community to be used in commercial dealings or for gossip. This seems to be a widely held fear which may reduce as the nationals become more professional in their approach. It is unlikely to go away completely in a small community where all know, or wish to know, about each other's business.

Mobility.

Nationals pointed out that most of their fellow citizens were loath to move from the Emirates. It was claimed that in fact most were not prepared to move to a different Emirate. This is mainly because they are comfortable where they are. They have a high standard of living, which is probably higher than they could expect outside the region. They have their family and friends close at hand. There are plenty of opportunities for advancement in the area so there is no need to look elsewhere. Status in the community is a factor which causes nationals to prefer to remain close to home.

Although the respondents did not mention the career risks in being away from the HO, Brewster (1991) and others studying expatriates point out the danger of being away from the centre of power for too long.

It is interesting that the respondents in Singapore reported the same lack of willingness to move as an attribute of the HCNs. Standard of living, family support and educational facilities were the primary reasons mentioned for the reluctance to be internationally mobile.

4.3.8 Prejudice Damaging to the Organisation.

Question. Have you ever observed prejudice (based on differences of nationality) for/ against staff or customers, however subtle or overt, however damaging within the Bank? (*This could be as a recipient, third party observer, or even as the prejudiced party*).

- a) Please describe the event(s).
- b) What were the nationalities involved?
- c) What was the effect(s) on the nationalities concerned?

This question was possibly the most controversial in the portfolio. It was introduced after the interviewer had asked about differences in cultural and capability. The plan was to have respondents feel comfortable discussing race and prejudice before homing in upon the potential for clashes. To be frank, it is unlikely that the researcher was able to gain accurate opinions from those interviewed. Several interviewees were unwilling to answer this question. Virtually no one was willing to give a description of specific incidents. The researcher chose not to pursue the topic with those who were reluctant to answer.

Answers when given fell into two broad categories. Yes it often happens or no it never happens.

Outline of opinions of national and expatriate respondents.

National respondents.

These respondents, if they admitted that there could be prejudice said that all groups favour their own members. It is a natural thing which is always present.

Western expatriate respondents.

In the view of the Western expatriates there is always potential for prejudice to happen. It was not always between races but could be from one part of a national group against another for example UAE nationals of Iranian or Arab origin, Hindu or Muslim Indians, old or young.

Non-Western expatriate respondents.

Held the same view as nationals which was that 'it always happens' or 'never happens'. They pointed out that discipline is usually lax for nationals.

Bahrain and Singapore respondents.

The individuals interviewed in these locations presented the similar views to those of the people interviewed in the UAE.

Key issues.

Subtle ways.

Most respondents, who accepted that prejudice exists, said that it usually occurs in subtle ways which outsiders would not recognise. As was pointed out even older UAE nationals are often prejudiced against the younger nationals who they perceive as privileged.

Means of reducing problems.

It seems that the majority of organisations and their managers take steps to minimise the possibility of prejudice which would harm the organisation. This involves either ensuring a mix of nationals or deliberately not recruiting potentially rival groups. For example some say that they always ensure that there is no chance for a Mafia to build up. Others say that they will not employ Pakistanis as they already employ Indians.

Different salary scales and disciplinary action.

Although the question was focused upon 'events' many expatriate respondents stated that the organisations policies were often based upon prejudice especially with regard to salary and benefits and disciplinary actions. The fact that expatriates are paid different amounts because of their place of origin or gender, that expatriates and HCNs are paid on different scales and the perception that the disciplinary codes are more lax for nationals are all aspects of prejudice which it is felt harm the organisation.

4.3.9 Working Atmosphere in the Management Team.

How would you describe the working atmosphere of the senior management team?

- a) Are there any problems of communication between different nationalities? If so what are they?
- b) Are there any personality clashes that could be put down to cultural differences? If so what are they?
- c) To what extent do senior managers of the same nationality tend to stick together?

After the potential embarrassment of the previous question this one was aimed to relax the interviewee. It could be answered with platitudes or with a depth of thought. It was expected that most respondents would reply in a positive way but surprisingly sometimes the question generated quite heated comment on the management of the organisation. This may have been a sign of the comfort the respondent had with the interview situation and the rapport which was being built up.

Staff, even of the same bank, would often express virtually opposite views of the working atmosphere in the same management team.

Outline of opinions of national and expatriate respondents.

National respondents.

The UAE nationals considered that the management were divided occasionally but mainly were friendly and they felt part of a family with other managers. They felt that the main problems were communications between HO and branches. In this view they were supported by the expatriates.

Western expatriate respondents.

The respondents fell into two camps- those who thought everything fine in the management team and those who thought that there was much wrong in the team. Those in the latter group tended to see politics and hidden agendas. The problems were rarely based upon culture or nationality and seemed to have more to do with individual egos.

Non-Western expatriate respondents.

These expatriates fell into the same two camps as the Western expatriates. Generally though they saw more problems than the other categories of respondents. They felt that there was little respect from the management to the staff. Part of this might be because there is still a tendency for many to look down upon the non-Arab and non-European in management. One respondent claimed, only partly in jest, that there was more apartheid in the UAE than there had been in the Republic of South Africa.

Key issues.

Head Office / Branch relations.

Where problems were admitted in the working atmosphere it seemed to revolve around the communications and control between the HO and the branches. This applied in the international banks which had a HO thousands of miles away or a regional office within the GCC and to local banks which had their HO close at hand.

These problems exist in most organisations but do seem to be increased when there are multiple nationalities and cultures involved.

Mutual support.

Most respondents admit that there is a tendency for those of the same nationality, religion or language group to stick together. It is not seen as a great problem even where it does occur. It is recognised that it is not a successful long term strategy to only offer support on the basis of nationality. It is sometimes quicker to get things done via a fellow national but this is not seen as extending to giving mutual support regardless of worth.

It is the view of most expatriates that the UAE nationals all help each other. Other expatriates, however, said that the nationals are always fighting amongst themselves. It does appear that a disadvantage of the nationals being members of a small community is that problems outside can be brought to work and that work clashes can have an influence outside.

Face is important to both Arabs and Asians so there might be an inclination to give the appearance of being supportive in public to avoid embarrassing fellow nationals. This avoidance of embarrassing does not necessarily go as far as support but this might not be obvious to the outsider. This could be why the Western expatriates consider that the Nationals, Arabs and Indians each help their fellows.

Insecurity.

Nationals commented that expatriates are only interested in earning money so do not look at ways of undermining the nationals so that they can stay on for longer. The non-Western expatriates agreed with part of this view. They felt that there was little loyalty in management as people were only interested in their own objectives being met. Most of those objectives revolved around money.

Personality clashes.

Most people thought that these were not a serious problem and were due to individual traits rather than cultural ones.

The UAE nationals felt that the expatriates resented them and that this came out as clashes which were put down to personality.

It was suggested, by several respondents, that by the time managers had reached senior levels they were used to working in cosmopolitan groups so would be unlikely to be influenced by only their own national or cultural group.

4.3.10 Socialising Together.

Question. To what extent do senior managers socialise together outside work and work related activities?

- a) When socialising do managers tend to mix with the same nationalities?
- b) How often, in the last year, have you been to the home of a fellow senior manager of
 - i. the same or a
 - ii. different nationality [details of this category- number of times and nationalities] ?

The question attempted to test the opinion of academics, such as Greenberg and Baron (1997), that those who socialise together will work well together. It was also intended to identify those who had given platitudes in answer to the last question. Those who said that the working atmosphere was excellent but said that managers did not socialise together were unlikely to be answering both questions in an honest manner.

It does have to be recognised that there are social and religious restrictions which could discourage or even forbid socialising at home. When such restrictions occur individuals find ways around them if they wish to socialise outside work. Greenberg and Baron also point out that in social relationships people tend to prefer and feel most comfortable with people who are similar to themselves.

This was the only question, apart from the question shown at 4.2.2 asking for personal information, which asked for facts rather than opinions. It asked for the numbers of visits. This was so that the researcher could decide on the definitions of visit frequency categories e.g. often, seldom etc. This also reduced the risk of exaggeration in the response

In small communities it is often difficult to avoid an interconnection between work and social roles. This can be healthy and positive or it can lead to discord or disputes in one role having an adverse impact in the other. Positive affects include networking and team

building. Cohen (1977) Orwell (1967) and Royle (1997) describe some of the negative affects in expatriate society which can generate jealousy and conflict.

Outline of opinions of national and expatriate respondents.

National respondents.

With some exceptions it was rare for nationals to meet expatriates socially outside official functions. There were attempts to meet fellow nationals to build up a knowledge of each other. The fact that senior expatriates, especially those employed by international banks, will often live together on compounds was seen as a barrier to the nationals and expatriates socialising together. It was also pointed out that it is often not a case of nationalities socialising together but sub sets within the nationalities. For example Hindu Indians would rarely mix with Muslim Indians.

Western expatriate respondents.

The consensus was that each group would mix only with fellows of the same nationality even if particular individuals might be keen to mix with other nationalities. It is just too difficult to mix with other nationalities on a regular basis except in exceptional cases, for example, by marrying a member of the other group.

Non-Western expatriate respondents.

Once again the respondents strongly said that each nationality was only comfortable socialising with fellow members of the same nationality.

Key issues.

Each with their own.

There was virtual unanimity amongst respondents that each nationality prefers to mix with their fellow nationality or sub group of that nationality outside work. Being comfortable with those who speak the same language, share a common heritage and an interest in community news are factors in this choice. Although reference has been made earlier to English being the common language of all those studied in this research there are different ways of using the language. An Indian who has English as his first language would not necessarily be using the language in the same way as an Australian. Australians, for example, were mentioned as preferring to socialise with other Australians and were not keen to mix with other nationalities.

4.3.11 Value of Nationals.

Question. In your opinion, what value does this bank place upon UAE nationals as senior managers?

- a) What is it that is valued about UAE nationals?
- b) If you think they are undervalued please explain why.
- c) If you think they are over valued please explain why.

This question sought to explore the 'value' of the HCNs from the view point of the nationals and the expatriates. The definition of value was deliberately not given. The researcher wishes each person to give their own explanation of the concept hence the subsidiary question regarding what was valued.

Most respondents focused upon performance and contribution as the major criteria of 'value' and pay as the measure of recognition. Many made the comment that it was the individual who should be valued not a group such as a nationality.

Outline of opinions of national and expatriate respondents.

National respondents.

These respondents felt that generally employers valued and acknowledge the worth of the nationals. They believed that it was the contribution to the success of the organisation which caused them to value the nationals. The fact that the employers were prepared to invest so much in the training and development of nationals was a demonstration of their value. Commercial organisations would not invest so much unless they thought that there would be a return on the investment. Some nationals did think that employers pretended to appreciate but did not really do so. This may be a reflection of the attitudes of individual managers in the employer's organisation.

Western expatriate respondents.

This group tended to fall into one of two categories. They either thought that the nationals were not of value and were tolerated rather than valued or else they were worth while and were an asset. Those who did not value them believed that the employment of nationals was a cost of business similar to a tax or was a political move intended to impress the local community. Those in the other category seemed genuinely committed to the development of nationals and believed that those nationals made a substantial contribution to the success of the business.

Non-Western expatriate respondents.

The non-Western respondents paid attention to the positive contribution of nationals in terms of business brought to the organisation and profit generated. They could also be of value in that they were a visible demonstration of the employer's investment in the country.

Key issues.

What is valued.

Most responses emphasised that the nationals were capable of being productive and making a significant contribution. The ability to generate and retain business, especially local business, was recognised and valued. Those with connections and who were extrovert in character were most likely to be valued. The fact that UAE nationals generally were the first to be considered for appointment and promotion showed that they were valued. There was emphasis that organisations must concentrate on recruiting and retaining those nationals who were willing and able to make a contribution not just to recruit people who had a local passport to satisfy a quota imposed from outside the organisation.

Under valued.

The national respondents thought that the nationals could be undervalued as a resource and were not given sufficient support. This often occurred if the expatriates resented the national and could plot against them. It was felt that if the national did a good job there was little recognition from management. They thought that they were taken for granted and not appreciated.

Nationals thought that their fellows who were weak in the English language or who were not extroverts were overlooked and undervalued. The Western expatriates, especially, thought that the value of certain individuals was undervalued. They seem especially to be thinking in general terms about the nationals put into the 'normal' local's jobs such as PR, Immigration or Government liaison. In these jobs the person is expected to act as a facilitator or progress chaser using his network and contacts to get things done by bureaucrats. Many nationals in these jobs could be used more effectively but were put away into jobs which did not threaten the expatriate's career.

Several expatriates thought that the nationals were employed on the basis of quantity not quality. The fact that another person with the right citizenship joined was more important than getting a person who would be competent in the job for which there was a need. It was taken to be a measure of undervalue that many employers did not appear to try to persuade nationals who resigned to stay with the organisation.

Some expatriates thought that the undervaluing had been a feature of past attitudes rather than the present. They did, however, believe that some of the older expatriate managers were still prejudiced against the nationals. This prejudice particularly applied to those expatriates who had been in the region for a long period of time. Such expatriates are more likely to feel that the world has changed than those who come to the situation afresh.

There were some expatriates, and not just those who had been there for a considerable period, who did not think that it was possible to undervalue local nationals- because they do not perform at all!

Over valued.

It was recognised, especially by the nationals, that supply and demand factors in the local labour market created a situation in which some nationals were given greater financial rewards than their contribution warranted. This applied especially where the person was only appointed or promoted on the basis of nationality rather than on the basis of effectiveness and potential. Such a person was paid more than their contribution justified.

Once again some expatriates thought that an emphasis on reaching quotas rather than attracting and retaining quality local staff showed that the contribution of many of those taken on was over valued. Attention was drawn to the difficulty of dismissing the disruptive or non-performing national. Such people added little to the organisation and their presence detracted from the value of their colleagues. The activities, or non-activities, of these few gave a poor reputation to the remainder.

Some respondents thought that the UAE nationals were paid more than expatriates who were often more capable showed that they were over valued. The fact that the salary scales and disciplinary practice favours the nationals does suggest, to some expatriates, an over estimate of the locals value to the employer.

4.3.12 The Performance of National and Expatriate Managers.

Question. How would you compare the performance of UAE nationals with others in management?

- a) What explanations can you give for their greater/ lesser performance?
- b) What specific skills do UAE nationals in management have/ not have?
- c) Can you identify a UAE national who has left within the last year having failed to perform as expected by this bank.- *try to meet and interview.*

This question endeavoured to build upon the previous one which focused upon values and which elicited opinions on the relative contribution of nationals and expatriates. It looks specifically at performance and at senior levels in the organisation. It, being consistent with the other questions in the interview, asks for opinions rather than a quantitative comparison of the work output of the groups being compared.

The third supplementary part of the question was an attempt to identify apparently unsuccessful national employees with a view to meeting and interviewing. Three such nationals were contacted by intermediaries or by the researcher via telephone conversations but none were willing to be interviewed. The reason for seeking such potential respondents was to consider whether the nationals who were deemed successful, in that they had reached senior or relatively senior posts within the organisations, had different views from those who were not so successful. Unfortunately this line of research proved not to be possible.

Outline of opinions of national and expatriates.

National respondents.

Most nationals considered that there was no fundamental difference in performance between nationals and expatriates. However the expatriates were usually further up the learning curve of a management role than the nationals. It was a matter of individual capability not of nationality which determines the performance in management. Having given these views the respondents did feel that the nationals were better in a few areas and were likely to be stronger than expatriates in others. The one area which all agreed could be an explanation for reduced performance by the national was his lack of fluency in the English language when compared to many expatriates. This was also mentioned by the non-Western expatriates who maintained that the written English of the national managers was so weak that many had to rely upon the expatriate staff to put their thoughts into comprehensible writing.

Western expatriate respondents.

The willingness of nationals to share their knowledge with others, unlike many expatriates, was seen by these respondents to be the primary reason for their better performance where this exists. But most of those interviewed preferred to emphasize that the question did not compare like with like. The UAE nationals did not have to possess the same qualifications and experience as expatriates so could not reasonably be expected to perform as well. A consequence of this was that organisations expected less of nationals than of expatriates. The issue of poor performance in management was therefore avoided. Commercial businesses could afford to carry the expense of the poor performance as the availability of cheap but capable expatriate staff from Asia made up for the cost of expensive and less capable local managers and staff.

Non-Western expatriate respondents.

In answer to most questions, as mentioned above, it was the opinion of the researcher that the non-Western expatriates thought more carefully than the other two groups. In response to this question it appeared that much emotion was released. The respondents tended to be quite negative in their answers to comparisons of performance. They thought the nationals to be unreliable and to have to rely on expatriates to get things done. It was suggested that the nationals, at management levels, cared more for their own business activities than for those of their employers.

The expatriates also thought that even when the nationals had similar qualifications to the expatriates they had taken longer to gain them due to being less dedicated to work and study.

Key issues.

Why better performance?

The nationals believed, in contrast to a number of the expatriate respondents, that they were more customer oriented and could offer a better service than the expatriate equivalent. In contrast to answers given to earlier questions, it was felt by some of the locals that nationals were more decisive than the expatriates. Asians were considered indecisive and wished to spin-out work and avoid taking responsibility. Nationals felt less insecure than the Asian expatriates and were willing to make a quick decision.

Why lesser performance?

Expatriate resistance to the national manager was seen, by some national respondents, to be a major reason for lesser performance. Some nationals took the view that the absence of paper qualifications meant that a local manager could not be expected to be as capable as an expatriate. As many nationals had been promoted quickly, their colleagues thought that there may be a lack of depth of management expertise. It was suggested by some

nationals that often they are less systematic than the expatriates and that this can be a cause of a shortfall in comparable performance.

Some expatriates considered that the nationals found it difficult to be objective when making decisions. They were seen to be over concerned with what the expatriates thought were trivialities. This was also described as being unable to take a strategic view of management issues activities.

What skills do HCNs lack?

Administration and analytical skills were seen to be lacking in their colleagues by a number of the national respondents. The expatriates also thought that the nationals lacked problem solving skills and avoided problems rather than attempted to solve them. Most expatriates concluded that the UAE nationals did not have sufficient technical banking skills and many nationals agreed with this view. The locals were believed to be poor managers of time, both their own and of others. They were thought to be poor at supervising staff. This conflicts with the belief that nationals had good interpersonal skills. It is likely that the interpersonal skills are mainly displayed to customers and not to subordinates.

It was agreed by most respondents that the national managers needed to employ expatriates with specialist skills. In part this is because, as mentioned earlier, many nationals are not attracted to quantitative, technical or analytical subjects which are a fundamental part of the banking industry.

What skills do HCNs have which expatriates lack?

Apart from the general customer service skills which are referred to above the national respondents thought that they had better marketing skills than the expatriates. The expatriates thought that the nationals had an understanding of the local environment

which the foreigner could never grasp. They also had a command of the Gulf Arabic language which was rarely found even amongst other Arabs who came from other regions.

Why did the HCNs mentioned leave?

Only a few reasons were given for a national leaving due to unsatisfactory performance. Obviously the respondents may not be aware of the total circumstances of a person's departure or may choose not to share information if the circumstances are known. But the reasons given revolved around a lack of suitable work attitude or an unwillingness to conform to the standards of discipline required by the organisation's management. There also appeared to be problems with some nationals who devoted too much attention to their own business activities to the detriment of their employer's interests. As has been mentioned in answers to earlier questions this is a fairly common issue which arises with the local employees who are allowed, if only by default, to devote time to their own business interests. For the issue to have become so serious in individual cases suggests that those staff had severely tried the patience and understanding of their employers. Some expatriates believed that nationals cannot put up with pressure at work and will leave if they are subject to any stress.

4.3.13 Dominant Culture.

Question. To what extent is this bank dominated by one country's culture?

- a) Please describe the culture and its characteristics.
- b) Are there any aspects of a particular culture which should be retained by this bank?
- c) What are the effects of the culture upon yourself?

This question endeavoured to get those interviewed to discuss the ethos of the institution and the process of change which is was likely to be going through as expatriates were replaced by HCNs. It was hoped that this would lead to thoughts about aspects of the expatriate management style which should be preserved.

Few respondents were actually able to describe the characteristics of their employer's culture but many were able to identify it as having a particular national characteristic. Usually the nations involved were British and Indian. In many ways this is to be expected as the majority of managers in the banks of the UAE, at least until recently, have been British. Indians were and are still the most numerous of the employees. The connection between the British and Indians and the region goes back for at least 200 years. British owned banks staffed by Indians were the first to establish themselves in the area. Although American, European and South Asian banks expanded into the GCC in the 1970s they still tended to rely on British and Indian staff who brought their own ways of working and culture to these organisations. The aspects of the British and Indian culture which are identified are of particular interest when we examine the differences in the approach to work of the UAE nationals.

Some organisations are reported to have a cosmopolitan culture or no culture. Several UAE respondents thought their organisations had a National culture. This suggests, in view of the youth of these organisations and the diverse backgrounds of the employees, that the respondents are either optimistic or there has been genuine creativity and innovation on the part of the senior managers.

Outline of opinions of national and expatriate respondents.

National respondents.

Most nationals thought that employers had a British or Indian culture. This was not in itself based on nationality as a Sri Lankan manager may very well have more of a British way of doing things than a young person from the United Kingdom. Often the nationals, as mentioned above, said that the organisation had no particular culture or was mixed in its culture. It was felt that many of the banks were moving towards a UAE way of doing things. In the case of one bank it was suggested that it was moving from a British way of managing to an Australian way. This was due to a take over which had occurred some time ago but which was now leading to the appointment of Australian expatriates to senior positions in the region. The Australians were introducing their own ways of working and bringing with them different attitudes and expectations.

Western expatriate respondents.

The Western respondents thought that the organisations were moving from British or British/Indian to a culture which was which not yet clear. Some described the banks of the area as originally being British banks run by Indians reflecting the previously dominant position of South Asians in the region.

Non-Western expatriate respondents.

These respondents thought that the organisations had been British and Indian but were now moving towards a more cosmopolitan culture. Although those from South Asia, especially India, were still the most numerous employees in most banks they were not able to dominate the organisation's culture in a way which they might once have been able to do.

Key issues.

UAE national culture.

Where the characteristics of the UAE national culture were described there was thought to be respect for others, knowledge of each other's families and a humane approach. But the culture could also be seen as too concerned with being sociable and theoretical but not practical. It was not considered able to deal with complexity or interested in, nor concerned with, the value of time or technical matters.

British culture.

This was believed to be systematic and had a professional approach in which the employer's best interest took priority. That culture inculcated the skills necessary to manage a diverse group of employees and to satisfy customers from a variety of backgrounds. It has a customer service orientation

Indian culture.

Indian culture was often described in a negative manner. The positive aspects were seen to be a concern with education and a willingness to work hard. The negative aspects were believed to be to merely give the appearance of working hard, appearing to be indispensable, ganging up against other groups and individuals, protecting peers and not being customer oriented. There was claimed to be a resistance to change and to training others. It was seen as bureaucratic and slow.

Australian culture.

When described this was seen to be 'laid back' but bureaucratic and unwilling, or unable, to consider alternative approaches or view points. It could sometimes be seen as arrogant and narrow minded.

What should be retained by changing institutions.

The systematic and professional British approach should be retained in the opinion of many respondents. Several would also like the Indian willingness to work hard to be kept.

The effects of culture.

Many of those questioned were complimentary about the way they had been influenced by the culture of their employer's organisation. They would like to continue the systematic approach to work and would like to continue to treat work seriously. They have also learned to be aware of the creation of mafias or alternative sources of power so would prefer to stop any one group dominating the workplace. It was, however, recognised that there are good and bad points in every culture. The next generation of managers must make up their own minds about what should be kept and will have to discover what aspects will fit in with their own National culture.

4.3.14 A Formal Localisation Plan.

Question. Is there a formal plan to replace expatriates with UAE Nationals?

If so to what extent is it disseminated to staff (supervisors/ expatriates/ nationals)?

This question did not endeavour to find out if there was a formal plan. This could have been discovered by asking the CEO or Head of HRM. It was intended to explore perceptions and communications. In fact none of the organisations studied had a formal plan to replace expatriates with UAE nationals. Many had policies to increase the proportion of HCNs employed and more had an intention to do so. But none had a plan unless one includes aspects of the short term training plans. No organisation had a succession plan to replace expatriates with nationals. It might be argued that the researcher is being pedantic in his use of plan but virtually all the organisations studied had manpower plans and training plans, which received input from managers on at least

an annual basis, so it is likely that the respondents were aware of the concept of a localisation or succession plan.

Outline of opinions of national and expatriate respondents.

National respondents.

Most respondents spoke of an intention to replace expatriates with UAE nationals but did not think there was a formal plan. They were aware that priority for appointment, promotion and training opportunities went to nationals. A number also realised that in view of the small size of the local population and the time taken to train people to perform most of the attractive jobs in banking, it would take many years before the majority of jobs held by expatriates would be held by capable nationals.

Western expatriate respondents.

The intention or aim to replace expatriates was expressed rather than an existing formal plan. One respondent mentioned that technology would cause the loss of expatriate jobs rather than the advancement of national's skills. This is an interesting point which develops a view mentioned earlier about banking having fewer unskilled or semi-skilled jobs. As the facilities which enable expatriates to keep up to date in their skills, are reduced their ability to justify being retained are similarly reduced. If the expatriate does not take steps to ensure that they possess the skills their employer will need in the future their career will come to an end. They cannot rely on paper qualifications or experience gained at the beginning of a career to last the duration of that career.

Another respondent felt that the situation was one of creating new jobs for nationals rather than replacing expatriates. This is the situation in which government departments find themselves. It is only recently, according to the Economist Intelligence Unit (1996), that government departments have actually started to shed expatriate staff. Previously jobs were created for nationals but expatriates were kept on, maybe to do the actual work.

This meant that the employment of nationals actually reduced the productivity of the organisation, at least on a per capita basis.

Non-Western expatriate respondents.

The views expressed by these respondents generally were similar to those of the other expatriates. They knew that their organisations wished to employ more nationals but they thought that there would be jobs for most of the existing expatriates for a significant time to come. The reasons for this situation include not only the time taken to learn the skills of a job and the lack of attraction to some jobs but also the few locals in the working population in comparison to the expatriates.

Key issues.

Formal plan.

Several nationals thought that there was such a plan but that it was not disseminated to managers or staff. The expatriates rarely thought that there was such a plan but were aware of the employer only looking for local recruits and trying to only offer nationals promotion opportunities. Those who did think that there was a localisation plan talked in terms of the training or recruitment plans rather than a formal localisation plan of the type mentioned by Harry (1996) on localisation in South East Asia.

The Singapore and Bahrain respondents claimed to have such plans. In the Singapore case it was suggested that the local people did not trust management to actually achieve the objectives. In the Bahrain case it did seem that there were understudies designated, or understood to be designated, within departments to learn and replace expatriates.

Disseminated.

Even those who thought that there was a formal localisation plan did not believe that it was disseminated or discussed. It seemed to the researcher that there was little discussion of the subject of appointing nationals to replace expatriates. This may create needless insecurity among the expatriate staff and unrealistic aspirations among the national staff.

4.3.15 An Effective Localisation Plan.

Question. What criteria would you chose to demonstrate

i. an effective ii. an ineffective plan for localisation and replacement of expatriates?

How could I survey these criteria in i. Banks in generally in the UAE ii. this particular Bank?

This question endeavoured to discover whether there could be a form of judgement of the effectiveness of such a plan other than to calculate percentages. It required the respondents to think more deeply about the subject than even those creating such plans would often do. In this aspect it was probably unfair to expect 'lay' staff to make suggestions. However, as we moved towards the end of the main part of the interview the question showed that the researcher not only valued their opinions about matters in their day to day working life but also valued their opinions on complex issues.

Outline of opinions of national and expatriate respondents.

The answers to the question were not as thoughtful as the researcher had hoped and elicited responses which were general points rather than specific. It was usually difficult for those questioned to think of ways of measuring the effectiveness of a localisation plan. Where criteria of effectiveness were suggested the interviewees could rarely suggest ways of surveying in their own or other organisations.

National respondents.

Criteria suggested were vague such as quality or the performance of nationals against that of expatriates. There were suggestions on ways of being more effective in the process of localisation such as giving the nationals responsibility to do real jobs and to measure their performance in those jobs rather than in a training position.

There was emphasis on the need to train well, to be steady in the advancement of the locals, to see this as a long term process, to provide mentors and to monitor the individual's performance. A good point made was that expatriates will be less likely to resist the appointment of competent nationals. Even if the resistance is not reduced at least one prominent piece of ammunition i.e. the lack of capability of the national, is removed from the resistant expatriate's armoury.

One respondent made the interesting observation that the non-manager national is in a particularly vulnerable position. They are not encouraged by fellow nationals but are the 'punching bag' of the expatriates. This serves to remind us that it is the less privileged, less well educated, non-high flyer who make up the bulk of the population. Those people will eventually comprise the majority of the working population. Organisations cannot afford to neglect this component of their employees when constructing and maintaining localisation plans.

Western expatriate respondents.

Although many of those questioned said they did not have any idea of how to judge a localisation plan or how to test its effectiveness most had some useful inputs. These revolved around the same vague attributes of 'quality' but also included factors such as performance in real jobs, profits made, cost/income ratios, staff retention rates and the ability of the national to progress up the organisation through a series of real jobs. The effective plan would have an element of incentive to the expatriate who trained nationals. It would ensure that the national and the expatriate felt some security in the situation. Loyal service would be rewarded not ignored.

Non-Western expatriate respondents.

These expatriates shared the views of other respondents that it is real performance in real jobs which is essential in a localisation plan. If the organisation is not focused upon the capability of the staff, then some incompetent people will survive by politics and will destroy the professionalism of the institution. This situation is not unique to organisations attempting to localise but in a period of insecurity and uncertainty there is more scope for harm to be done by those engaged in disruptive activities.

An interesting suggestion was that one branch should be staffed only with UAE nationals. The performance of that branch, especially in terms of profit generated, would be compared with similar branches employing expatriates. When it was proven that the nationals were at least as capable as the expatriates staff they would be posted to other branches to train and motivate their colleagues.

Key issues.

Effective plan.

It was agreed that an effective plan was one in which the national replacement was as capable as an expatriate. The researcher suggests that the comparison should not be with the expatriate who previously held the job but with the expatriate who would otherwise have been the replacement. That allows like to be compared with like i.e. the knowledge and experience which the expatriate has gained within the job is discounted. That would enable organisations to overcome the old argument that it is essential to have 10 years' experience to do this job. When the postholder is asked the next year it now requires 11 years of experience to do the job.

An effective plan was also one which is realistic, in which there is systematic planning, involvement of the expatriates and nationals in its creation and communication of the plan to the workforce. It requires commitment from the expatriates who are expected to train and monitor the nationals performance. It requires commitment from the national who is being trained to learn and apply the knowledge gained. Although not mentioned by these respondents, it requires commitment from senior management (Harry, 1996).

Ineffective plan.

An ineffective plan was agreed to be one which relied upon imposing quotas and numbers on an organisation. An ineffective plan would also be not a plan but a fragmented series of statements, intentions and policies made up to meet changing circumstances.

In the open and wealthy economies of the GCC it is easy for many organisations to create inexpensive non-jobs for nationals or to move key expatriate jobs abroad. In this way the system can be manipulated. The small number of nationals currently looking for employment in comparison with the potentially large number of less expensive expatriates would encourage such manipulation.

Some respondents made the suggestion that to apply overall quotas would fail in situations where the different levels of jobs had different standards of attractiveness for localisation to the employee and employer. For example some, but not all, respondents thought that there would always be a shortage of nationals willing to fill the clerical posts. Some felt that the localisation had to start from the bottom up building a strong base. If the clerical level always had many expatriates the base could not be strong from this point of view.

Surveying.

It was not thought that the effectiveness of a localisation plan, using criteria other than percentages, could be tested in the employing organisation or another organisation. The reasons, when given, were thought to be the sensitivity of information or the difficulty of access and of measurement.

4.4 Interviews with Chief Executive Officers.

These questions were asked of six CEOs of banks in the UAE. Four of the banks were locally owned and two international banks. Two of the CEOs were British expatriates. One worked for a local bank the other for a foreign owned one. The other CEOs were UAE nationals.

Although the questions asked were quite detailed the CEOs preferred to give short answers and were reluctant to expand. Explanations for this may include overall time constraints and insufficient time to build up rapport with the interviewer. They may also have lacked confidence about confidentiality and were not comfortable with the interview questions. There is obviously more risk of embarrassment from a CEO giving an answer which could be misinterpreted than a less senior manager giving such an answer. The CEOs were therefore much more reticent than the managers or Directors.

As with the other respondents there were occasions when the person answering would get carried away with a particular 'hobby horse' which was not directly relevant to the question. Often this type of answer provided better insights than the more direct responses to the question.

4.4.1 Managing a Culturally Diverse Group.

Question. What are the issues facing you in managing a culturally diverse group?

- a) Are you aware of any specific problems?
- b) Does this impact on the way in which you need to shape the organisation as a whole? *If so, how?*
- c) Does this impact on the way you manage the business from an operational (day to day) perspective? *If so how?*

The respondents tended to answer in generalities and were reluctant to be specific or to break down their answers into a, b and c. They preferred to give an overview. The interviewer thought that it was too early in the questioning to press to hard for detailed responses.

The answers fell, as so often in this research into aspects of culture and discrimination, into two groups. Either there were no issues and everyone was treated the same or yes, of course there have to be different ways of managing the different nationalities.

One saw advantages to the organisation from having different nationalities. Each nationality tries in different ways to perform well on behalf of the organisation.

Another said that he had three main groups to manage and motivate:- British, UAE nationals and Asians. He thought that each group reacted to change in different ways. He thought that the Asians were most fearful of change as their skills were not likely to be needed in the future and they were unlikely to get the training necessary to upgrade those skills. He was, undoubtedly, talking about the large group of clerical workers, supervisors and junior officers who did not possess the level of qualifications and experience held by their more senior colleagues. The senior Western expatriates who do not have academic or professional qualifications might hope to survive until the end of their career on the basis of their experience. The Indian clerks do not have the same confidence. The same CEO divided the nationals into two groups. One of which tended to be younger and better educated. He described those as 'go getting' and were a group which welcomed change as they were likely to gain from the process. The other group he described as rigid. They were older and less well educated. They would resist change.

4.4.2 Need for Special Support for Nationals.

Question. As a manager, do you think there is a need to pay particular attention to UAE nationals in your senior management team? If so, how?

- a) Do they need special support? *If so, what?*
- b) Do any other nationalities need special support? *If so, what?*

Each CEO felt that it was important to pay attention to the nationals. It was seen as a moral duty by one of them. The country had to look after its own citizens. Most thought that it was for the good of the organisation to provide training and opportunities for national citizens. It is in the long term interests of the institutions.

4.4.3 Appraisals of Senior Managers.

Question. In appraisals of your senior management team, do you use the same criteria for everybody? *What are these? If not, how do they differ?*

All agreed that the criteria used for assessment was the same. These are individual performance against set objectives. One expatriate felt that he had to adjust the way of approaching the UAE nationals on matters of performance. In order to avoid issues of 'face' even under performance had to be broached in a positive manner.

4.4.4 Pressure to Employ Nationals.

Question. What pressure is there from Board of Directors, or parent group HO, to employ/not employ UAE nationals in senior management positions?

- a) If so, how is this manifest?
- b) If so, why?

Only one CEO stated that there was strong pressure from the Board and shareholders to appoint nationals. In that case the issue was discussed at each Board meeting. The others said that there was no pressure but there was a policy to appoint nationals whenever possible without risking harm to the organisation. UAE Labour law does lay down that first priority in appointment must go to UAE nationals so it could be argued that there is no need for extra pressure from the Board. Although the CEOs did not mention the role of the UAE Central Bank. One bank it is widely understood that that authority is attempting to impose quotas and ratios of nationals to expatriates in bank branches. Eventually the Central Bank intends to set strict quotas in the same manner as the Oman equivalent authority. At the moment the banks in the UAE have managed to avoid censure by the Central Bank but all CEOs are aware that in time they will be judged on the success of the particular bank's localisation policies and practices.

4.4.5 Personal Reasons for Employing Nationals.

Question. Do you have your own reasons for employing/ not employing UAE nationals in senior positions? If so, what are they?

The CEOs claimed to have no reasons for not employing nationals. Infact the loyalty of UAE national staff could be an advantage over the expatriates. It was also useful to have a staffing mix which reflected the mix of nationalities among the customer base.

4.5 Interviews with Heads of Human Resource Management.

These questions were asked of nine Heads of the Human Resource Management function of banks in the UAE. They were also asked of the Head of HRM in one bank in Bahrain and one in Singapore. Four of the UAE banks and the Bahrain bank were locally owned and five were international banks. Two of the Heads of HRM were Western expatriates and five were non-Western expatriates. Three were UAE nationals. The Head of HRM in the Bahrain bank was a Bahraini.

In the case of the Singapore and Bahrain banks the questions were changed to reflect the different nationalities. The questions were also changed when the bank was not part of a wider group.

4.5.1 The Structure of the Organisation.

Question. Please explain the structure of this bank.

This was a question inserted for rapport building, so that the person could talk in a descriptive way before going on to sensitive questions about policies and practises, and to give the interviewer a general understanding of the organisation. The answers are not reproduced in the thesis as to do so would enable some readers to identify the respondents and their employer.

4.5.2 Differences in HR Policies Regarding Recruitment.

Question. What are the differences in your HR policies with regard to recruiting UAE nationals compared with other nationalities?

Recruitment.

The banks all aimed recruitment efforts at the local nationals. Expatriates would only be recruited for specialist positions for which there were no suitable national candidates. Whereas expatriates are recruited for their ability nationals are recruited for their potential.

National recruits do not have to go through the requirements of the government departments in terms of work permits, medical examinations and family residence visa. In some banks only nationals will be considered for clerical and other entry level jobs.

Remuneration.

Nationals were paid more than the equivalent expatriate in terms of salary but there were savings in terms of benefits such as leave passages. A number of organisations did offer leave assistance to national employees but this is not wide spread at present. There are intentions on the part of the government to require private sector employers to fund pensions for nationals. This is likely to increase the cost of employing these staff.

Training.

All expatriates had to have prior experience before they were appointed. It was therefore unusual to train expatriates unless their job was about to change and it was not cost effective to recruit replacement expatriates. In practice the humane management style favoured in the region means that the decision is not quite one of immediate cost and benefit. It is unlikely, unless the expatriate is especially favoured, for any substantial sum to be spent upon his training. On the other hand a national can reasonably expect much time and money to be devoted to his training and development including significant periods on overseas courses.

4.5.3 Management of National Recruitment.

Question. How do you manage the recruitment of UAE nationals differently from other nationalities? (i.e. where do you draw applications from, do you advertise in the Arabic press?)

Passive recruitment.

Surprisingly most employers relied upon word of mouth or mail shots from potential applicants as the means of recruiting staff. Many national recruits rely on '*wasta*' or influence to get a position and would be uncomfortable going through a public process in which they may be judged unsuitable. The stigma of rejection is a powerful factor in dissuading nationals from applying for a position in the private sector. Advertising or pro-active seeking of candidates was confined to occasional searches for national recruits. These recruits were sought in the schools, universities and, especially in the Higher Colleges of Technology. The reasons for the latter institutions being popular sources include the tuition being in English, the perception of the high standards of discipline inculcated in the students and the belief that the graduates from those colleges come from families with little wealth who will encourage their children to work.

Non-executive involvement.

The Chairman or other Directors seemed to be very involved in the screening of national recruits particularly in the smaller banks. One bank employing 1,000 staff had all applications go via the Chairman. This reminded the researcher of an airline in the region where the Chairman examines the applications of all candidates for cabin crew positions. There were several hundred recruits each year all of whom had to be vetted by the Chairman. This shows the amount of involvement expected by non-Executive Directors in the operation of the organisation.

The reason given for the screening of national candidates is that the local directors are able to use their network of contacts to check upon the reputation of the individual and their family. This has many advantages in a risk management and customer service environment such as banking.

Databases of applicants.

Most institutions keep data bases of national and expatriate applicants. This enables them to select from a pool without checking to see whether there might be better candidates who have not sent in a speculative application. The HRM managers think that this method is cost effective but it shows naiveté in expecting high performance from a self selected group who have undoubtedly sent a similar letter to other employers.

Maybe this reliance upon a database is a recognition on the part of the HRM staff that the majority of nationals who send in an application actually want to work in government service. One recruitment manager stated that often the national applicants mark on the letter that they wish to join the government sector. It may be a recognition that there are, as mentioned by Atiyah (1995), severe obstacles in the way of an expatriate employee wishing to transfer to another employer.

All recruitment the same.

One bank claimed to have no differences in the management of recruitment of nationals and expatriates. This seemed to be because the bank rarely recruits expatriates now so would use the same procedures in the event that it did have to find non-national.

4.5.4 Different Selection Criteria.

What differences are there in the selection criteria you use when recruiting UAE nationals (i.e. do they meet different standards from those of other nationalities)?
(Do you insist upon a National Identity Card to determine nationality?)

Different standards.

The Heads of HRM strongly reinforced the points made earlier that recruitment was focused upon nationals. It is rare for an expatriate and a national to be competing for the same type of job so there is no need to think of different standards being applied. Having said that the standards expected of national recruits who have little or no work experience are not the same as those of the expatriates who may already be doing that job.

Selection tests.

Some employers put national applicants through a series of psychometric and other tests which would not be used for expatriates. This is also in part because the nationals are being considered for entry level jobs and they have little experience upon which they can be judged. It is in part because the cost of training a national recruit is going to be substantial and the employer wishes to ensure that the recruit is going to be capable of using the training to become a valuable member of staff.

Passport or National Identity Card.

Only two banks insisted upon national recruits having a national identity card. This card shows that the person is a 'true' citizen with the right to buy land. Other nationals may have been born in the country, have lived all their life there but are not considered true nationals even although they have a passport. They are usually from the Iranian community although some may be from South Asia or other parts of the Arab world. The government departments will usually insist upon a national identity card before they will

recruit so the banks and other private sector organisations are likely to be more successful in attracting nationals with a passport but without an identity card.

4.5.5 Different HR Policies Regarding Training.

Question. What are the differences in your HR policies with regard to training UAE nationals compared with other nationalities?

Once again the respondents emphasised that the training resources were focused upon nationals. No one spends much money or time on the training of expatriates. One bank did claim that all staff get necessary training irrespective of nationality. This may not have been a completely honest answer. It is difficult to imagine a bank spending the same to train an expatriate, who almost by definition, is fully capable of doing a job (or was thought capable when appointed) as it does with less experienced nationals.

4.5.6 Success in Expatriate Assignments.

Question. What are the attributes of success and failure in expatriate assignments?

- a) How does the Parent Group measure performance- what criteria are set by Head Office?
- b) What criteria are set by this bank.
- c) How does the Parent Group Head Office describe success and failure?
- d) How does this bank describe success and failure?
- e) How do successful and unsuccessful managers evaluate their performance within this bank?

When planning this question the researcher expected to be studying organisations which posted expatriates from place to place. This type of expatriate is called an International

Officer (IO) in some banks. This is the type of expatriate usually subject to academic research, for example by Brewster *et al* (1996).

In fact the organisations studied employed expatriates who worked on a contract basis for the particular bank or subsidiary. Very few of those interviewed monitored the success or failure of expatriate assignments in comparison to success or failure of employees in general. None had a definition of failure other than not being able to do a job. The same criteria applied whether they were an IO expatriate, contract expatriate or national employee.

4.5.7 Criteria for Employee Success.

Question. Are the Bank's (Parent and this subsidiary) criteria for employee success appropriate? If not, how might they be revised?

a) Given existing criteria, what personality and professional types are most likely to succeed in expatriate postings.

b) Given any revised criteria, and given your answers to question 6 a. what personality and professional types would be most likely to succeed in expatriate postings?

In view of the paucity of information generated by the previous question it is not surprising that this question produced even less. Two of the banks, which had IOs, believed that the criteria of success established by the parent organisation were appropriate. One was, however, aware that a certain amount of jealousy was created when a tiny minority of British staff were seen as having benefits much greater than nationals and other expatriates. It was not clear to their colleagues that the IOs had responsibilities and duties which went beyond the immediate task. For those IOs the group performance criteria included standing in the community and a cosmopolitan outlook rather than narrow success in the job.

4.5.8 Adjustment of Spouse.

Question. How frequently is the failure of the manager's spouse to adjust a cause of the manager's failure?

- a) How does this bank involve the spouse in the decision to take the assignment?
- b) What briefing or training does the spouse receive before departure?
- c) What briefing or training does the spouse receive on arrival in the UAE?
- d) How could this bank play a greater part in
 - i. finding employment for the spouse or
 - ii. Supporting the spouse in the UAE?

Once again the researcher was probably naive to explore an issue studied by many academics including Mendenhall and Oddou (1985) and (1995), Black and Mendenhall (1990), Tung and Miller (1990), Brewster (1991) and Black and Gregerson (1992) who look at issues of relevance to expatriates and their families who are transferred by a parent organisation to a variety of subsidiaries. In the environment examined by this research expatriates are recruited or transferred and are expected to solve the problems of family adjustment on their own or with informal support from colleagues or members of their own community. The employer is not involved in family matters. The respondents all said that this was not an issue or a concern to the employer. The attitude was *'we employ the man and pay him well, let him sort out his family'*. The employer will handle matters related to government departments and will often offer assistance in an emergency or welfare situation but otherwise does not wish to be involved. If there are problems they are usually hidden from the employer incase this has an adverse impact on employment.

4.5.9 Women as Expatriate Managers.

Question. How often is a woman selected for expatriate senior management assignments?

- a) Does this bank help with sponsorship for their husbands?
- b) Are women senior managers given all the same terms and conditions of service as their male colleagues?
- c) What risks are associated with sending women on expatriate assignments (not just in the UAE)?
- d) Given the changes within the environment of international business, are these assumptions of risk still valid? *What about future changes?*
- e) How might the parent bank/ this bank benefit from employing more women in senior management positions?

In the GCC countries it is extremely rare for organisations to employ female senior managers. This may be due directly to cultural norms in the region but is more likely to be an indirect consequence as the government rules are geared to organisations employing males and the male employee sponsoring his wife and family. It is not impossible to have a female sponsor her family but it is certainly more complex. Employers will therefore hesitate to employ a female and to risk problems with the Labour and Immigration departments as well as generate resistance within the local culture.

Since this study was completed one of the participant banks has employed a senior HR manager and has assisted her to sponsor her husband. That particular bank is an international organisation. It is difficult to envisage a local bank doing the same. A factor, concerning the employment of female staff, which influences some employers is that if the husband or father sponsors the employee then the employer is not obliged to provide leave passages, joining and repatriation assistance or medical coverage.

4.5.10 Selection Process for Expatriates.

Question. How important are the parent bank selection criteria in the selection process for expatriates?

- a) How much attention is paid to this bank's needs and interests in the selection process?
- b) Should greater attention be given to this bank's needs and interests? If so, how can these be accommodated?

This was not seen as a problem by the subsidiaries of parent organisations. Where guidelines are issued they are considered appropriate. Most subsidiaries are allowed to develop their own selection criteria and these are monitored. Those banks which have expensive IOs sometimes find a conflict between the cost conscious local management and the parent HO which insists upon a certain number being posted to the country and charged to the local operation.

4.5.11 Expatriate Career Planning.

Question. What support does the bank give expatriate managers in planning their career paths?

- a) How might the career planning be improved?
- b) How would improved career planning affect:
 - i) individual managers.
 - ii) manager's dependants.
 - iii) this bank.
 - iv) the parent bank.

Career planning support.

The majority of respondents did not think it was part of the role of the employer to give career planning advice to expatriates. The only exceptions were those who worked for banks with a number of IOs. These expatriates could influence their career but not manage it. All other expatriates had to manage as best they could. The employer gives opportunities and it is up to the individual to take those and make the best of them. The focus on career planning, where it exists, is on the nationals not upon the expatriates. The Singapore bank was endeavouring to give career planning advice to expatriates and nationals in senior positions. Even here the expatriates are expected to maintain their own networks and to be able to negotiate their next assignment. For the successful expatriate it is a case of overcoming geography and taking responsibility for their own career.

Family involvement.

None of the respondents considered the family in career planning matters.

4.5.12 Cultural Support for Expatriates.

Question. What cultural and other support does this bank give expatriate managers, their spouse and other dependants in the UAE?

- a) What welfare assistance is given?
- b) What cultural adjustment support is given?
- c) How does this bank help the manager and his/ her dependants overcome the effects of culture shock?
- d) How might this support be improved?

None of the respondents gave any cultural support. Although the Australian families, employed by one participating bank, are given some familiarisation instruction before they travel to the region. In that case it appears that many families arrive anticipating being in Saudi Arabia!

It is expected that colleagues and their spouses will rally round with advice and assistance for a new family. The only welfare assistance is in the form of help with temporary accommodation. In the case of senior expatriates the help may be more extensive but will still be informal. The researcher is reminded of arriving in Borneo when first working in Asia. He moved, one evening to the allocated empty house in a forest clearing to find the electricity had been cut off as a consequence of the HR Department, of which he was the new Head, not paying the bill. He quickly learned how important it was to have good neighbours. All expatriates go through a variety of similar experiences when they are new to a country.

4.5.13 Expatriate Debriefing.

Question. How are managers and their spouse's debriefed by bank staff after each assignment?

- a) What functions are debriefing outputs currently serving?
- b) How might debriefing processes be improved?
- c) What other functions might debriefing outputs serve?

Apart from an exit interview with the employee there is no debriefing after an expatriate assignment. One bank encourages the IOs to call into the parent HO during visits but their spouse and family are not involved. The respondent concerned mentioned that he was already enough to do dealing with the expatriate and his next assignment without taking account of the family.

4.5.14 Repatriation Problems.

Question. What problems do managers and their spouse typically experience on repatriation and when returning to their home location?

- a) What support does the Parent bank give repatriated managers and their spouse?
- b) How might this support be improved?

There was consensus among the respondents that after the expatriate has left that is the end of the matter. It is thought that there are problems of readjusting especially if there is no job organised at home. But such thoughts are based upon anecdotes. When the employee has left the former employer does not wish to know what happens.

The researcher managed to re-interview two respondents who had left the UAE after they were first interviewed. One had been given what he described as a non-job in the HO for over six months before finding a suitable, but not attractive niche. The other was offered a redundancy package within a few months of returning to the parent group. Both these individuals were in HRM posts and it would be expected that their employers would be aware of the need to manage the repatriation process if for no other reason than to encourage others to take an overseas assignment.

4.6 Personal Questions asked of Respondents in Participating Banks.

It was planned that all respondents be asked the questions 4.5.1-4.5.4 and 4.5.7 and 4.5.8. Due to time constraints this was not always possible. Question 4.5.6 was asked only of expatriates. The participants were 2 Bahrainis, 21 UAE nationals, 13 Western expatriates and 15 non-Western expatriates.

4.6.1 Objectives for Working for the Organisation.

Question. What are your objectives in working for this bank?

The respondents were asked question 4.5.1 and 4.5.2 together so that they could separate the objectives from the career aims. The replies show that for many of those questioned career opportunities were the objective.

The 'objective' was deliberately left vague so that the person did not need to answer in terms of the organisation and its benefits but could talk about lifestyle, travel or other features.

Specific responses.

To learn.

Many of the nationals gave this as the reason or part of the reason for working for the particular bank. Younger people with access to facilities for training and developing are more likely to give this as an objective than those denied access or only given the minimum facilities. It was therefore surprising that this was one of the two most frequently given reasons offered by non-Western expatriates. No Western expatriate gave this as an objective.

To increase the number of UAE employees.

Three nationals sought to play an important part in developing their fellows and improving the opportunities for localisation. Such individuals will go some way to creating the critical mass of nationals which was described earlier as a useful mechanism for encouraging nationals to progress.

To develop career.

A significant proportion of the nationals gave this as their reason for working for the particular bank. It was also an important objective of the Western and non-Western expatriates. Even although several expatriates felt that their career prospects were nil, after joining their present employers, others saw that they could still have a career but that it would probably be with one or more other employers.

Status in the community.

This was mentioned by two national respondents and would seem to confirm the view of Bedi (1991) and Muna (1980) about status in the community being connected to the work role. No expatriate gave this as an objective which is surprising in view of how many demonstrate their status by giving their job title and employer when introduced at social events. Cohen (1977), Bedi (1991) and Orwell (1967) have drawn our attention to this factor as an aspect of expatriate life even if it might not be one they wish to declare as an objective.

To create success for the organisation.

This was important to both nationals and Western expatriates. One non-Western expatriate also gave this as an objective. This objective could be harnessed more effectively by organisations whose senior management often complain about the lack of dedication and loyalty of staff.

Challenge.

Two nationals and one non-Western expatriate were motivated by challenge and the opportunity to demonstrate capability and contribution to the employing organisation.

Work abroad.

This was a reason given by two Western expatriates and by one female non-Western expatriate. The feeling was that there were more opportunities to develop outside one's home country. This was not a matter of lifestyle but was probably similar to the challenge suggested as an objective by some other respondents. One person did say that he worked for this organisation so that he and his family could enjoy a particular lifestyle which would not be available at home.

Money.

Pay and benefits were the most important objective for both groups of expatriates. Admittedly other reasons were close behind but money is the main objective for those who have the prospect of only a short career with their present employer.

To teach.

One non-Western expatriate gave as his objective to pass on knowledge and experience to others. In view of the need to make teaching an important part of every expatriates job maybe employers should look for more people of this type.

4.6.2 Career Aims.

Question. What are your career aims?

Specific responses

A more senior position.

This was the most popular career aim of all the groups. It was far beyond all other reasons given. In each case it was understood that although the intention was to remain with the present employer while there were opportunities for advancement the respondent would move if there were insuperable obstacles put in their way. One national said he would move as soon as he hit the glass ceiling in his organisation.

Stay at this level.

Several nationals, mainly older staff who were managing branches, wished only to stay in their present job. Some expatriates had a similar feeling but from a different motive. They did not expect to be able to find another attractive post so wished to stay in their present position for as long as possible.

Run own business.

Two nationals and one non-Western expatriate wished to run their own business eventually. These were pre retirement schemes rather than a mid career objective. This suggests that employers need not fear 'wasting' resources in training staff who will then go off and set up their own business. It may be that the younger staff who have not made the same level of commitment to a career and who are not as well rewarded would be more inclined to learn and leave.

Retire or no aims.

These categories, together, equalled that of career advancement for Western expatriates. Several were just hanging on for as long as they could or were intent upon retirement. This was not solely a matter of age as some in their early 50s had this view. Two non-Western expatriates felt the same. No UAE national was thinking of retiring or had no thoughts about later career. Some of the UAE nationals were in their late 50s and could be expected to be thinking this way.

4.6.3 Enjoy Working for this Nationality of Bank?

Question. Do you like working for a UAE/ British/ American/ Australian/ French/ Dutch owned Bank? Why?

Specific responses.

Like working for a UAE owned bank.

The vast majority of nationals preferred to work for a UAE owned bank. They felt that this showed a commitment to the country and thought that they would have more opportunities than if they worked for a foreign owned organisation. Instead of attempting to benefit foreigners, which would be the situation if they worked for a foreign bank, they are making a contribution to their fellow nationals. The largest proportion, by far, of the non-Western expatriates also preferred the UAE owned banks to the foreign owned. They said that the atmosphere was more relaxed in the local banks than in the foreign owned ones. As seen earlier in 4.2.2 few of the non-Western expatriates had worked for foreign owned banks before coming to the UAE.

Like working for a foreign owned bank.

Four nationals preferred working in foreign banks. The reason for this was that these banks seemed to offer better training and more exposure to international environments. It was seen as a good career move to start in an international bank then move to a local one. The overwhelming majority of the Western expatriates preferred the foreign owned banks. This was irrespective of whether they were working for a locally owned or foreign bank at present. This might be because even those Western expatriates working for a UAE owned bank had worked in a foreign owned bank at some stage in their career. These expatriates said that the systematic approach and a sense of stability and security was what attracted them to a foreign owned organisation. Only two non-Western expatriates preferred the foreign employers.

Do not mind.

Five nationals, two Western and four non-Western expatriates had no preference regarding the ownership of the bank for which they worked.

Have not thought of working elsewhere.

Two non-Western expatriates said that they had never even considered the possibility of working for another bank so could not say whether they would prefer a different ownership. Nor could they say why they liked working for the present bank.

4.6.4 Do you Feel Welcome within this Organisation.

Question. How welcome, or 'at home', do you feel within this Bank? Why?

Specific responses.

Welcome.

The number of those who felt welcome and at home was close to unanimity. This applied to all three categories of staff. Only the nationals had some members who thought that they did not feel welcome and even there the numbers were small. The primary reason given for feeling welcome was that they felt part of a family and were at home in the organisation.

Not welcome.

Two nationals and one of each category of expatriate respondent did not feel welcome. This seemed to the researcher to be an aspect of the character of these individuals to generally not feel happy. There was also an element of truncated career in some cases which may have been an influence.

Some doubts or reservations.

Four nationals had some doubts. They thought that maybe they were welcome but maybe they were resented by the expatriates. Again two expatriates were uncertain whether or not they felt welcome.

4.6.5 Treated Differently to Expatriates/ Nationals.

Question. Do you think you are treated differently to expatriates (if a UAE national) or expatriates of another nationality? How?

Specific responses.

Yes, in a positive way.

The UAE nationals were convinced that they were treated differently to expatriates by their employer. Most thought that they were treated better than expatriates. All the respondents who thought this were employed by locally owned banks. Two nationals who worked for foreign owned banks also thought that they were treated better than expatriates. The difference in treatment was the result of higher pay or benefits and access to training and development opportunities. There was also a feeling that nationals were not subject to the same discipline as the expatriates. This could mean that they could get away with lesser performance but also meant that those who performed well were not given credit by their peers who thought that the rules had been adjusted in the nationals favour.

Seven of the Western expatriates certainly felt that they were treated better than the non-Western expatriates. Whereas only two felt that they were treated worse. The British expatriates definitely thought that they were treated better than other nationalities. This was considered to be an aspect of the 'colonial legacy' in that the British had been in the region for a long time and had often occupied positions of power and prestige. Those now in the region benefited from this perception that the British still deserved favour.

Yes, in a negative way.

Three nationals working for foreign owned banks thought that they were treated differently to expatriates but in a less advantageous way. These respondents believed that the expatriates resisted the advancement of nationals and placed lots of obstacles in their way. Some also thought that the pay and benefits of expatriates was greater than of the national.

There need not be a conflict between the apparently contradictory views on pay and conditions. In the experience of the researcher most banks and other employers in the region have an increment system of salary progression or at least a system which rewards seniority. The UAE national will usually be replacing an expatriate with a long period of service. Answers to the question shown at 4.2.2 demonstrated the mean length of time in post of expatriates was 3.5 years for Western and 3.7 years for non-Western but with periods as long as 12.5 or 13 years. It could be that a national is paid lower in the salary scale when he is first appointed but could have an extra allowance for being a national (this is a common feature in those banks which are keen to employ nationals who are in short supply). Therefore both parties could be right when they say the national is paid less in salary terms but is paid more in the overall remuneration package.

The majority of non-Western expatriates felt that they were not treated as well as Western expatriates. The British seemed to be the main reference group in this factor. The Asians certainly felt that the British expatriates were given advantages which were based on race not on performance. Advantages enjoyed by the British included better housing, currency exchange rate protection and higher rates of pay.

No- active.

It could be that those respondents who do not think they are treated differently say that they are treated the same. But the respondents chose to separate their answers into the categories of no- they are not treated differently and no- they are treated the same. The researcher believes that the second group considers that there is an intentional policy of

not treating differently. The organisation is attempting to have policies and practices which do not discriminate in treatment between nationals and expatriates and between different groups of expatriates. Six nationals thought that they were treated the same as expatriates. One Western and four non-Western expatriates thought that the different nationalities of expatriates were treated the same.

No- passive.

Four nationals thought that that were treated no differently to expatriates. Two Western expatriates and five non-Western expatriates had the view that there was no difference in treatment between the different expatriates.

4.6.6 Treated Differently to Nationals?

Question. Do you think you are treated differently to UAE nationals? How?

This question was only put to the expatriates.

Specific responses.

Yes. Nationals are treated better.

Most expatriates thought that they were treated differently to nationals. The majority of Western and non-Western respondents thought that the nationals were treated better. The better treatment was in terms of the employer preferring nationals in circumstances of recruitment, promotion and training. They also considered that their employers made allowances for lesser performance by nationals. Several suggested the phrase '*nationals are treated with kid gloves*'. It was alleged that some expatriate managers were afraid of upsetting the nationals so did not put them under the sort of pressure to which an expatriate would be subjected.

Yes. Nationals treated worse.

A significant proportion of the expatriates thought that they were treated better than the nationals. This was especially in terms of pay where they believed that they earned more than nationals.

Other answers.

One Western respondent did not know whether he was treated differently to nationals.

4.6.7 Career Expectations.

Question. Where do you expect your career to take you next?

The question was phrased in a way which did not limit the response to jobs within the current organisation.

Specific responses

Promotion.

This was the most popular expectation in each group of respondents. The nationals especially expected to move to higher posts within their current organisation. Virtually all the Western and a third of the non-Western expatriates thought the same. In the steadily expanding banking sector of the GCC this is quite likely to be an achievable objective. A problem will occur if the sector stops expanding as the expectations, particularly of the nationals, will not be met.

Outside the organisation.

Almost as many non-Western expatriates as those who expect promotion, think that they will be moving away from the organisation. Mainly they expect to go home but do not know what job they will go into. One expatriate and one national also expected to move from the organisation without knowing where they would go.

Same or similar position.

Several respondents hoped to keep the same or a similar post.

Own business.

One national and one non-Western expatriate expected to establish their own business as their next career move.

Retire.

Two Western and one non-Western expatriate expected to retire when they had finished their current job.

Not certain.

This was the second most popular choice of the nationals and Western expatriates although it was far below the expectation of promotion in both instances. These people could not predict how their careers would develop or preferred not to make a guess.

4.6.8 Has your Career been Helped in this Organisation?

Question. How has working for this bank helped/ hindered your career development?

Specific responses.

Almost all respondents said that working for the current employer had helped their career. Some even mentioned how much they had enjoyed working for the particular organisation.

Helped through opportunities for responsibility and experience.

Almost all respondents said that they had been given chances to demonstrate capability and that they had benefited from this. Obviously by studying those still within an organisation the researcher may not have met those who may have been given opportunities and then failed. This was one reason why he had endeavoured to meet former employees.

Helped through opportunities for training and development.

This help was not only mentioned by the nationals but also by the expatriates. Several Western as well as non-Western expatriates thought that they had been given opportunities, which may not have been just attendance at formal training courses, to develop their expertise.

Helped through giving stature in the community.

This was mentioned by two nationals who considered that the bank had given them a prominent place within the local community.

Hindered through lack of career prospects.

Three Western expatriates thought that being with their current, locally owned, employer had hindered their career development. They may have gained in other ways but not in career terms.

Hindered in other ways.

One national felt that he would have made more money if he had been in a different career and another felt that a different institution would have given him more training.

Neutral.

Two Western and one non-Western expatriate thoughts that the present employer had not helped or hindered their career.

4.7 Meetings with Senior UAE Government Officials and Senior Business Executives.

These individuals held prominent positions within the UAE society and economy. Three had been or continue to be directors of UAE owned banks. One had been a director of an International bank. The statements of these respondents have been amalgamated. This is intended to give the opinions of those questioned but without necessarily using the words and phrases given by the individuals. Occasionally parts of answers have been moved to a more relevant question if this puts over the respondent's view more clearly.

General responses.

These respondents thought that business people use excuses to not employ nationals. They focus upon the short term costs and compare a national's salary with that of Indian employees who might be paid a third of the amount. They do not look at the benefits and advantages. If the right nationals are employed to do the right job they will perform well.

Nationals are part of the local community and as well as representing the UAE's interests have access to important people in business and government. As the banks and financial services are conduits passing petrochemical revenue from government to the rest of the economy it is important to have a strong national presence in this sector and not have it dominated by foreigners who have the interests of their own countries and shareholders in the fore.

4.7.1 Advantages of Employing Nationals.

Questions. Are there any advantages to a bank in employing nationals to replace expatriates?

All the respondents felt, strongly, that there are distinct advantages to banks in employing nationals to replace expatriate employees. The employment of nationals is a long term investment for the banks and they will reap long term rewards. There is loyalty from nationals which is greater than that of the expatriates who will eventually return to their homes taking with them the skills and experience that they have gained in the banks. The nationals know the area and its people who are there. They can make better judgements than the expatriates who do not know the local society and market, no matter how long they might live there, because they are not part of the community.

4.7.2 Disadvantages of Employing Nationals.

Question. Are there any disadvantages to a bank in employing nationals to replace expatriates?

If the bank replaces expatriates with nationals in a proper manner then there are no disadvantages. It is only if the organisation employs unsuitable nationals merely to meet a requirement to have certain percentages that there are disadvantages. Even the cost of training a national instead of having a trained and effective expatriate is an investment which will soon produce a return. Some people do have a feeling that foreigners are better than nationals. This view arose when there were few capable nationals. Now that there are many nationals educated and trained they can be at least as good as the expatriates.

4.7.3 Can Directors Encourage the Development of Nationals.

Question. In what way can Directors of banks encourage the development of nationals?

The Board of Directors can encourage the process by selecting good expatriate managers and making clear to them that the development of nationals is important. It is many times more effective to have expatriates who will be keen to encourage nationals than to have expatriates who want to do their own job and resist the progress of the nationals.

The development of pro-active policies, manpower plans and succession plans are other ways that the Board can aid the process of localisation. The establishment of training centres is a way that Directors can also ensure that the development of nationals is provided.

It is necessary to send out the right message to the community. To be pro-active in recruitment, to have the right remuneration policy, which does not just rely on immediate monetary reward, and to provide individual attention are all ways in which the Directors can encourage the development of nationals.

4.7.4 Government Encouragement of Nationals.

Question. In what way can governments encourage the development of nationals?

Governments can provide the education and facilities to gain appropriate skills for young people. They must help the private sector by producing potential employees with the attitudes as well as skills which will be needed. But the government cannot take on the whole burden. There needs to be co-operation to ensure that this occurs. No government or private organisation will wish to see large numbers of unemployed nationals. There has to be push to make those organisations which resist developing nationals play their part. The government provides many facilities for the private sector in an environment which

is virtually tax free. There is no tax on profits of banks. Medical, educational and transport services are free or heavily subsidised- even for expatriates. Therefore employers should use some of the saving that are created to train and develop national staff.

The government could consider subsidising the salary of young recruits by paying a proportion during, for example, the first two years of service when the training burden is high and the returns in terms of productivity are low. This makes more sense than paying yet more civil servants to attend the office but to not work. There could also be scholarships or training subsidies. This might be most useful when the trainee has demonstrated aptitude and commitment by working in the private sector for some time. Government departments such as Immigration and Labour could place restrictions on expatriate applications for particular jobs so that companies could only employ nationals in those jobs. Licences to operate businesses could depend upon employing a set number or proportion of nationals.

It may be worth establishing a pool of nationals seeking work who could be referred to employers who apply to the Immigration Department, initially, to employ an expatriate.

4.7.5 Some Organisations are not Interested in Development of Nationals.

Questions. Some banks (including some local banks) have stated that they are not interested in the development of nationals. Is this unfair to those banks who pay out costs of training UAE nationals?

It is sad that some employers take the view that short term profits are more important than long term gains. There needs to be a commitment to the country on the part of employers. As the environment becomes more sophisticated these organisations will be forced to change. If there is too much resistance to the development of nationals then the government may have to issue decrees to force these employers to change their ways.

4.7.6 The Private Sector Prefers Foreign Workers.

Question. It is sometimes said that private businesses are not keen to employ nationals and prefer foreign labour. If this is this so is it likely to continue?

Private organisations will always be focused upon the 'bottom line' and are often tempted to employ cheap labour. But they will come to realise that the employment of cheap labour is not a sensible strategy especially in the service sector where they may not be able to supply a quality service.

There is a limit to the number of jobs which can be created in government service. Eventually the private sector must be the place which creates jobs for nationals. When there are lots of nationals looking for jobs they will be prepared to take on even the jobs which they consider unattractive at first. If the nationals are hard working and capable then the private businesses will be keen to employ them.

4.7.7 Overcoming Expatriate Resistance.

Question. Realising that there will be a need for expatriate workers in the UAE for some time to come are there methods that can be used to overcome expatriate fear and resistance?

There is going to be a need for expatriate workers over a substantial period. The UAE provides opportunities for foreigners to come and work and to save. But these opportunities cannot be there indefinitely. They need to plan for themselves and to be realistic in their expectations. The resistance can be overcome by managers selecting the right expatriate staff and by letting them know how the localisation process is likely to affect them.

4.7.8 Manage Nationalities Differently.

Do Bank Directors manage different nationalities in different ways?

Yet again the replies fall into two discrete groups. Yes, all the same. Or no, have to treat differently. It was pointed out that in the Islamic faith all people should be treated the same and not be discriminated against.

It is claimed, by those who believe all are the same, that the differences are in the individual and the job they do rather than in nationality or religion. Even those who hold the view that all are the same do still believe that there advantages in having a mixture of nationalities amongst the managers and staff. This provides a variety of perspectives and experiences to the Directors. Those who believe that the different nationalities have to be treated in different ways say that the national culture of the individual is so strong that they have to be managed taking the implications of the culture into account. As the people of the UAE have been accepting foreigners into their country for many decades they are able to understand and manage the diverse nationalities of expatriates employed in the country.

4.7.9 Nationals and Confidentiality.

Question. It is alleged that sometimes nationals do not want to deal with other nationals for reasons of confidentiality. Is this so and, if so, will it continue?

The respondents either did not think that the allegation was true or if true would not continue. Some thought that it only happened occasionally in the biggest business deals or where there were significant amounts of money involved. In such cases those participating did not wish information to leak out into the small community. But the other staff of the banks were also lax with confidential information. It was claimed that the Indians will always leak confidential information. It was also claimed that the British gave away confidences in the pubs!

There was admitted to be some problems in a small community where there was a tendency to support family or friends or fellow members of a tribe or sub group. Although this issue is often raised by foreign bankers it is likely to decline in importance as the UAE nationals become more professional in their outlook.

4.7.10 Work Attitudes and Discipline.

Question. Can the country develop work attitudes and discipline?

Undoubtedly the country and its citizens can develop these attitudes and discipline. There are people who already have these attributes and are useful staff. The need is to develop a corporate culture which encourages others to follow their example. The private sector is better able to do this than the government service. It will require the selection of the right people, managing them well and rewarding those who are dedicated.

4.7.11 Effectiveness of a Localisation Plan.

Question. How would you judge the effectiveness of a localisation plan?

This is not an easy task to accomplish. The nationals taking over from expatriates must be doing a real job, work hard and provide justification for being in that post. By benchmarking against similar organisations or industries, employing foreigners, it may be possible to determine whether the localisation plan is effective. One cannot just look at one criteria. It is essential to look at performance, profitability and productivity. The image of the organisation and the attitude of the staff are also good indicators of the effectiveness of the plan.

4.7.12 Role of Expatriates.

Question. Is there a role for expatriates in the host country national development?

There is a big role for expatriates in developing host county nationals. The expatriates must pass on knowledge and attitudes to the nationals. Each expatriate must have a clear objective of training locals as well as doing the regular part of his job. But the nationals have also to help by learning and by passing on knowledge to their fellows. If the expatriates are willing to help and to bring in advanced ideas and techniques they will be able to work in the area for a long time. Even if they move on there could be opportunities to do business together in the future.

4.8 Mailed Questionnaire Results.

4.8.1 Use of questionnaires in Participant banks.

Two banks agreed to circulate questionnaires to all their staff of 'officer' (junior management) level and above. One of the banks was locally owned and the other was a subsidiary of a foreign bank. No other banks were willing to allow a questionnaire to be circulated even although they were prepared to grant access for the purpose of interviews.

An example of the questionnaire is shown in appendix A.6. Although the sample includes three questions on parent group policies and the role of the local operation these questions were not included in the questionnaire sent to the locally owned bank. Therefore the answers to those questions have been omitted from the current analysis. A total of 26 questionnaires were returned directly to the researcher. Of these 6 were from UAE nationals, one from a national of another GCC State, 5 were from Western expatriates and the remaining 14 from other expatriates. Eleven questionnaires were from employees of the locally owned bank and the remaining 15 from the foreign bank. These represented 79% and 83% of the questionnaires distributed within the respective banks.

In the next section of the thesis brief observations will be made regarding the answers to particular questions. The researcher is aware that the sample size is too small to attempt to make profound statements or predictions. He has, however, chosen to make the data available in the hope that it stimulates others to attempt to survey more widely in organisations which are receptive to sensitive information being gathered from their staff.

The charts below are 'normed' to give percentages of respondents with a particular view rather the real numbers. This is so that comparisons can be made of groups made up of differing sample sizes. As there was only one GCC respondent data from this individual has been omitted. In some cases it appears that the percentages do not add up to 100. This is due to some respondents not answering specific questions.

4.8.2 Views on the Recruitment of UAE Nationals.

In your opinion, how important are the following factors in the recruitment of UAE nationals into management positions in your bank?

Managerial skills.

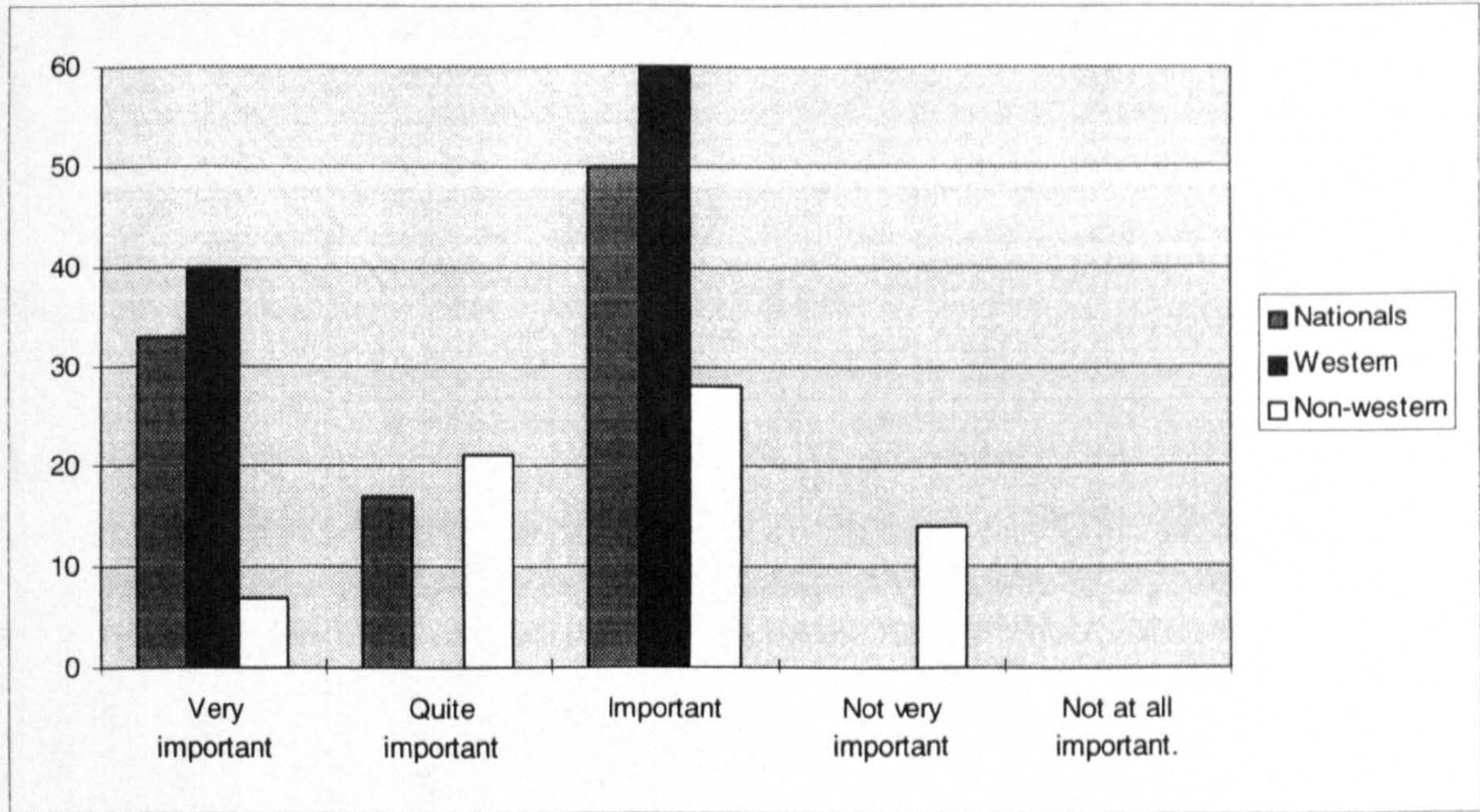


Table 6

There was broad agreement on the importance of managerial skills.

Technical competence.

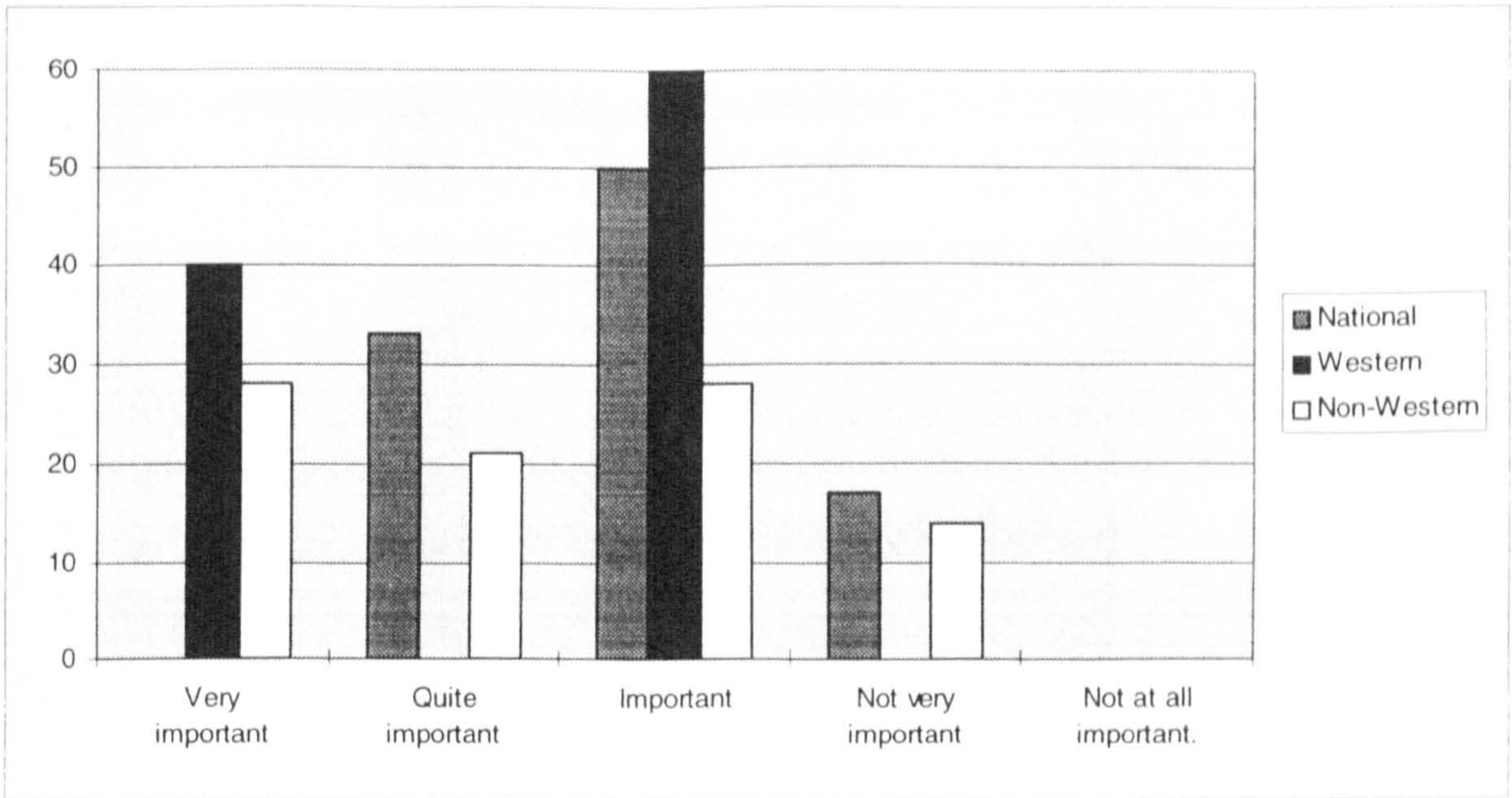


Table 7

Once again there was consensus on the importance of technical competence.

Local knowledge.

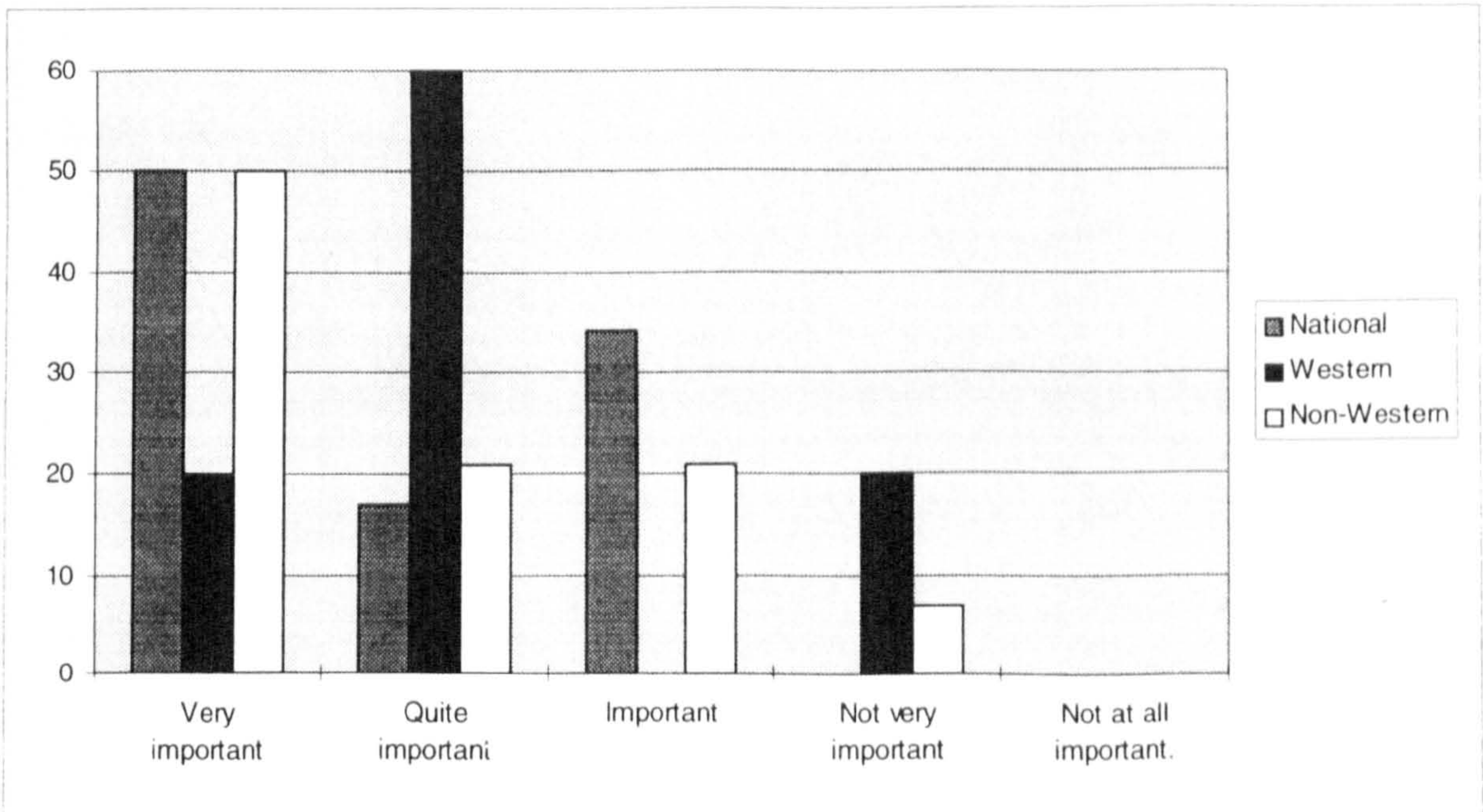


Table 8

Yet again consistency in the views of the importance of local knowledge, although the nationals gave it more weight than the expatriates.

Local contacts.

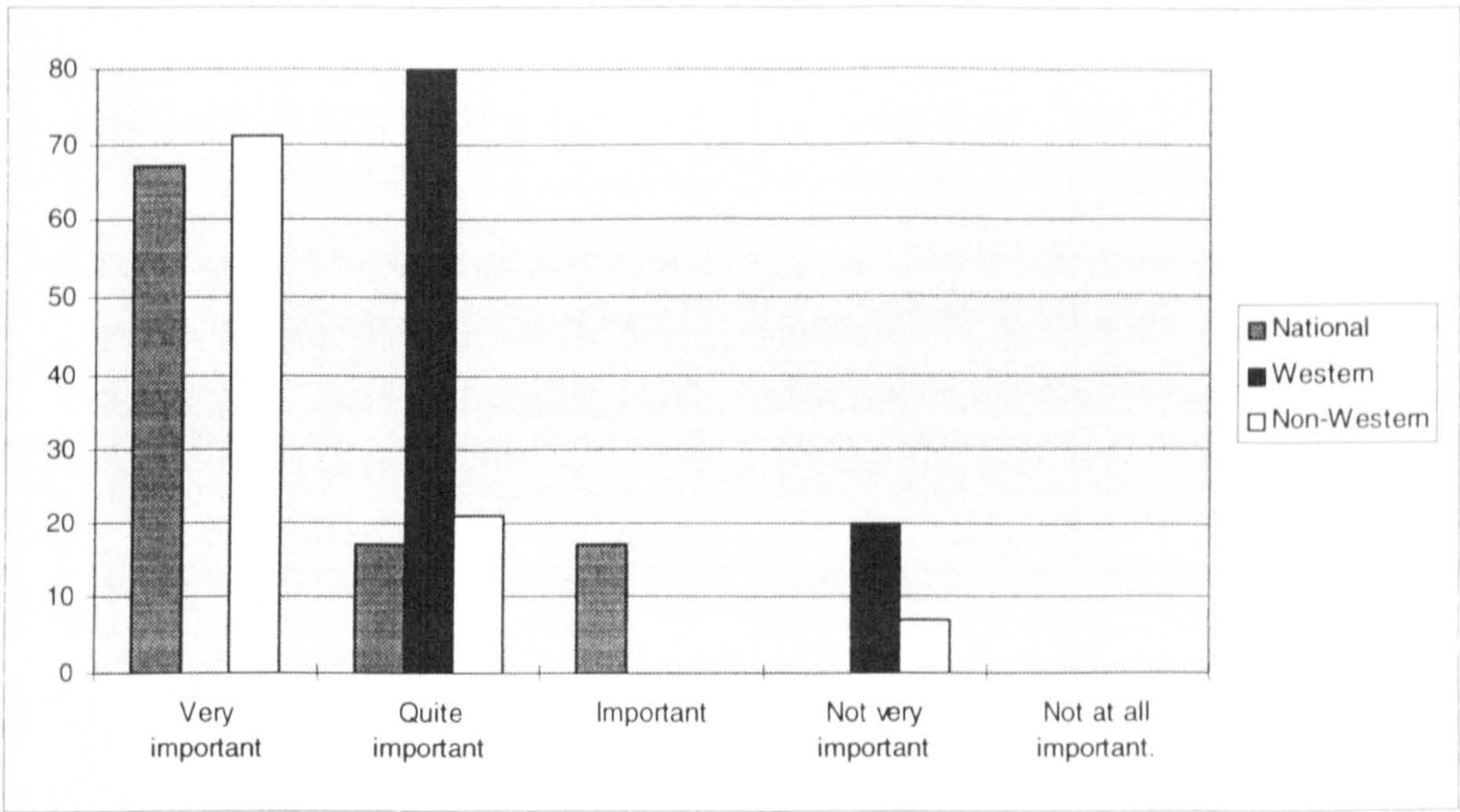


Table 9

Virtually all respondents thought that there was a strong need for local contacts.

International work experience.

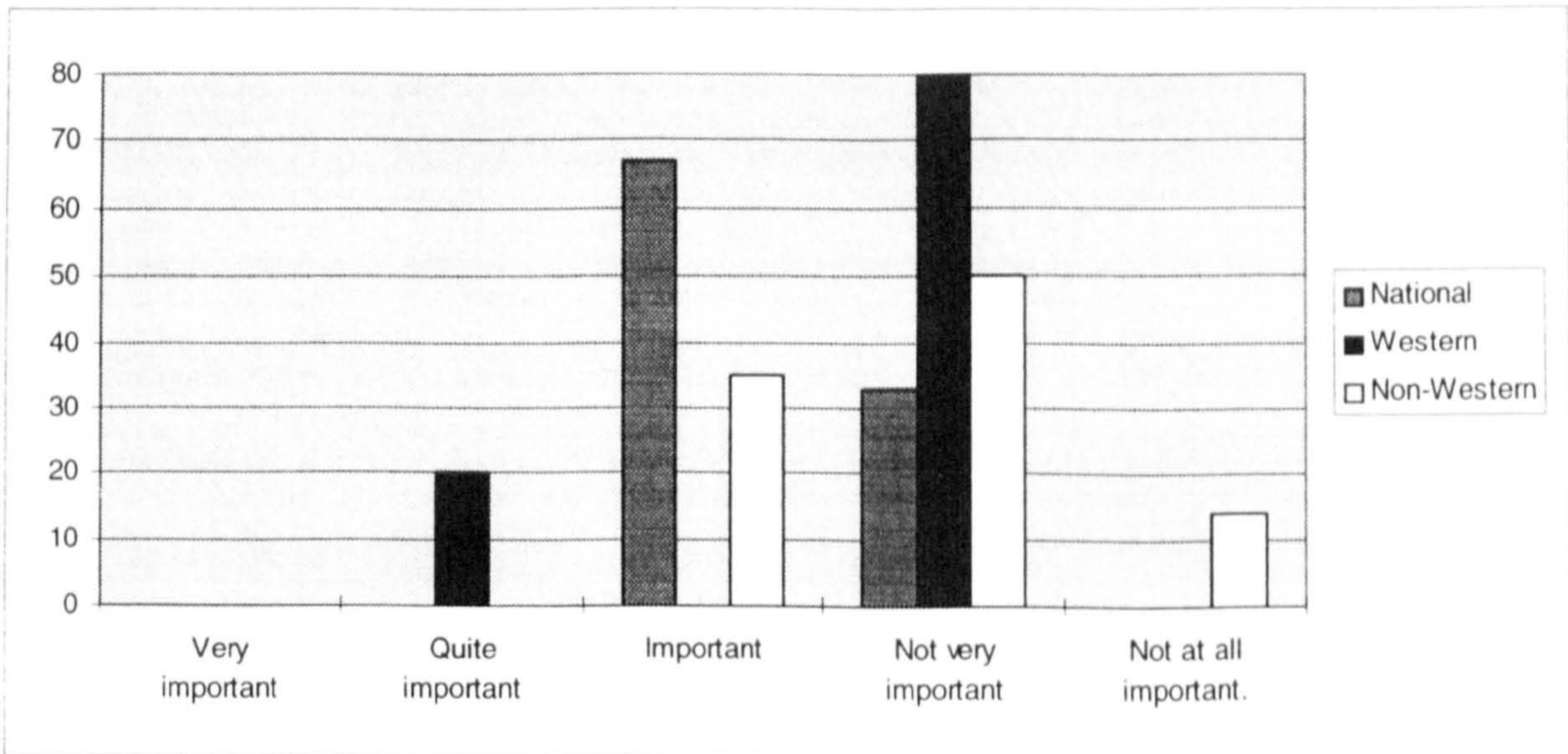


Table 10

The expatriates thought that international work experience of national recruits was not very important but two thirds of the locals did feel that it was important.

Cheaper to employ than alternative nationalities.

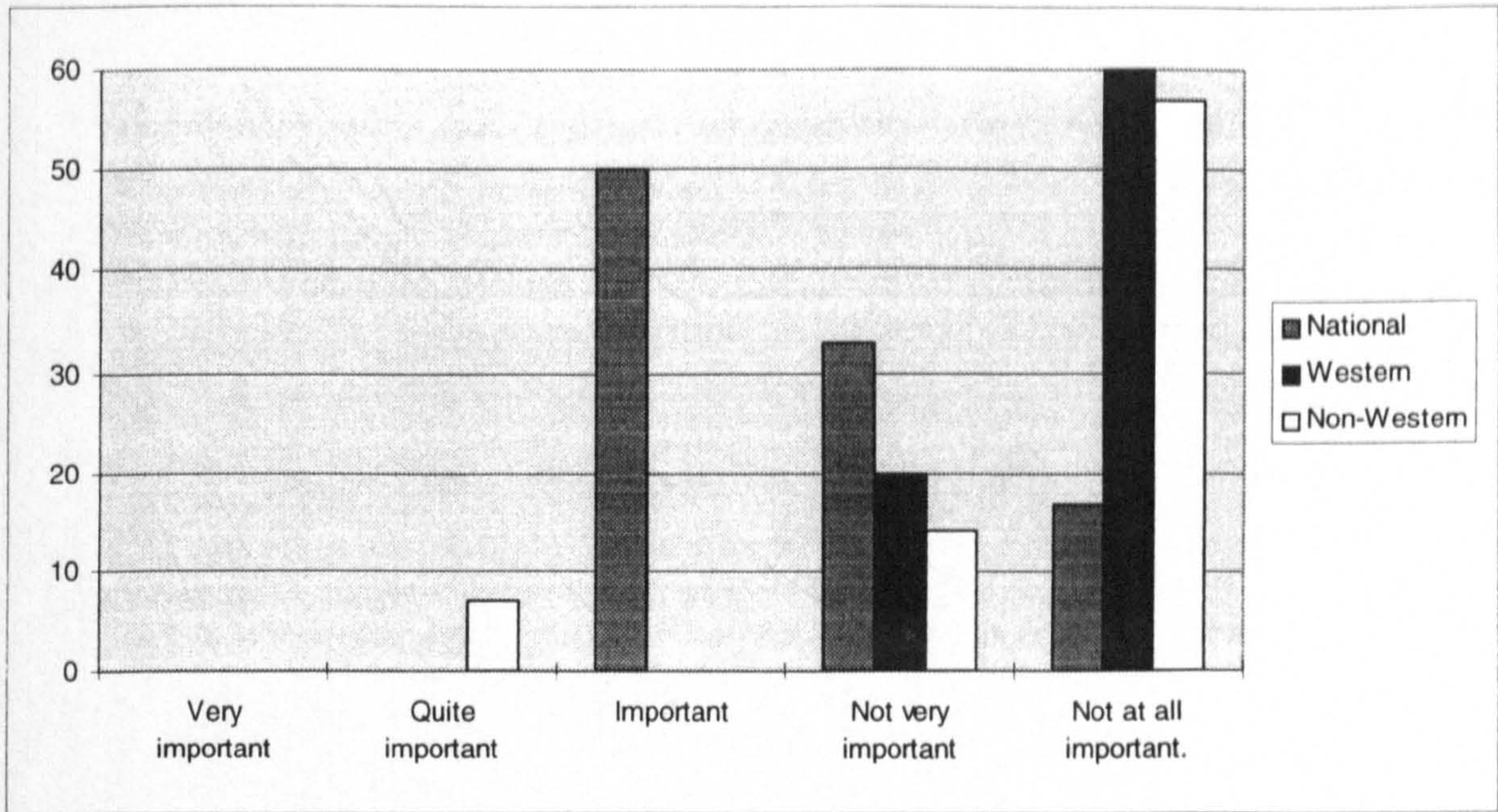


Table 11

Interestingly 50% of the nationals implied that the locals were cheaper to employ than the expatriates but only one of the foreigners agreed.

Degree from the UAE university.

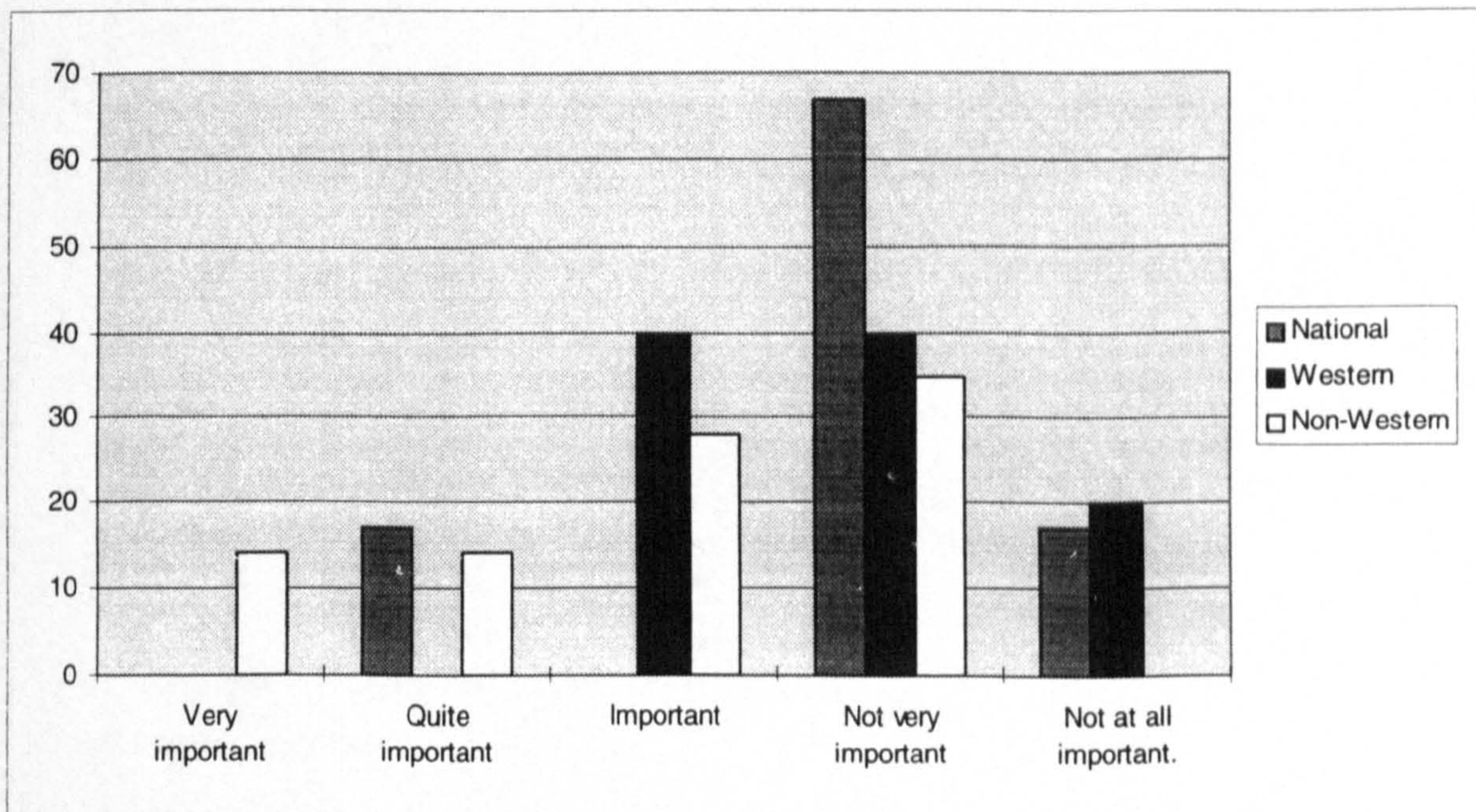


Table 12

Few thought that a degree from the local university was particularly important.

Degree from elsewhere.

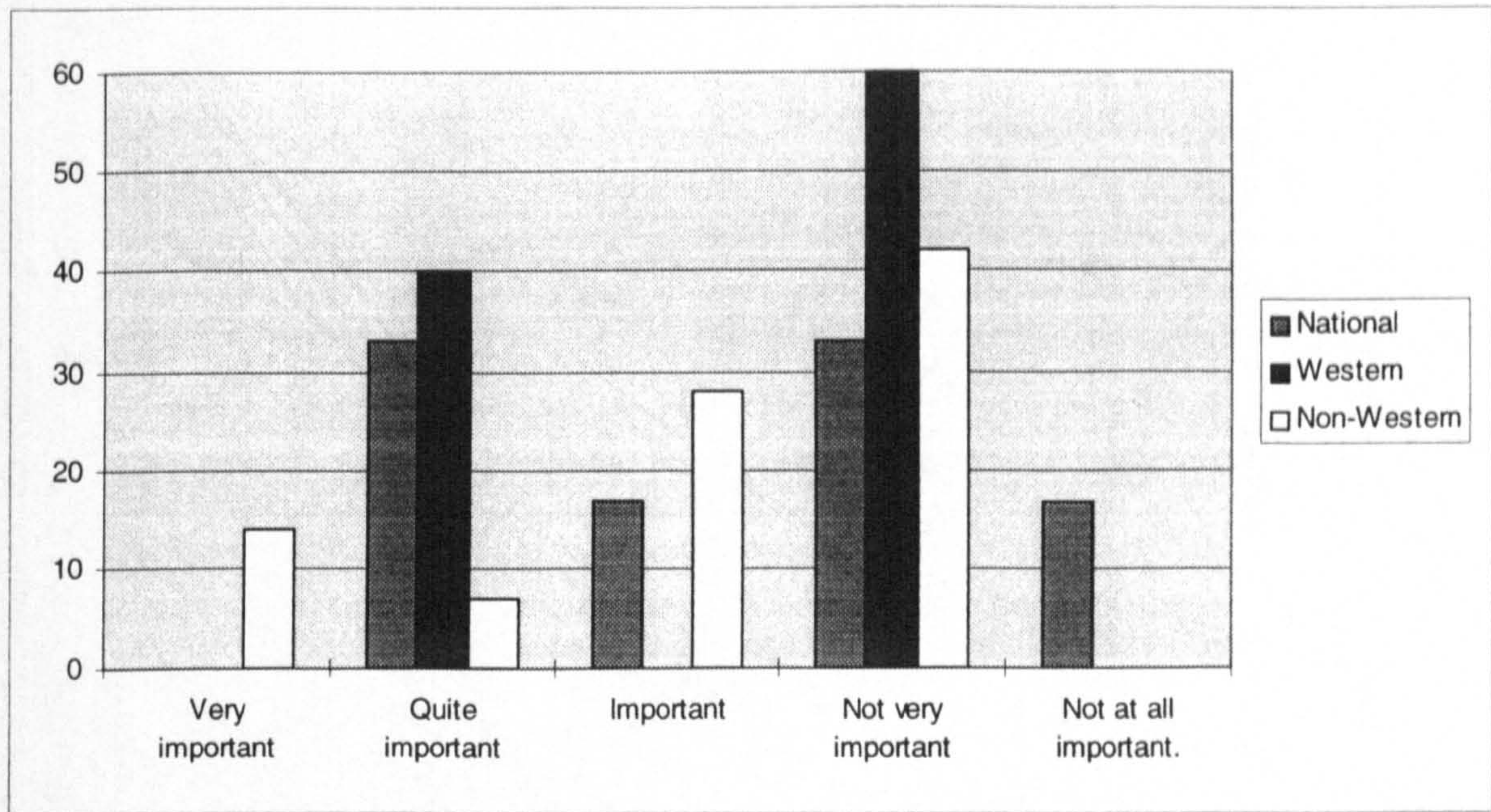


Table 13

There was less consensus on the use of a degree from a foreign university.

Foreign language skills.

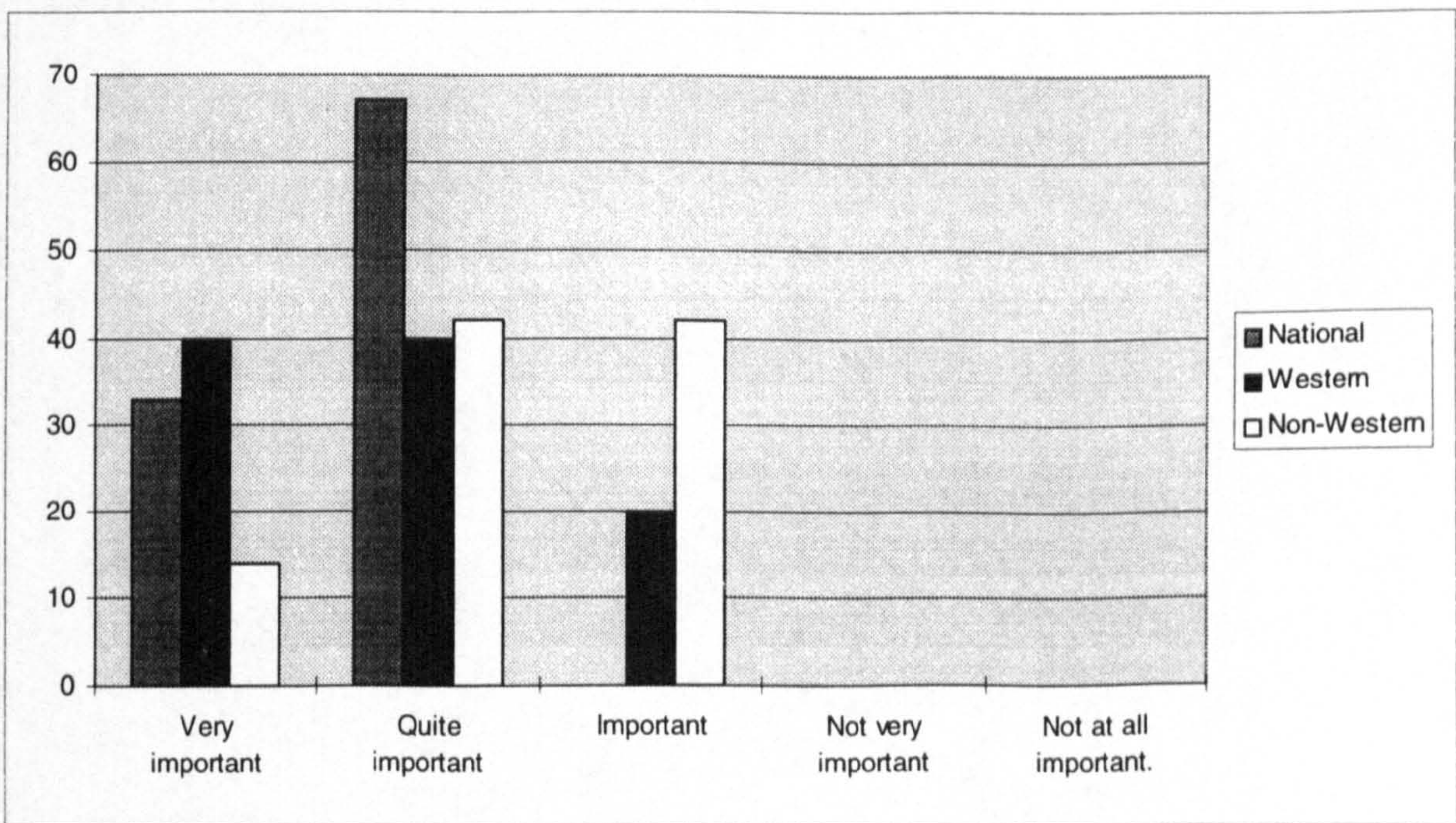


Table 14

In the case of the UAE nationals the foreign language would be English. All thought that it was important that recruits have language skills.

Willingness to stay with this bank.

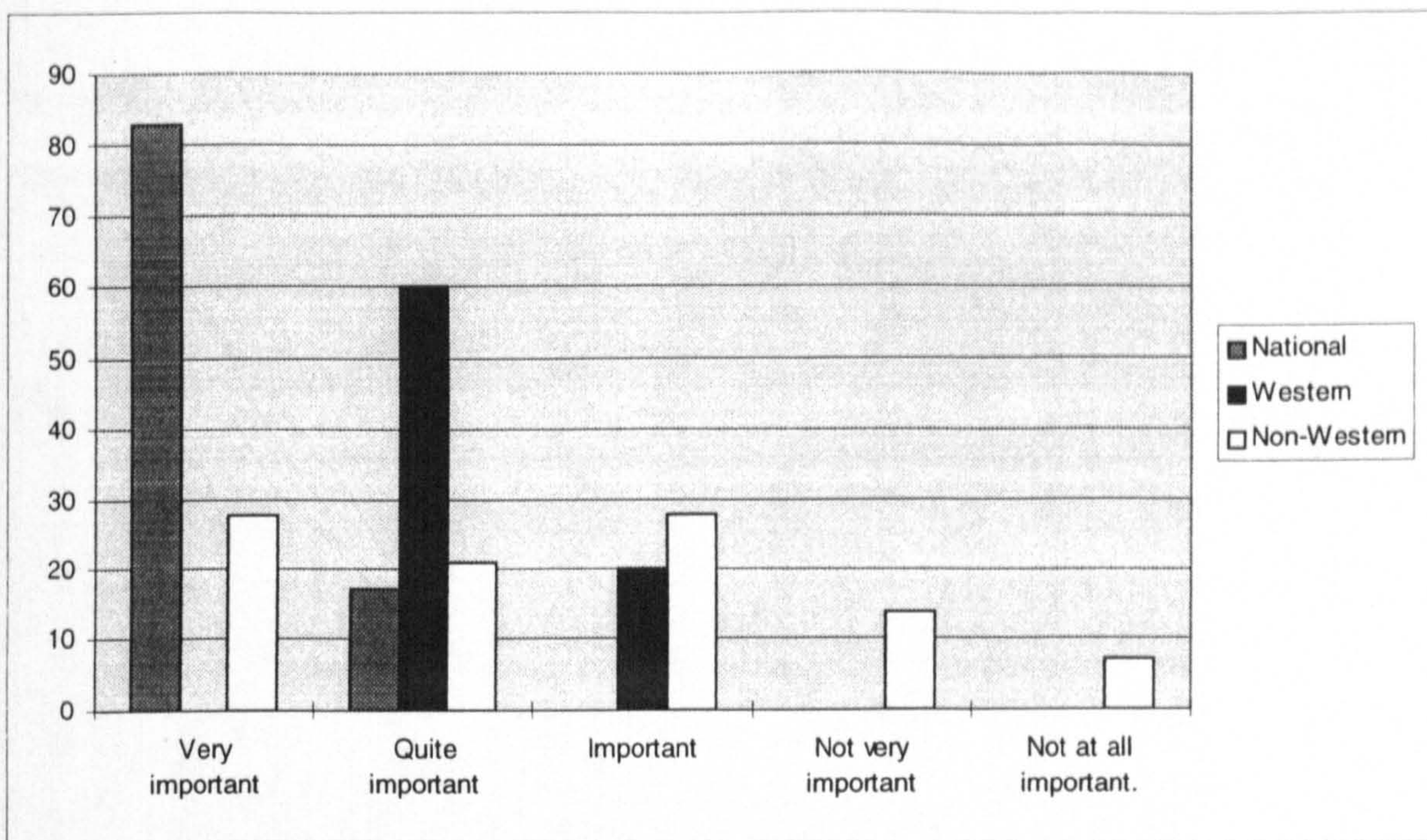


Table 15

Nationals and Western expatriates thought that loyalty was important but the non-Western expatriates were less sure.

Willingness to work abroad in other parts of the parent bank.

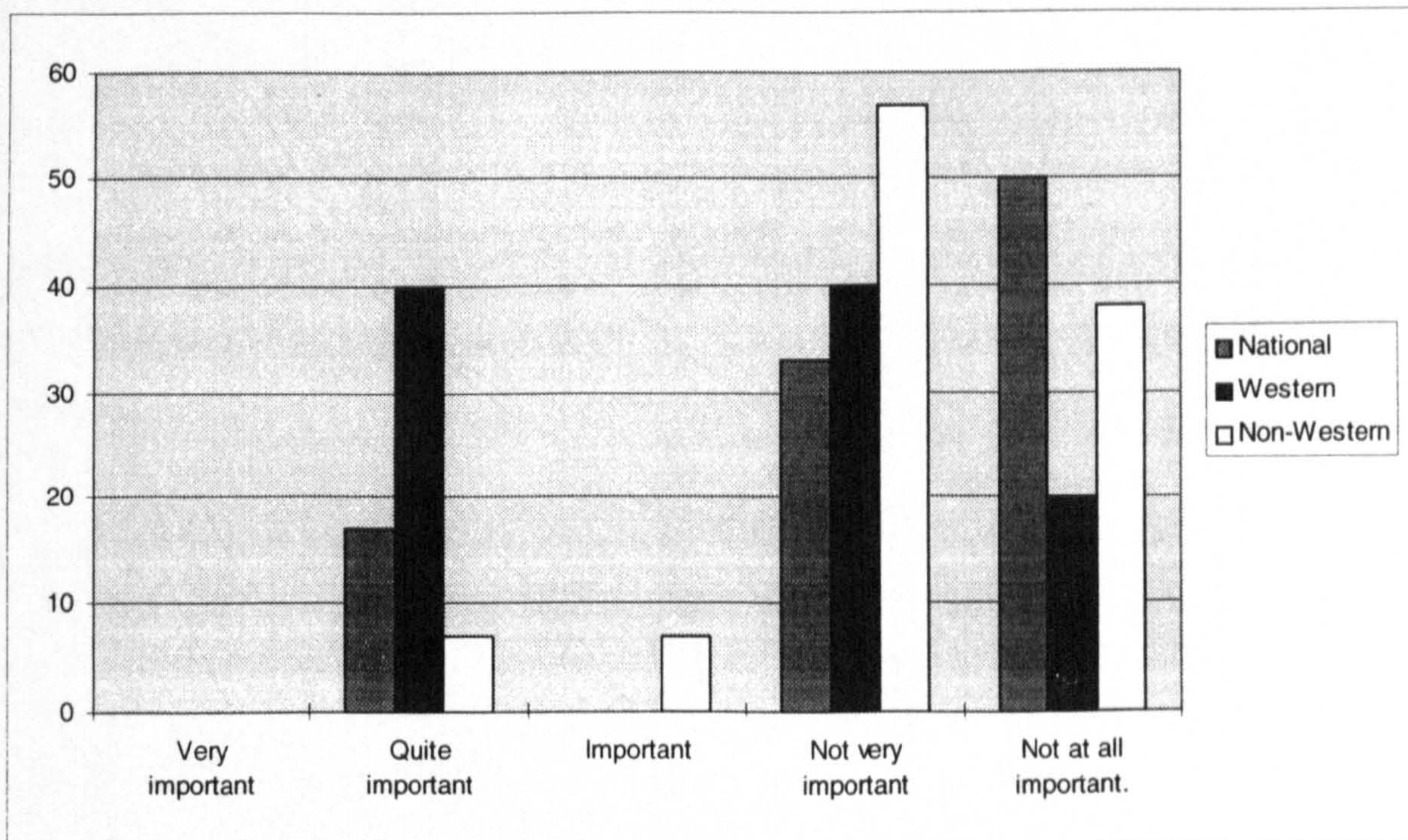


Table 16.

Apart from a substantial minority of Western expatriates most respondents thought that willingness to move abroad was not an important consideration.

4.8.3 Views on the Recruitment of GCC Nationals.

In your opinion, how important are the following factors in the recruitment of GCC nationals into management positions in this bank?

Managerial skills.

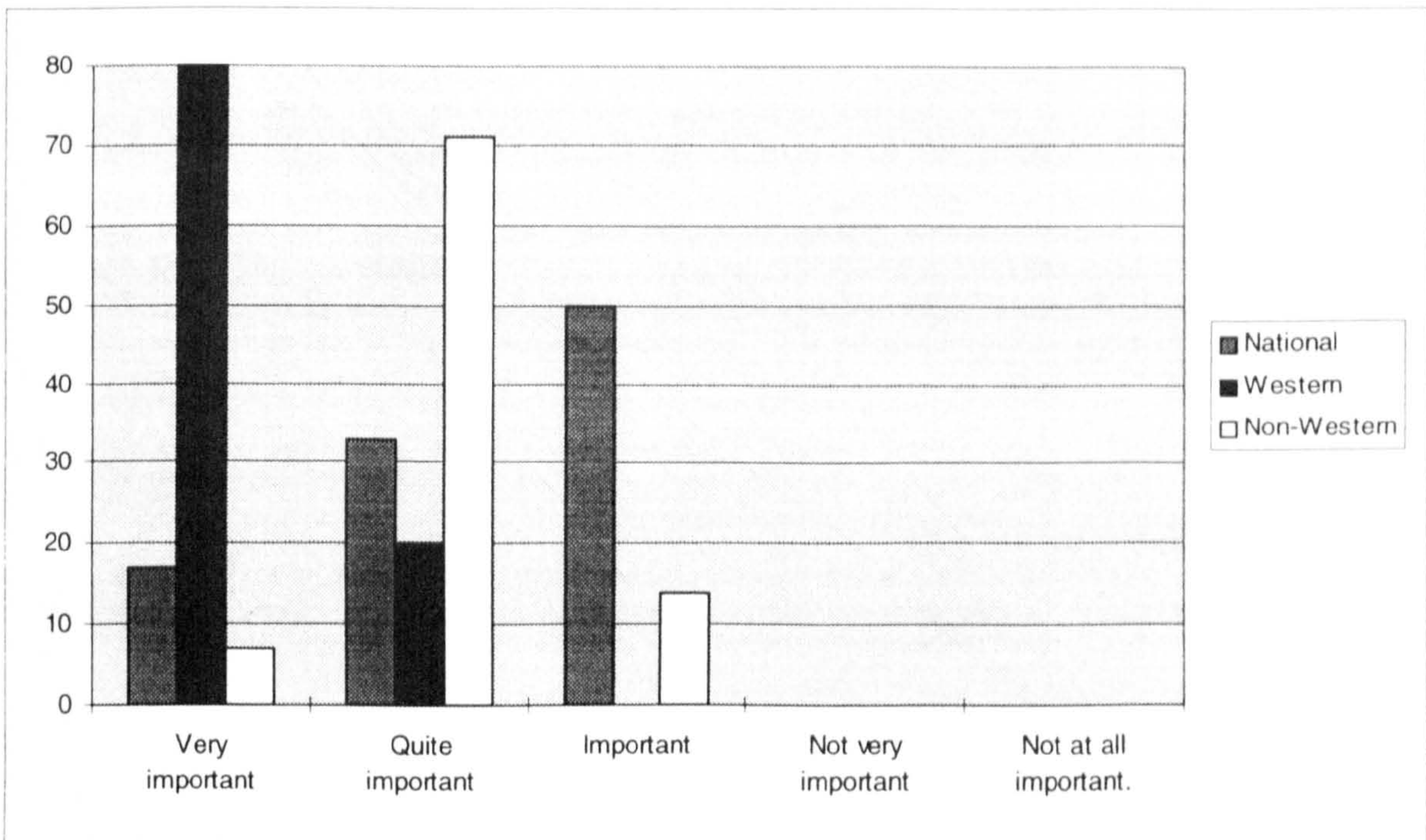


Table 17

Once again there was broad agreement on the value of managerial skills. The Western expatriates emphasised this more for GCC nationals than they had done for UAE nationals.

Technical competence.

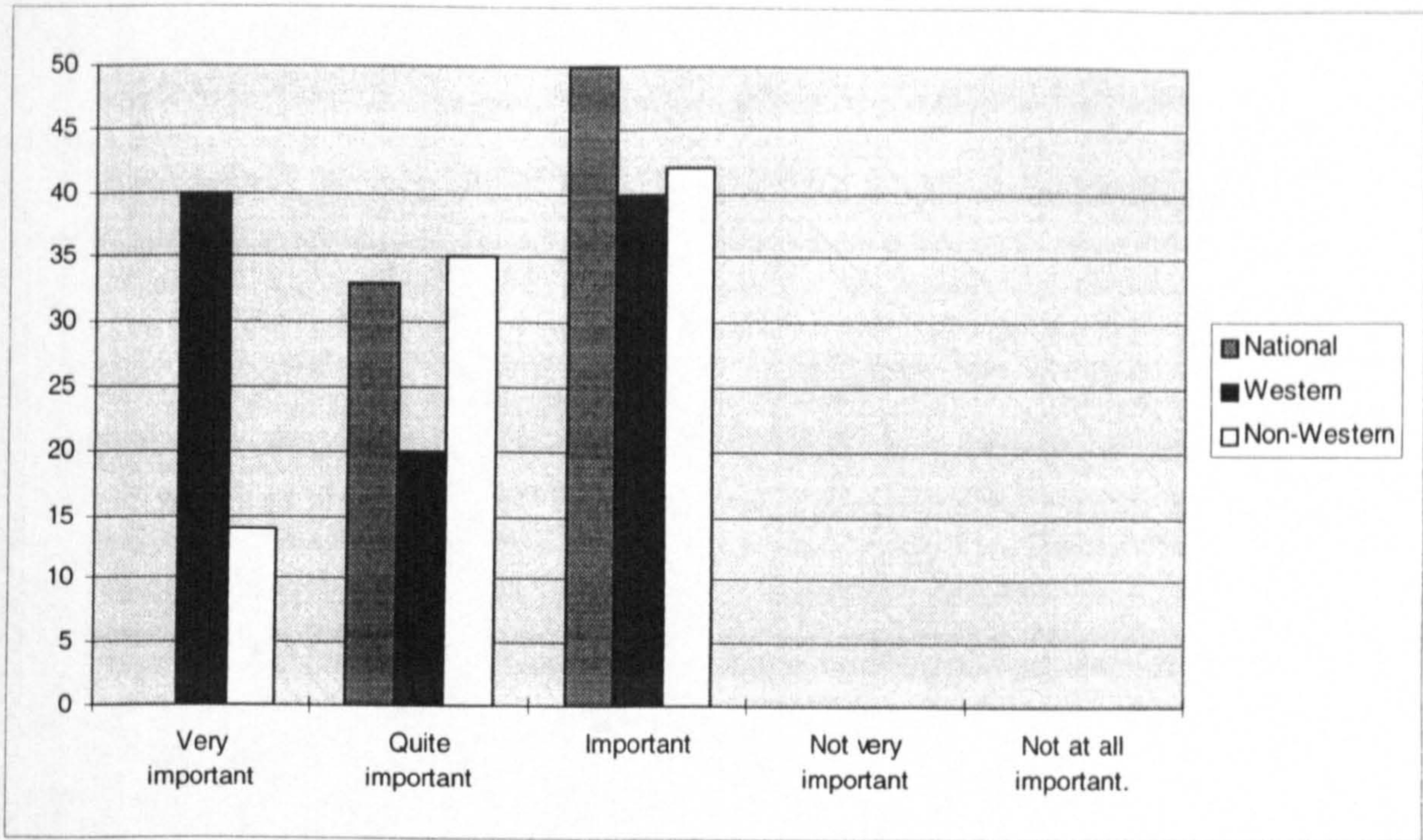


Table 18

All respondents recognised the importance of technical competence.

Local knowledge.

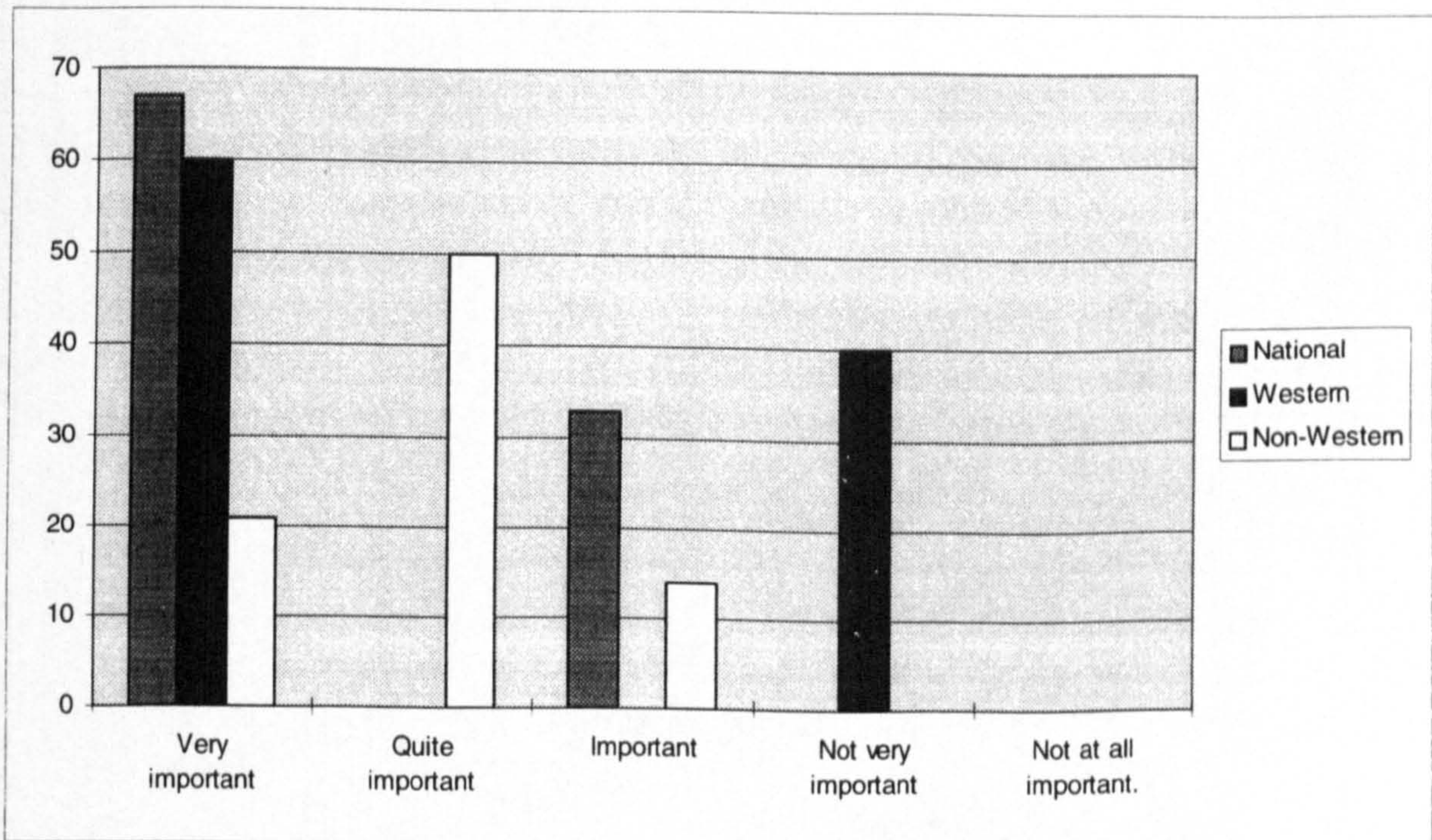


Table 19

Only a significant percentage of the Western expatriates thought that local knowledge was not important.

Local contacts.

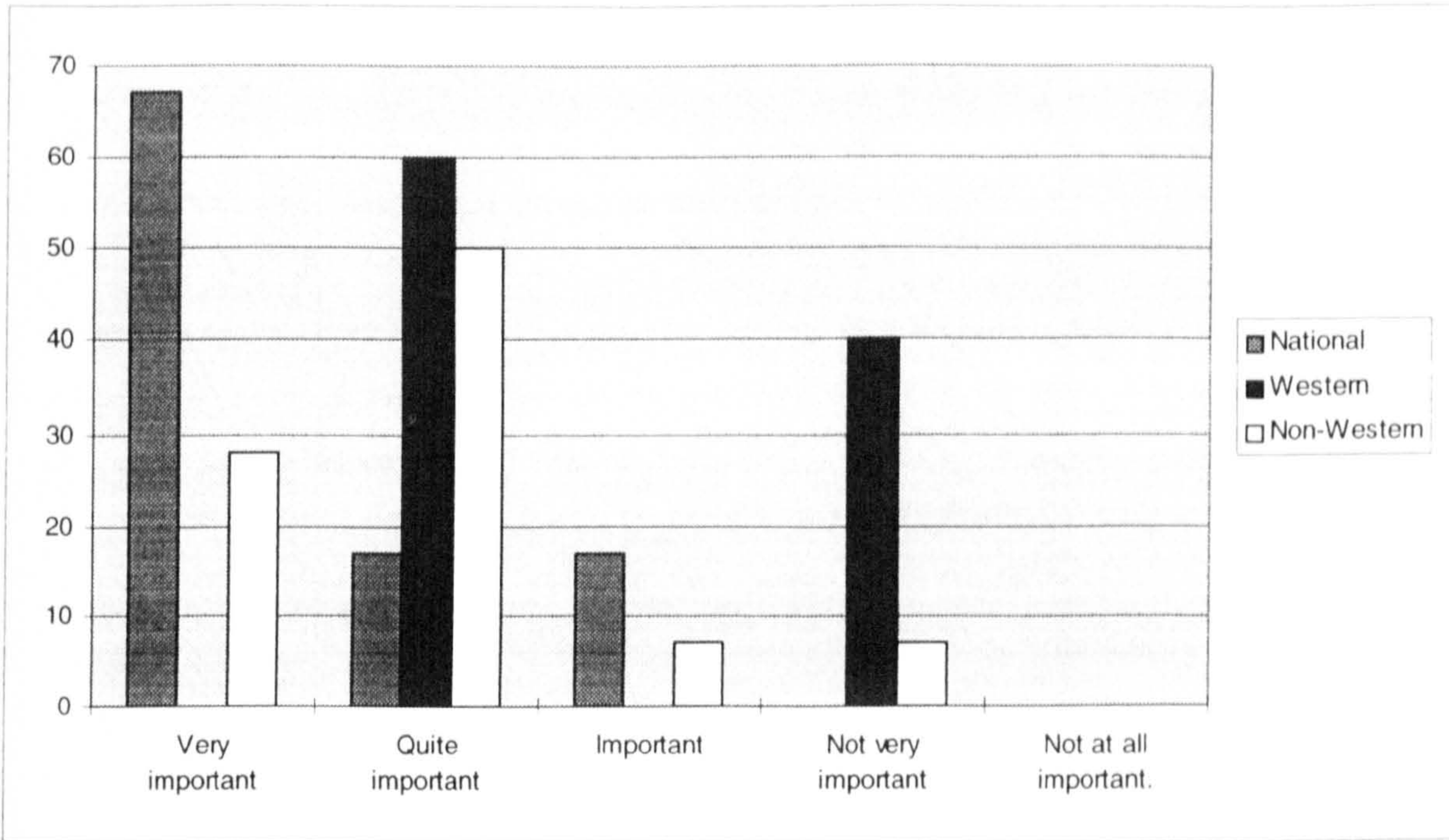


Table 20

Once again it was only a few respondents who thought that local contacts were not important. These were mainly Western expatriates.

International work experience.

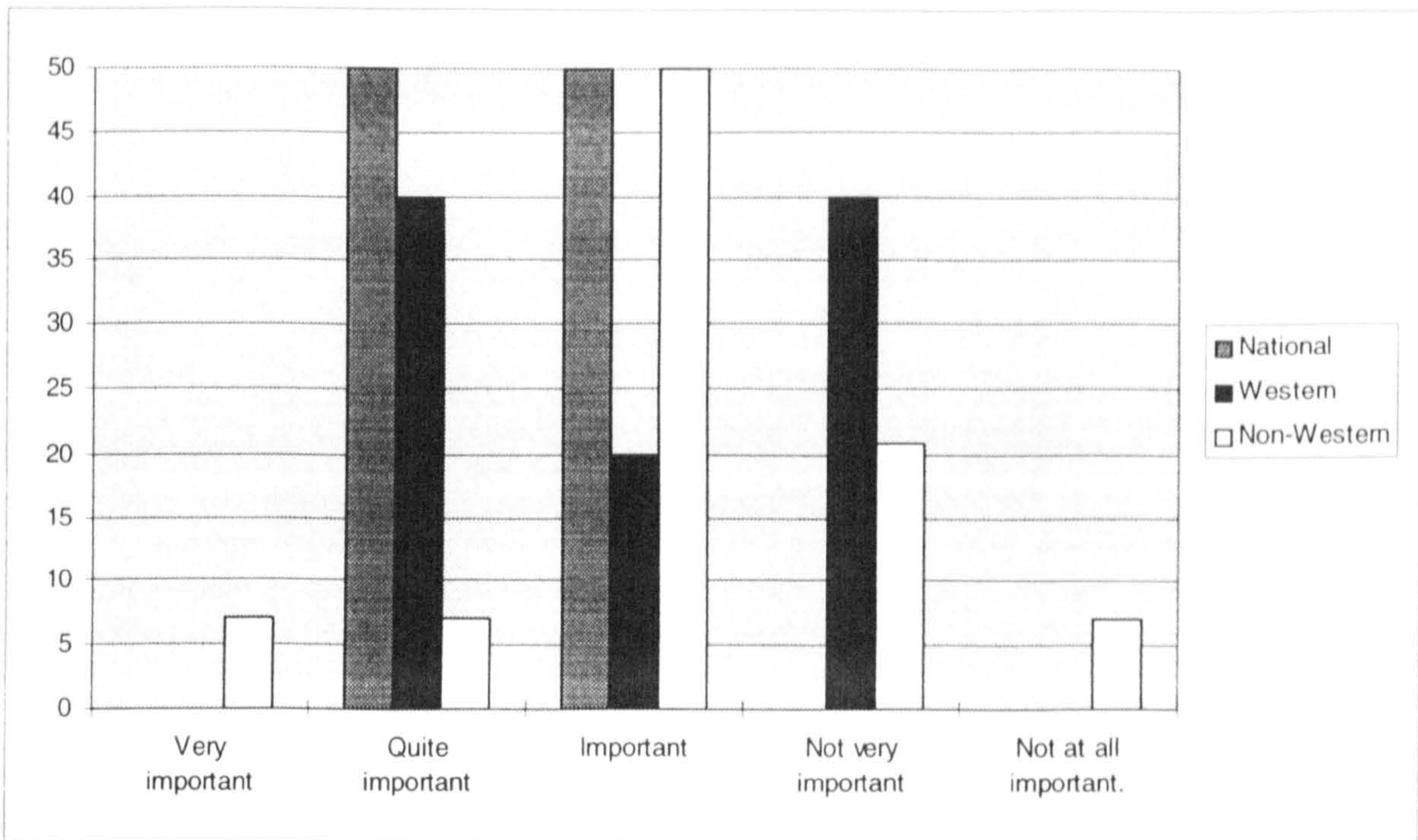


Table 21

These recruits would be able to bring experience of working in other GCC States but there was no clear consensus on its value.

Cheaper to employ than alternative nationalities.

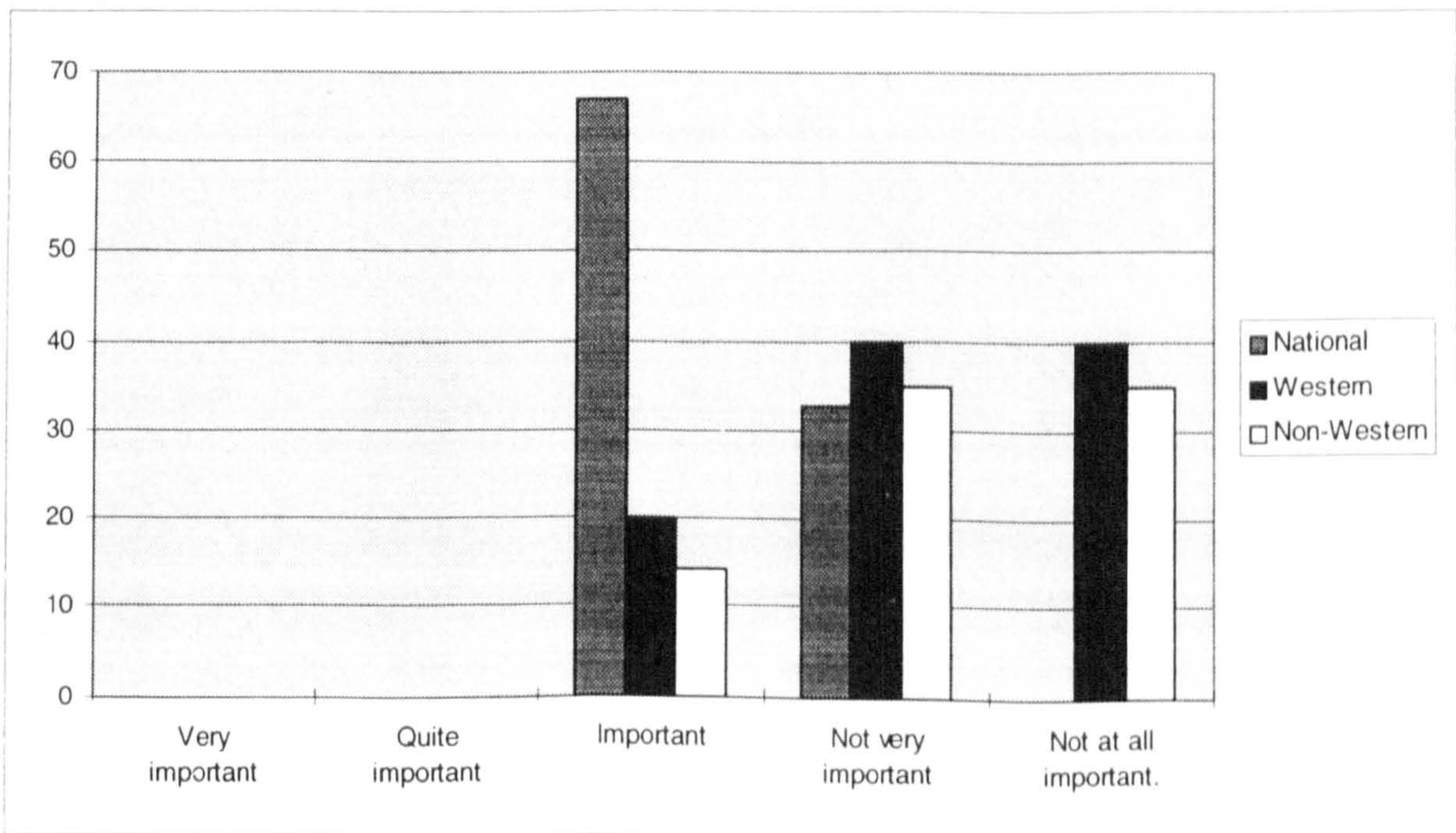


Table 22

Once again the nationals thought that their fellow GCC citizens were cheaper to employ than expatriates.

Degree from a university in the recruit's home country.

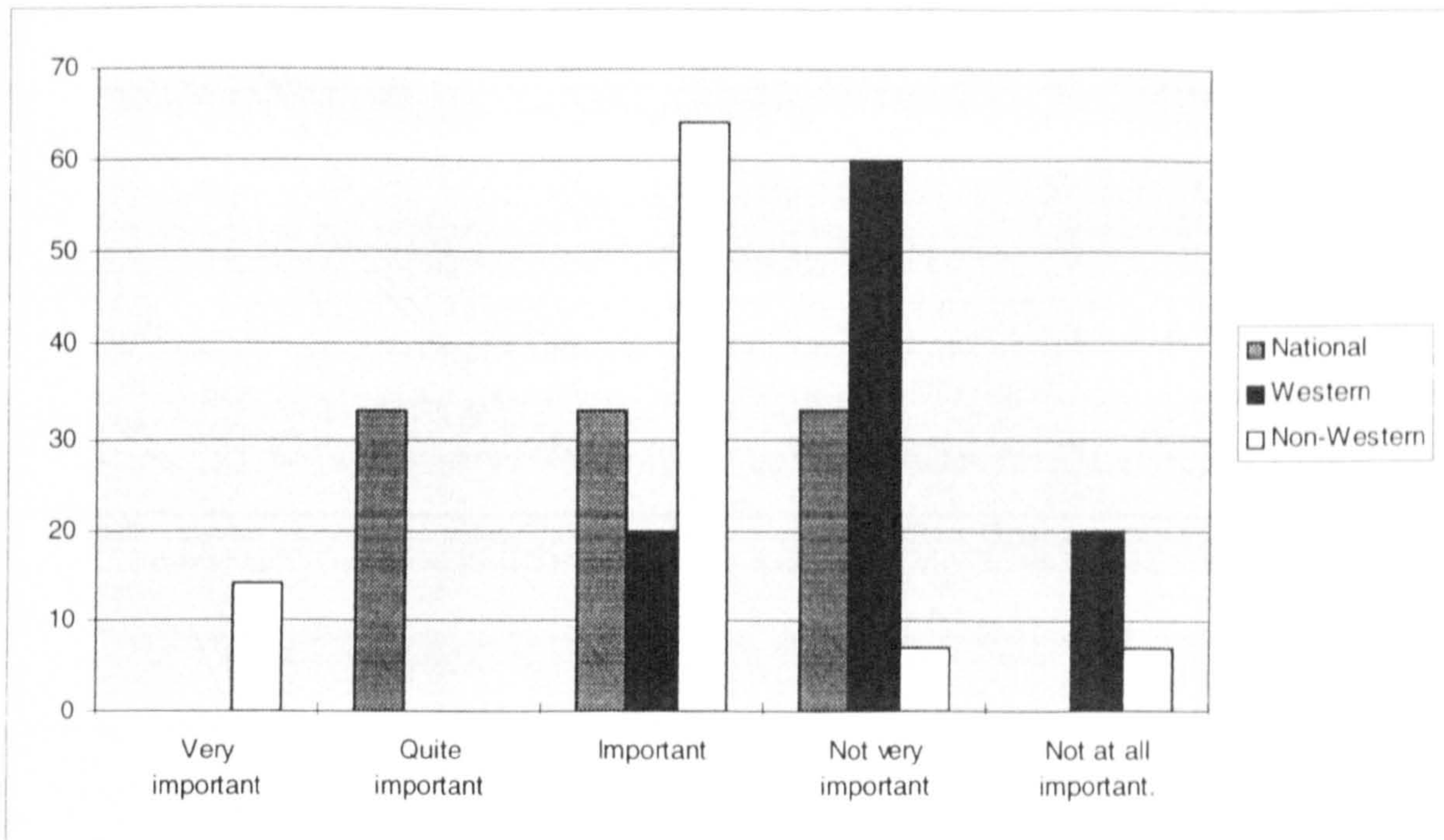


Table 23

Although most non-Western expatriates thought that a degree from a GCC university would be of value most respondents did not agree.

Degree from elsewhere.

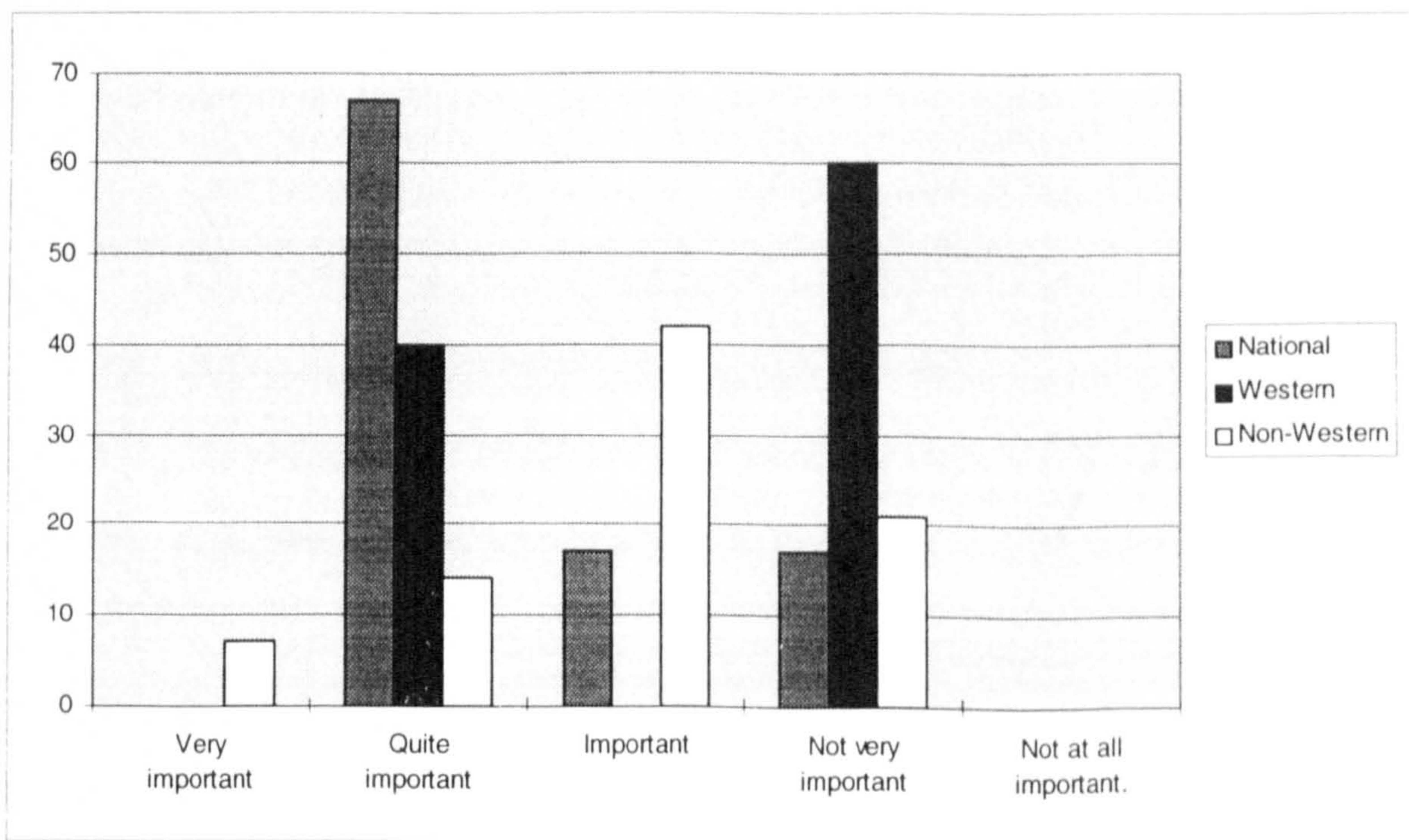


Table 24

There was no consensus on the importance of a degree in general those who thought it quite important were balanced by those who thought it not very important.

Foreign language skills.

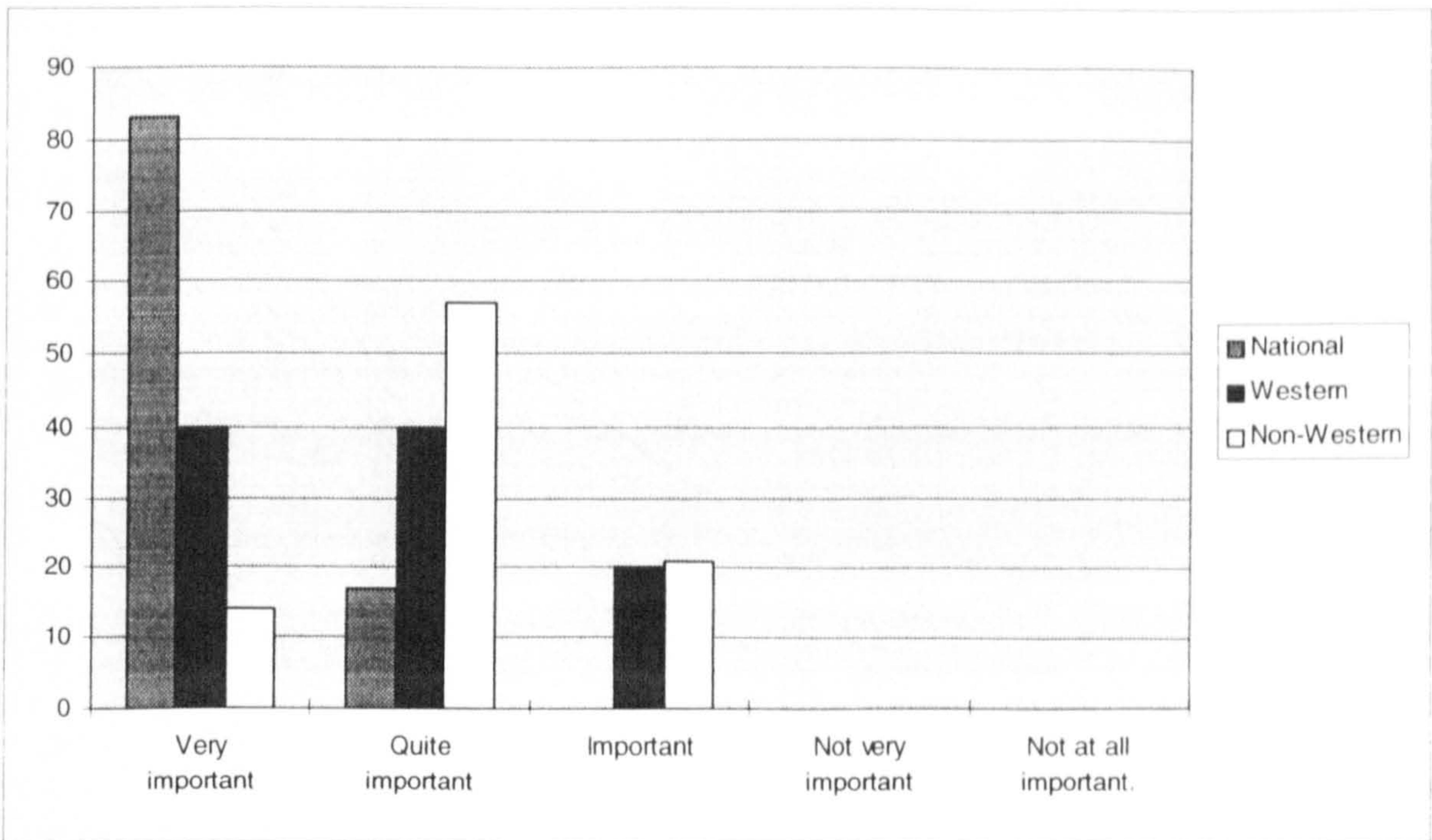


Table 25

Again the use of a foreign language (English) was deemed important.

Willingness to stay with this bank.

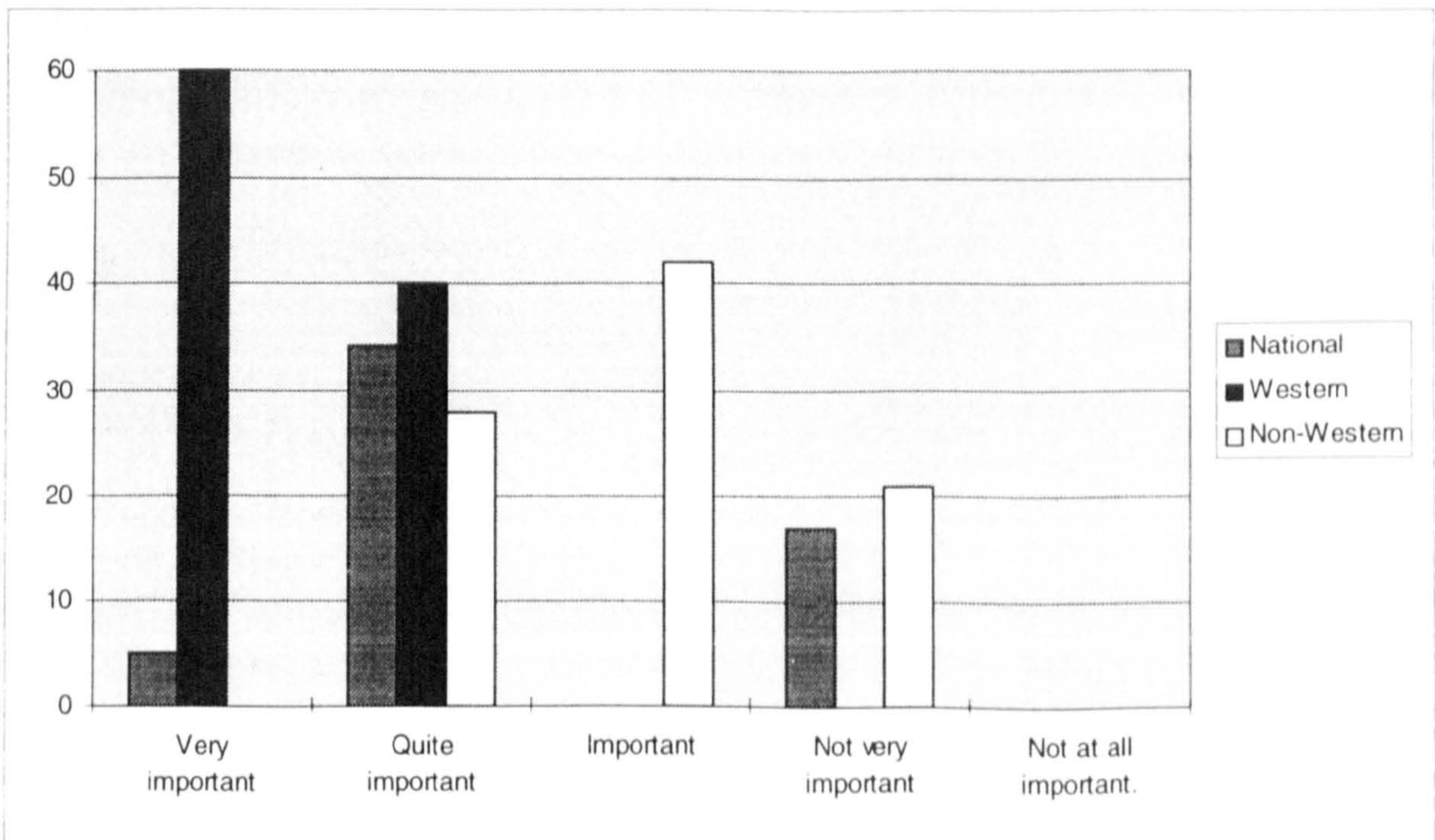


Table 26

Apart from the majority of non-Western expatriates the respondents considered loyalty of much importance.

Willingness to work abroad in other parts of the parent bank.

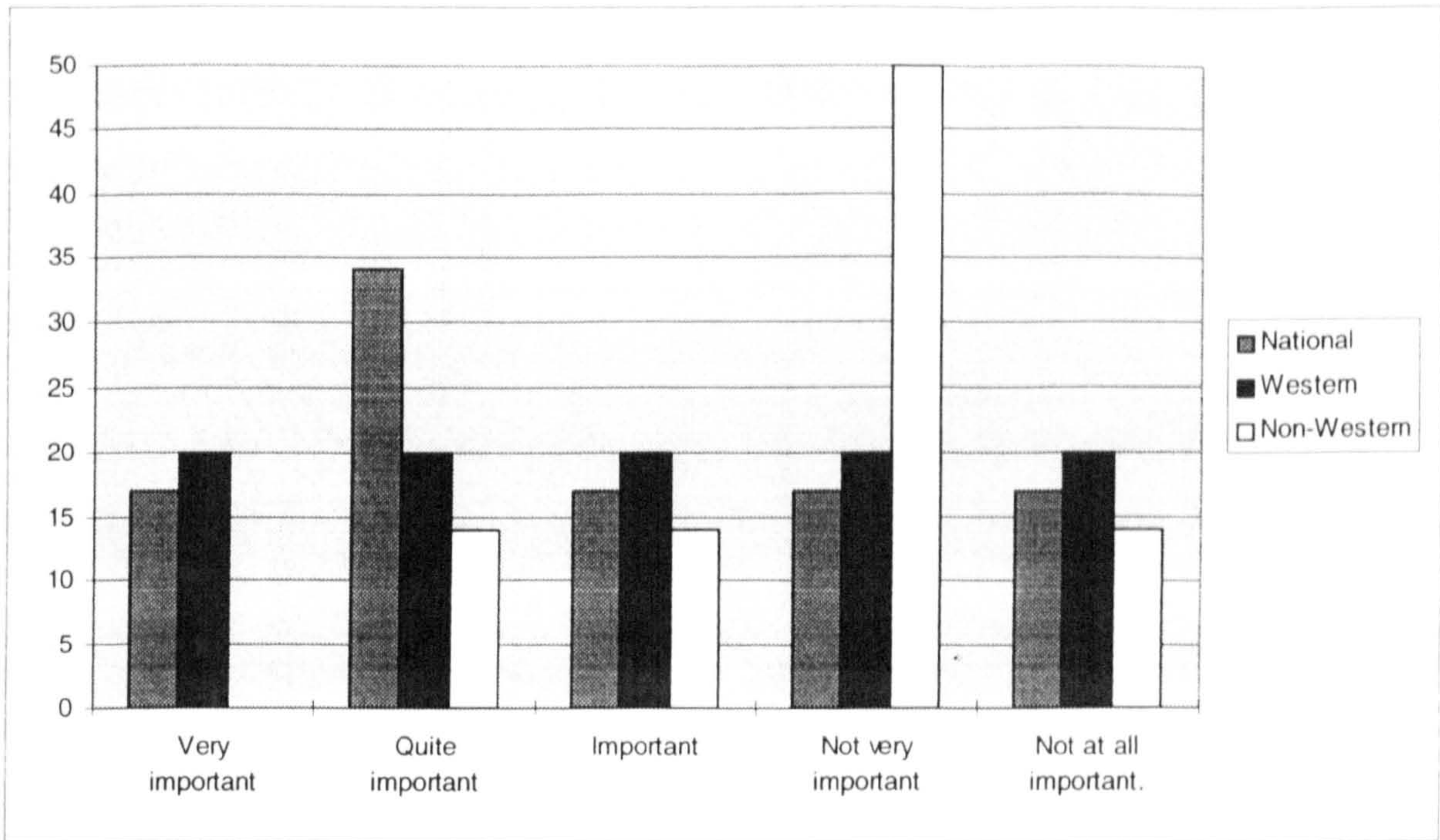


Table 27

There was almost no agreement on the value of willingness to work abroad. The non-Western respondents who thought it not very important were the only group to give a clear opinion.

4.8.4 Views on the Recruitment of Western Expatriates.

In your opinion, how important are the following factors in the recruitment of Western expatriates into management positions in this bank?

Managerial skills.

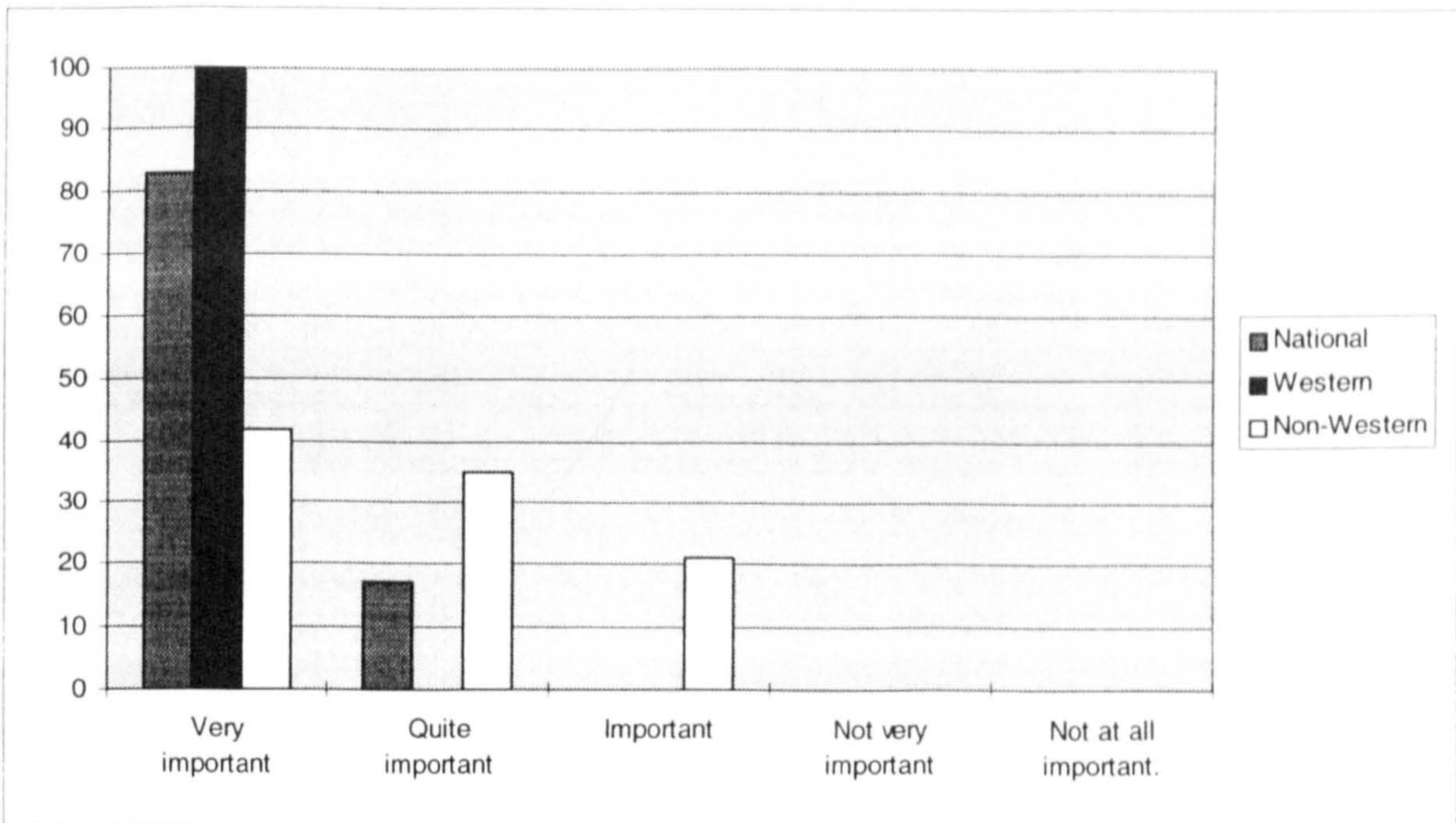


Table 28

Here there was a clear consensus that it was very important to recruit Western expatriates with managerial skills. There may be a few non-Western expatriates who disagree on the amount of importance.

Technical competence.

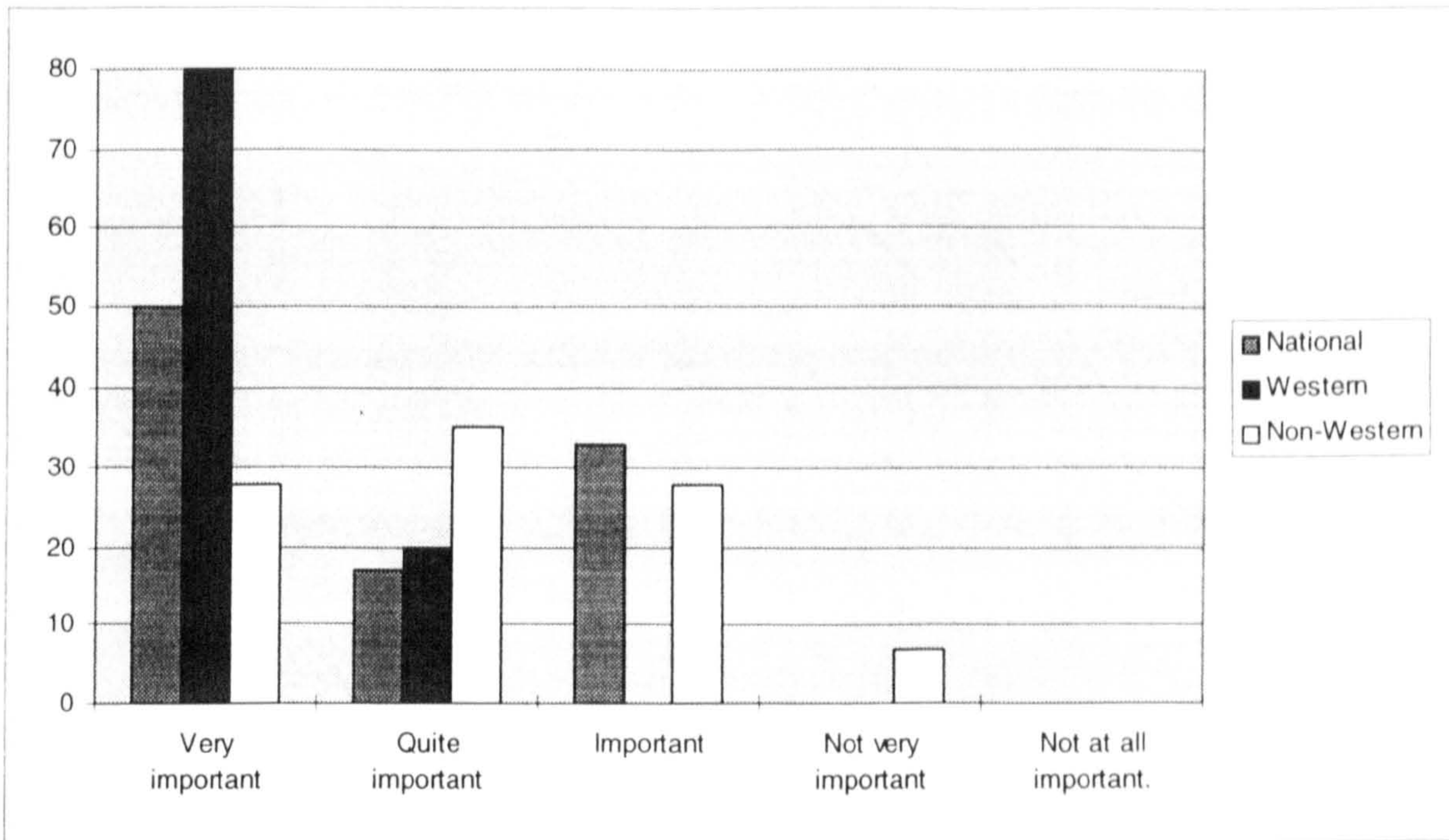


Table 29

Again there was consensus on the merit of technical competence with some non-Western and national respondents differing in the weight to be given to this factor.

Local knowledge.

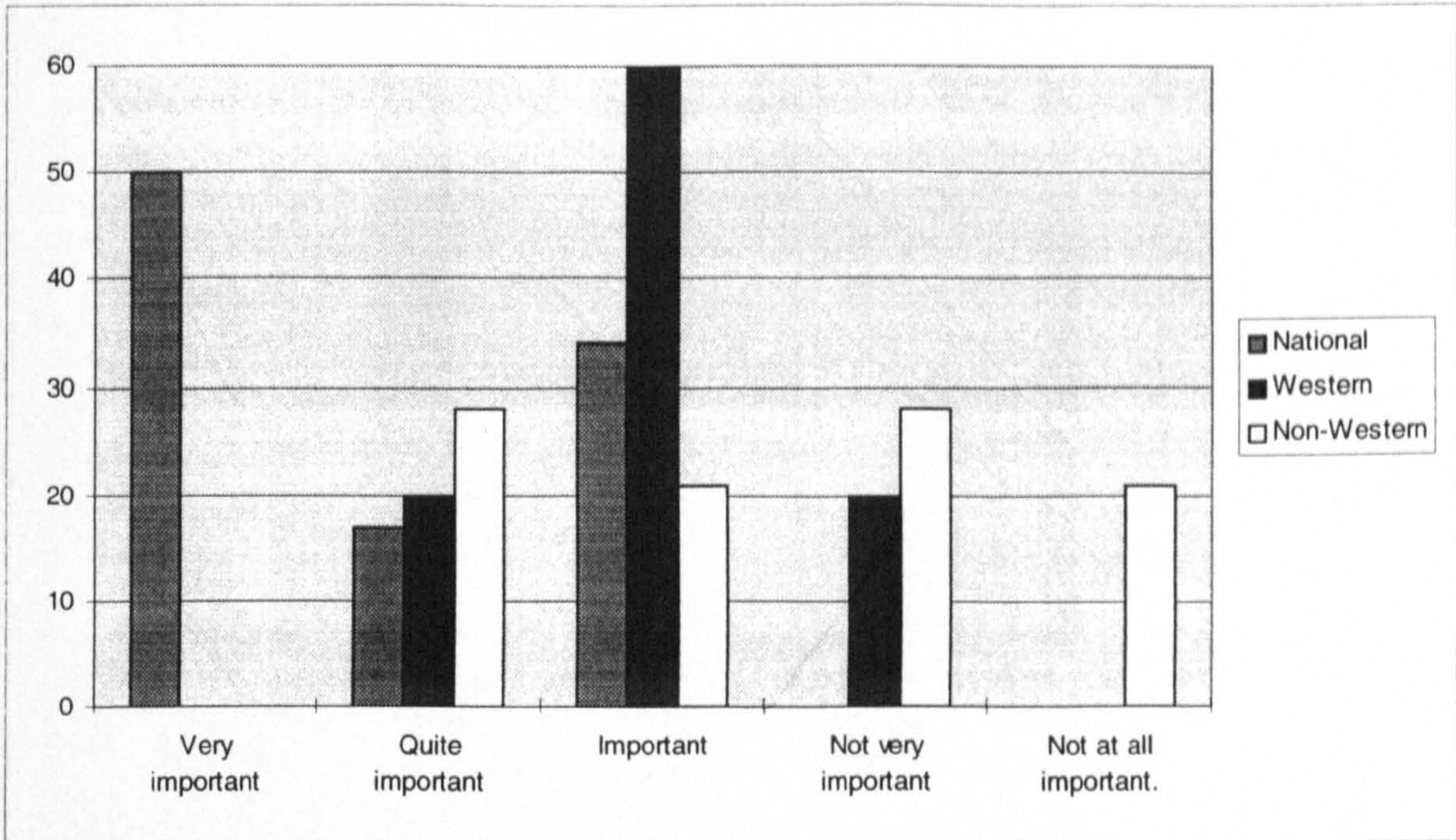


Table 30

Half of the national respondents thought that local knowledge was very important for Western expatriates. A majority of Western respondents agreed that it was important.

Local contacts.

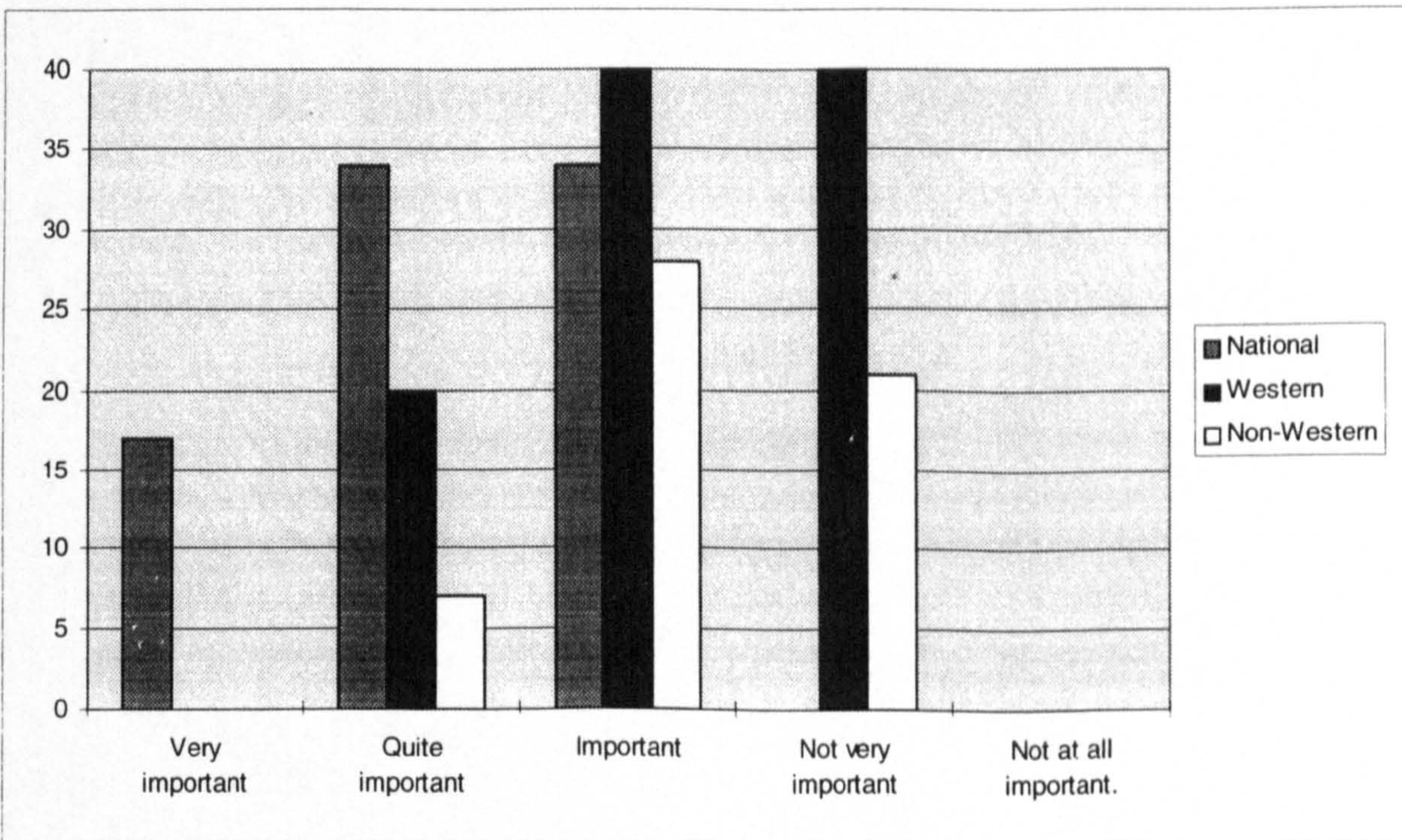


Table 31

Yet again a spread of opinions with the nationals thinking that contacts were of more importance than the expatriates thought.

International work experience.

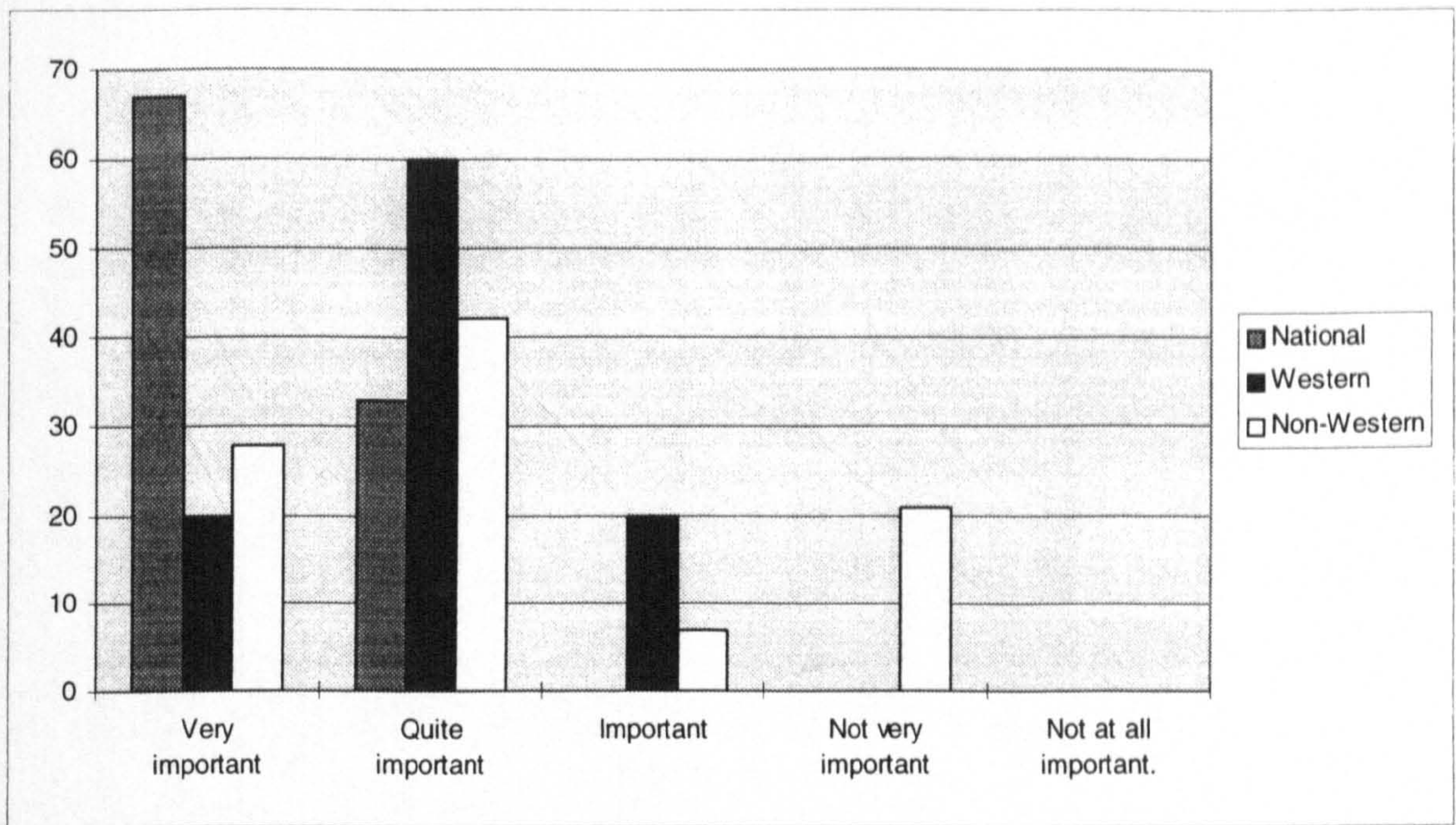


Table 32

In spite of the earlier opinion that local knowledge was of import it was also thought that Western expatriates should have international experience. The nationals felt more strongly about this than the expatriates.

Cheaper to employ than alternative nationalities.

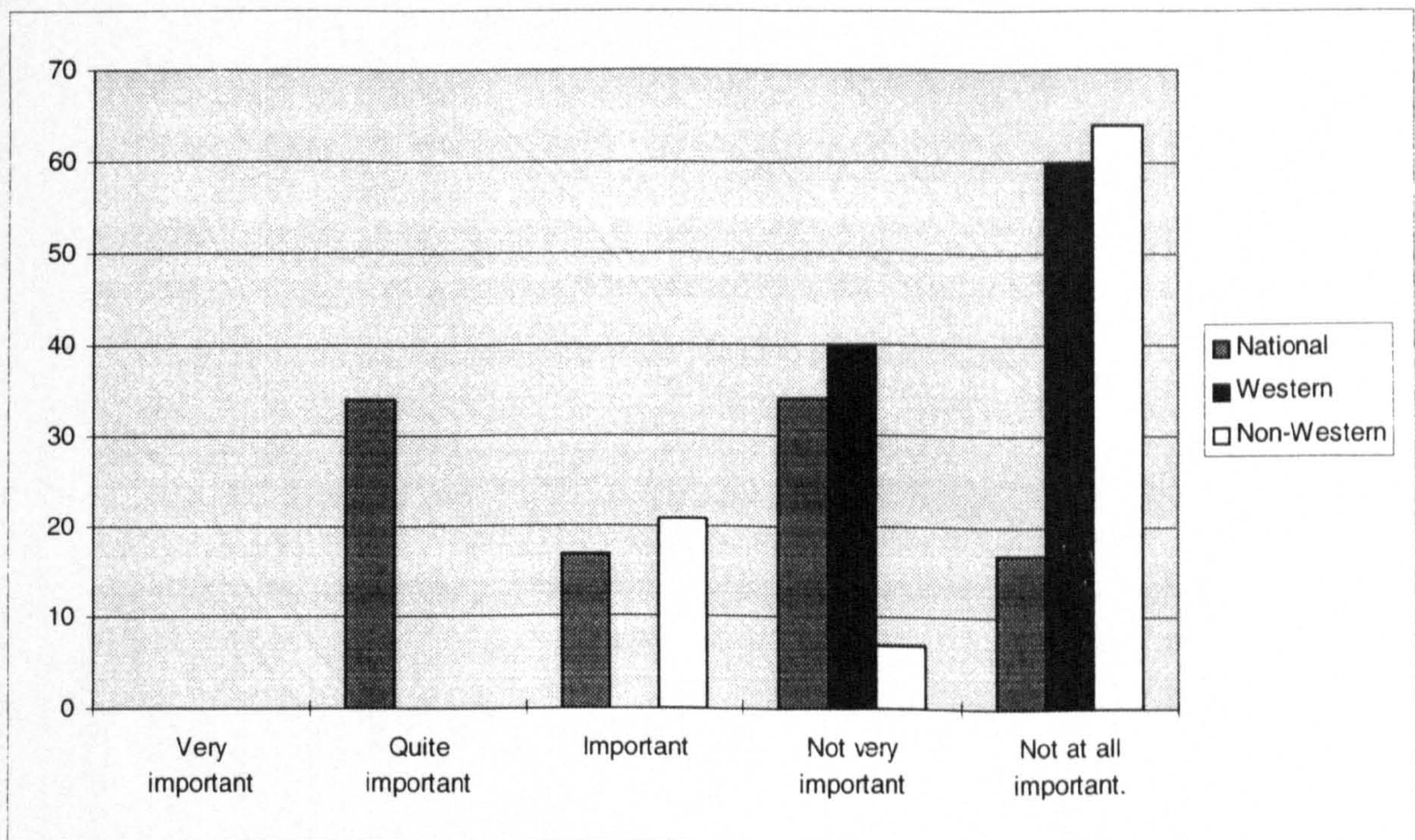


Table 33

Apart from a few nationals who implied that Western expatriates were not cheaper to employ than other categories there was a consensus that cheapness was not an important criteria.

Degree from a university in the recruit's home country.

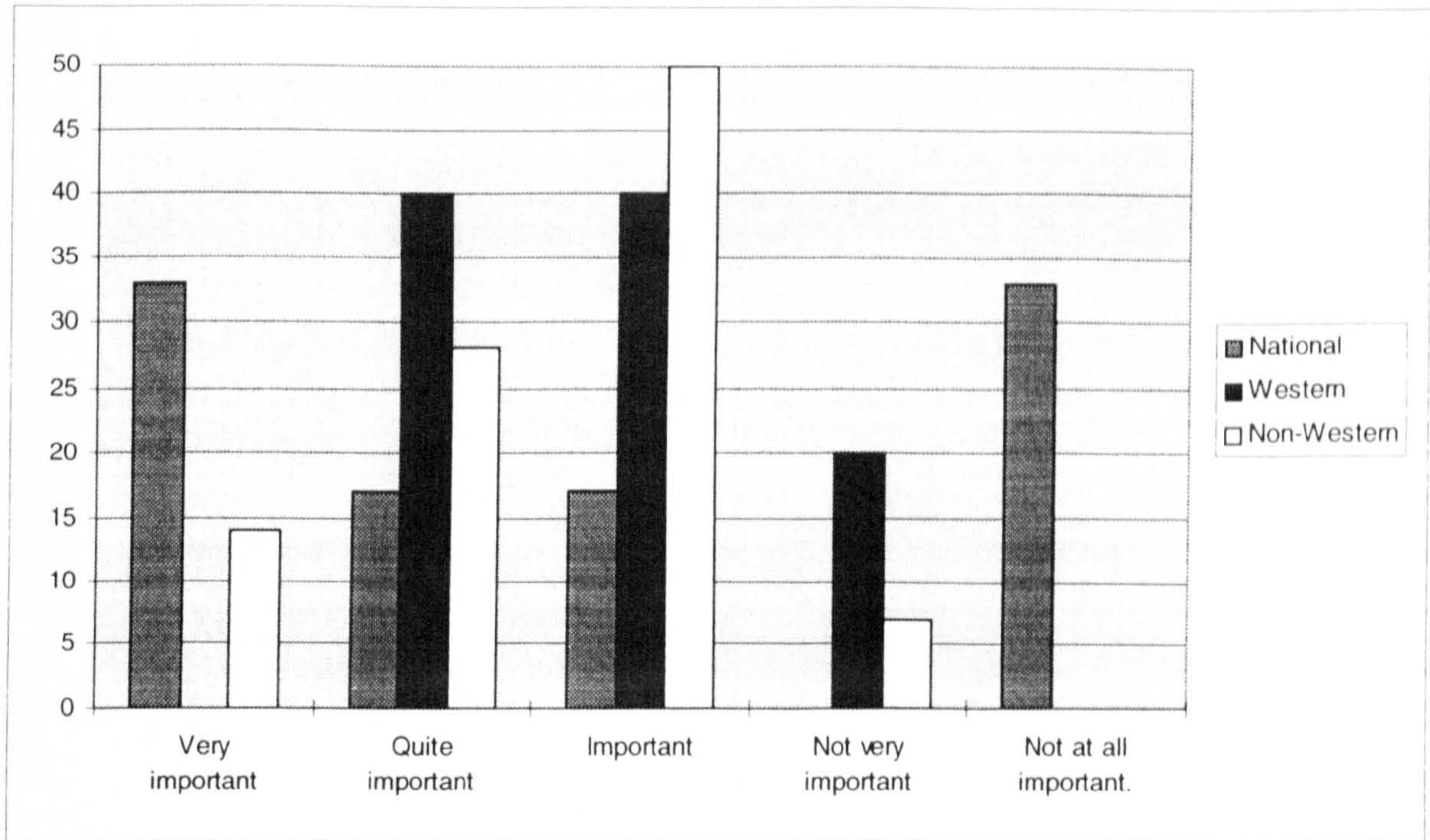


Table 34

The UAE nationals thinking that such a degree was very important evenly balanced those who thought it not at all important. Expatriates favoured education to degree level.

Degree from elsewhere.

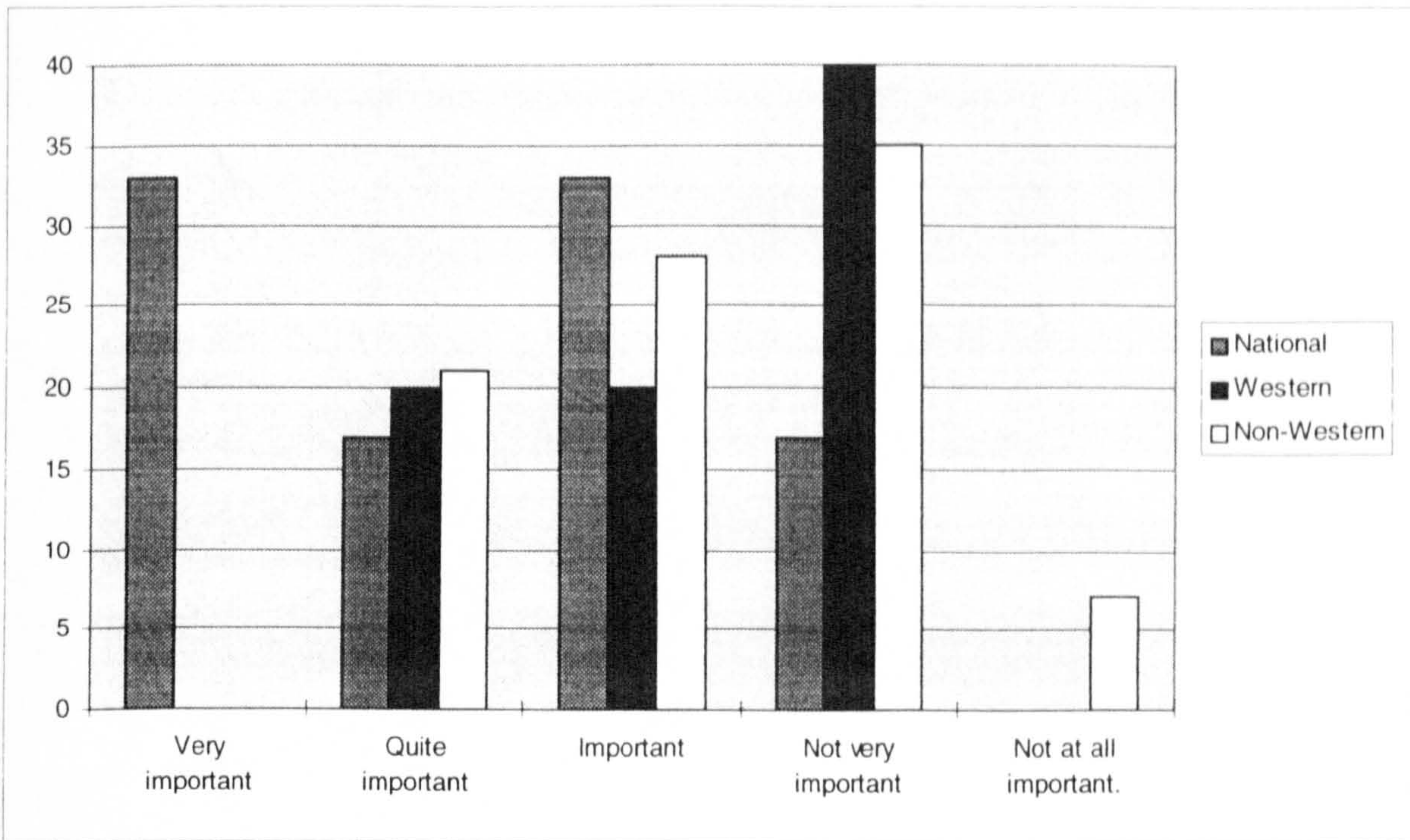


Table 35

Nationals gave more importance to a degree than the expatriates. Maybe the expatriates recognised the phenomena mentioned earlier in this chapter that the Western expatriates tend to be less well qualified than the other expatriates and the nationals.

Foreign language skills.

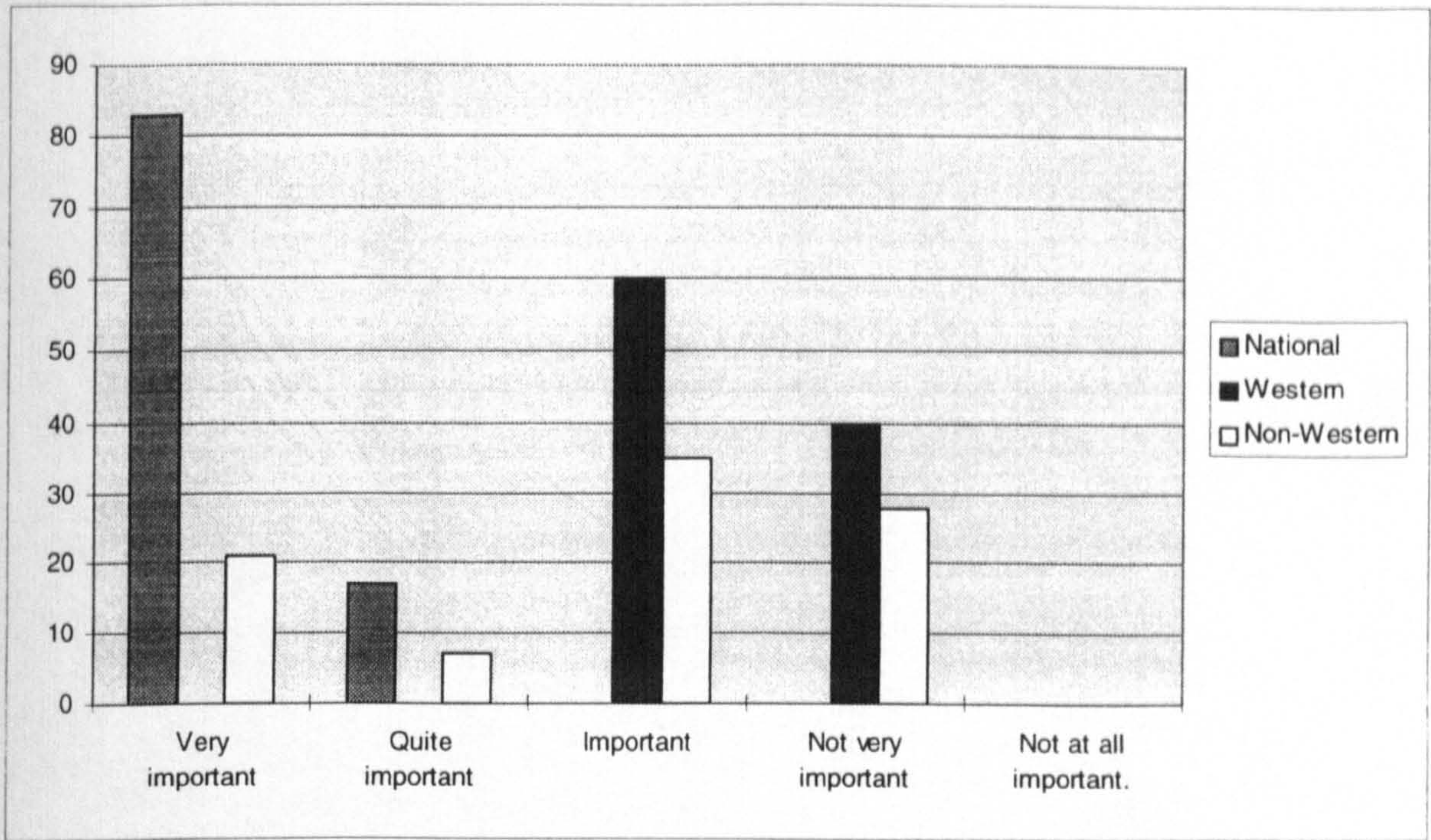


Table 36

Only nationals gave particular weight to the value of language skills (the Arabic language is the one which would be most useful). Others thought it might be important but did not take as strong a view as the nationals.

Willingness to stay with this bank.

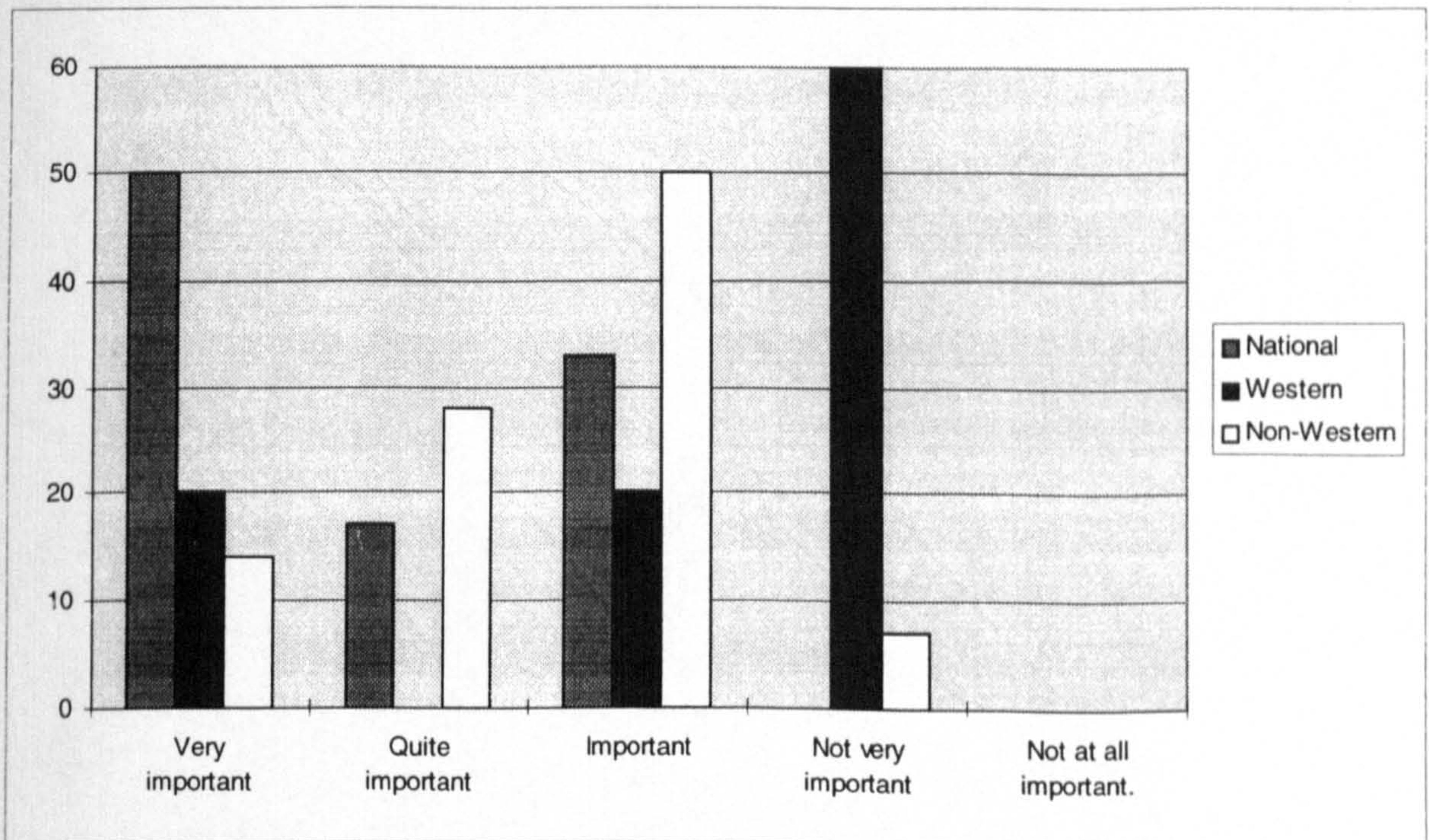


Table 37

Again it was the nationals who expressed a strong desire to have Western recruits be willing to be loyal. Others were less convinced.

Willingness to work abroad in other parts of the parent bank.

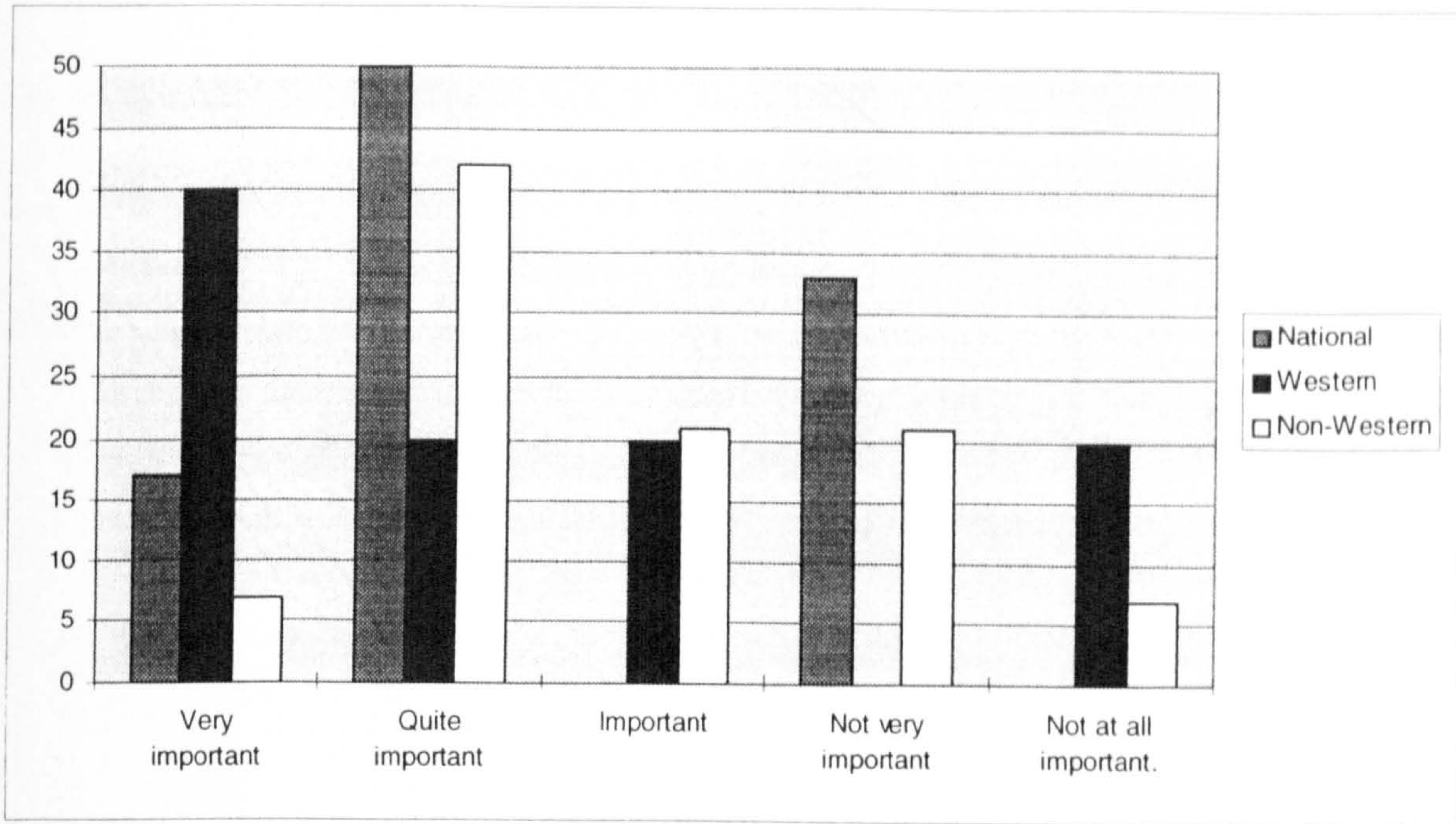


Table 38

There was a tendency to think that willingness to work elsewhere could be important but a large minority disagreed.

4.8.5 Views on the Recruitment of Non-Western Expatriates.

In your opinion, how important are the following factors in the recruitment of other expatriates into management positions in this bank?

Managerial skills.

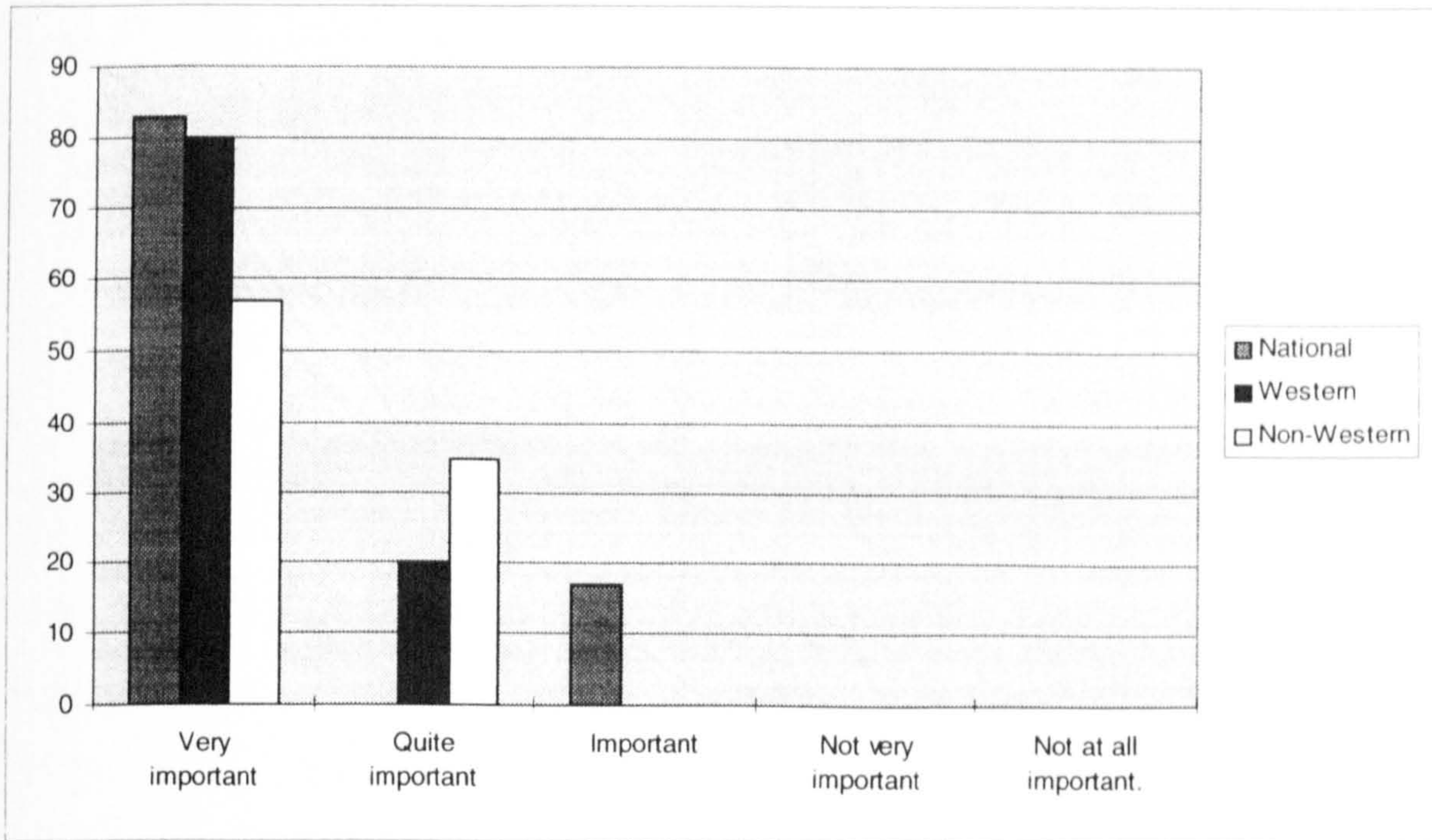


Table 39

All agreed that for non-Western expatriate the need for managerial skills is of great importance.

Technical competence.

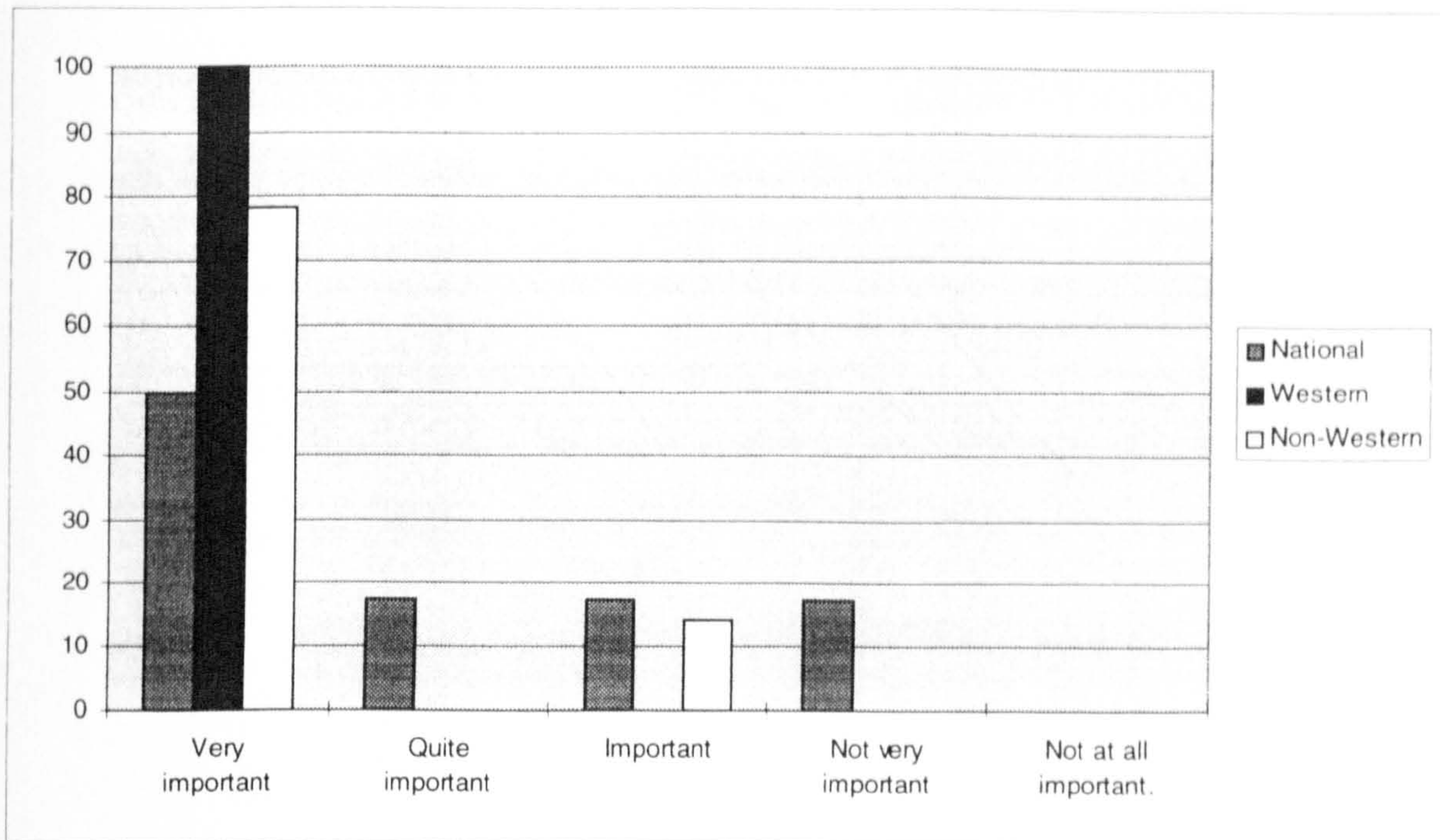


Table 40

Although 100% of Western expatriates thought that technical competence was very important when recruiting a non-Western expatriate the nationals were less certain.

Local knowledge.

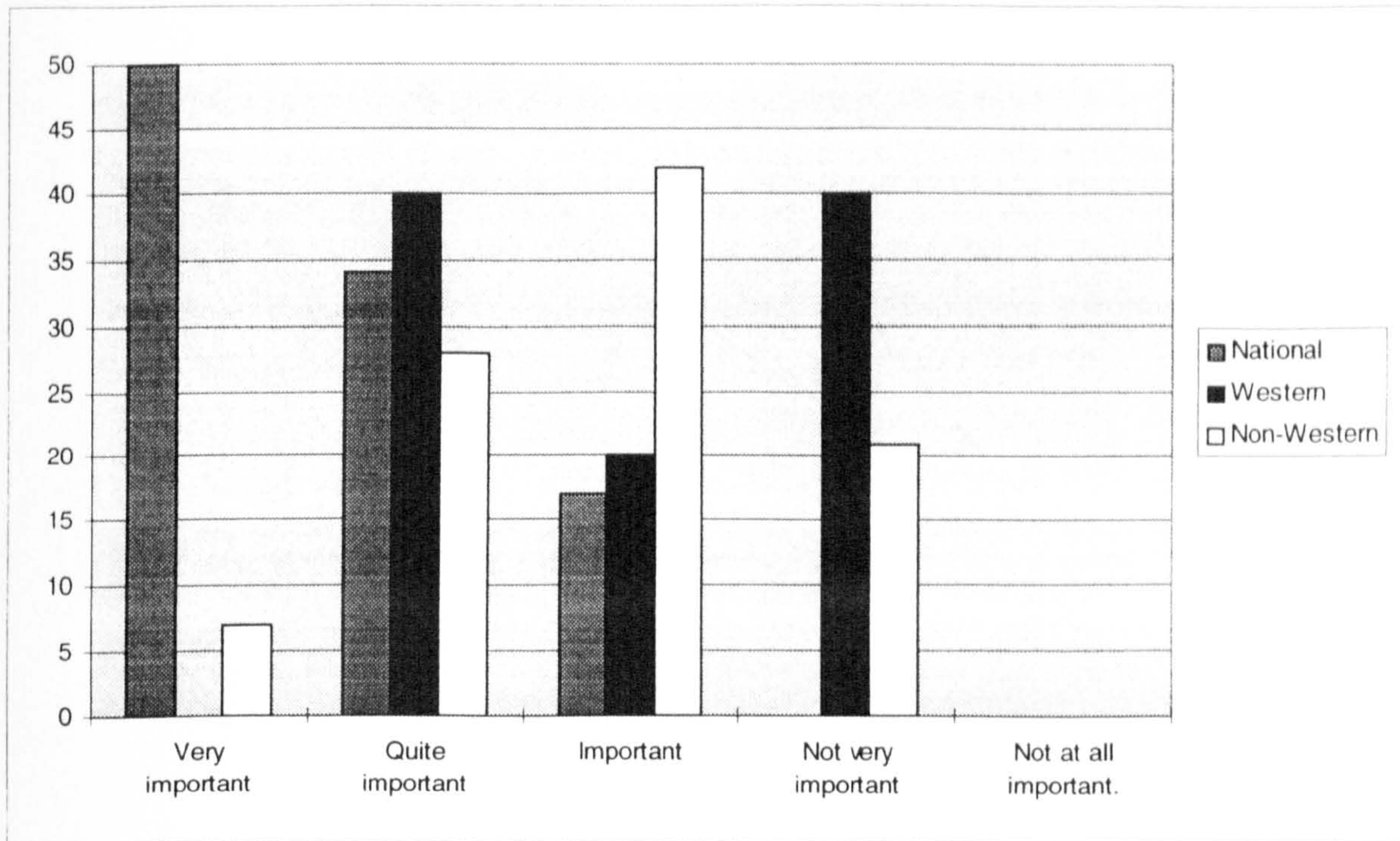


Table 41

There is disagreement on the importance of local contacts when considering non-Western recruits. A substantial proportion of nationals and non-Western respondents think it very important. The Western respondents are divided in their views.

Local contacts.

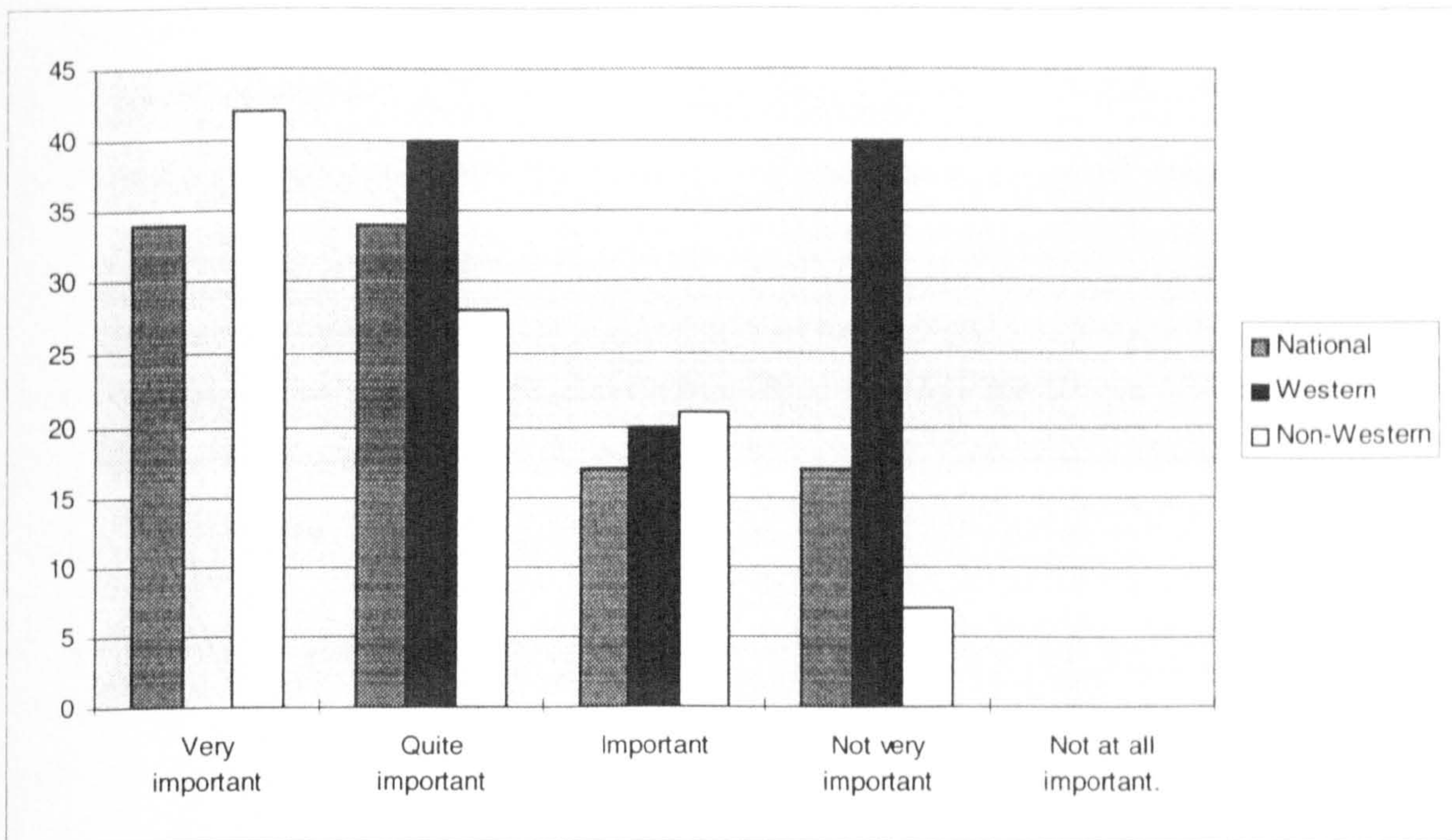


Table 42

Once again the Western expatriates divided in their views of relative importance but the nationals and non-Western expatriates favoured the more important preferences.

International work experience.

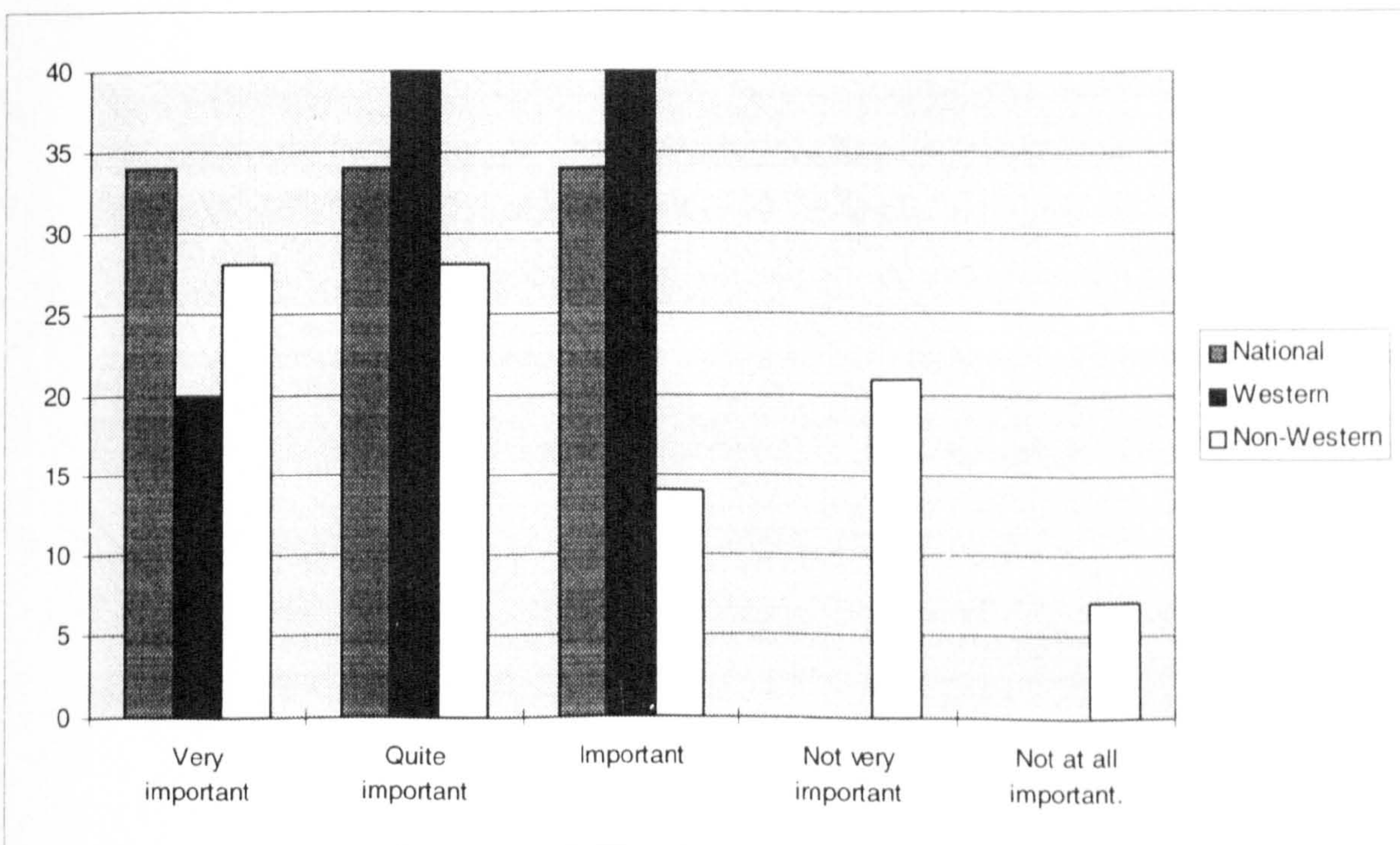


Table 43

Apart from a few non-Western expatriates all thought that international work experience was of importance.

Cheaper to employ than alternative nationalities.

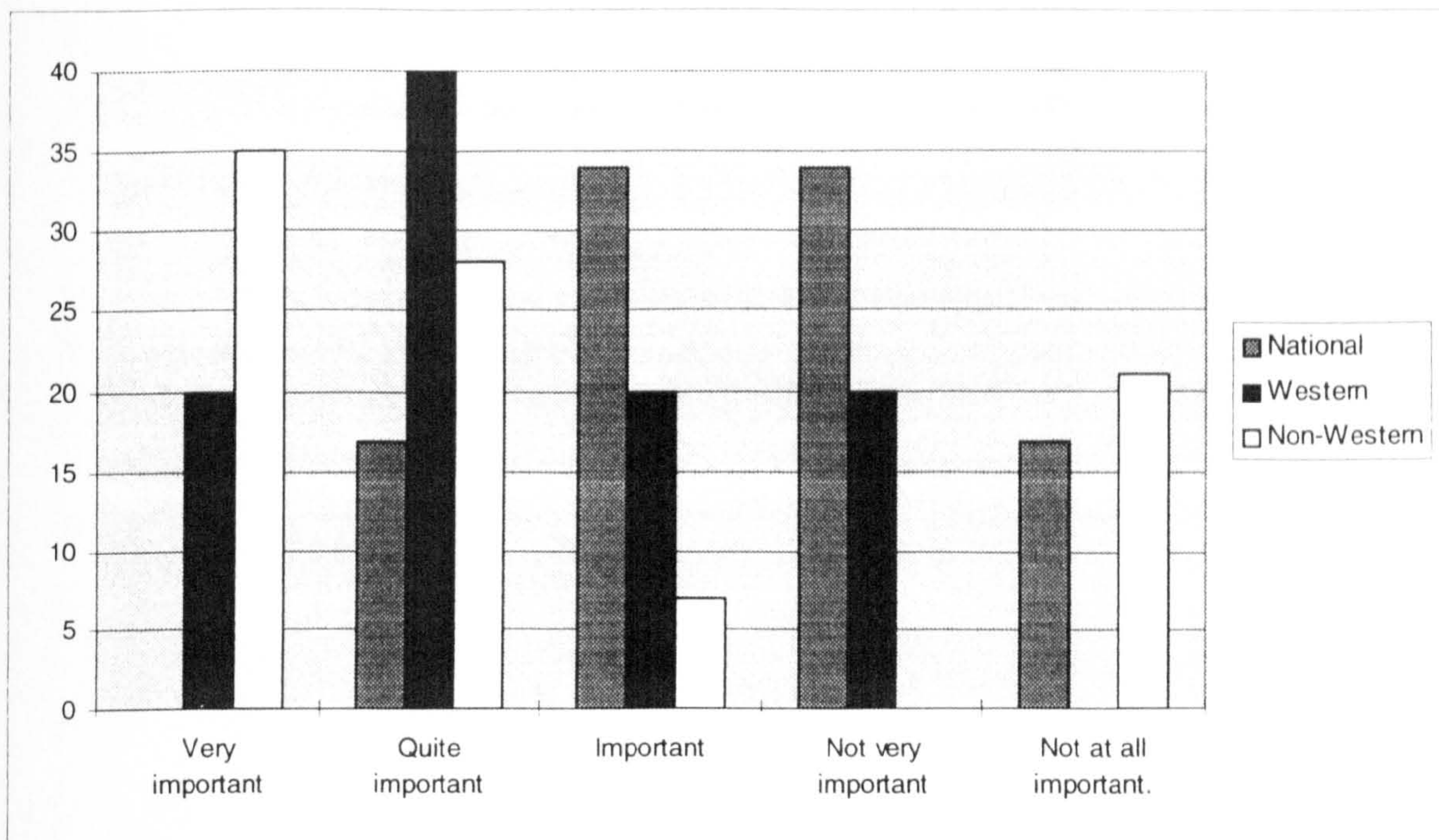


Table 44

The expatriates tended to consider the relative cost, or less cost, of non-Western expatriates an important factor in their recruitment. The nationals thought that this was less important.

Degree from a university in the recruit's home country.

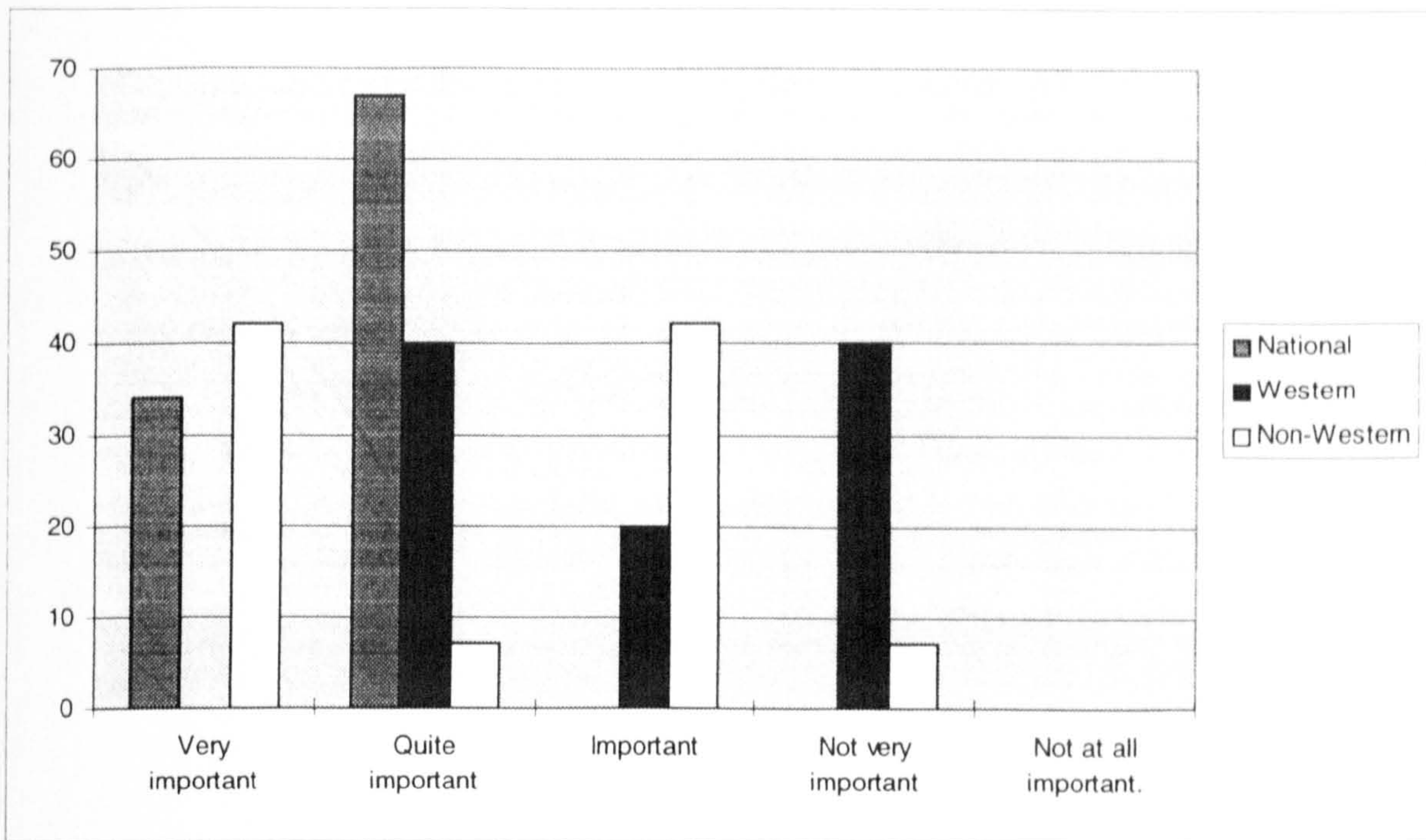


Table 45

A few Western expatriates did not value a degree from non-Western universities but most other respondents considered that education in a non-Western university would be of importance.

Degree from elsewhere.

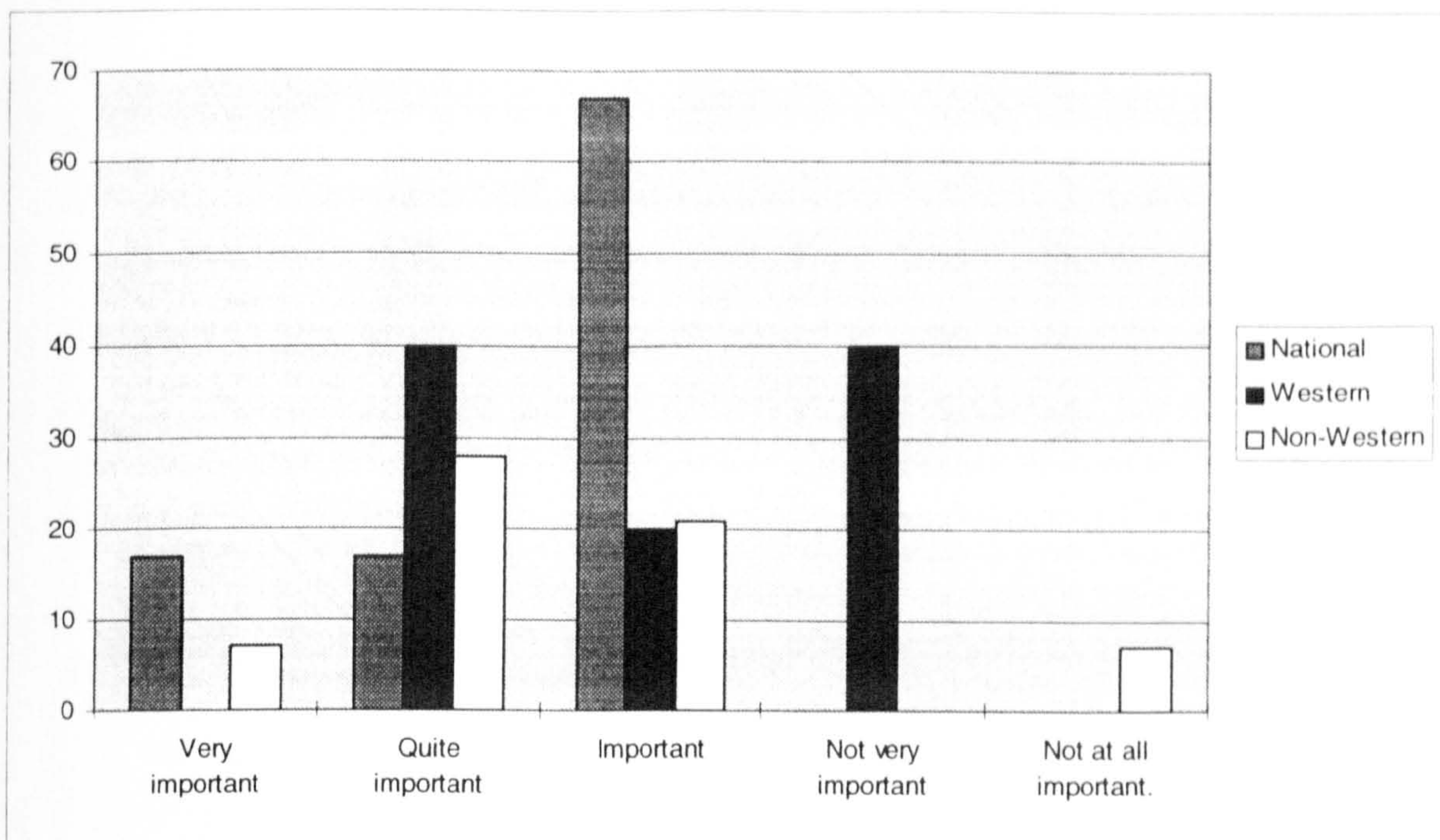


Table 46

Nationals were convinced that the possession of a degree was important for non-Western recruits but expatriates were less certain.

Foreign language skills.

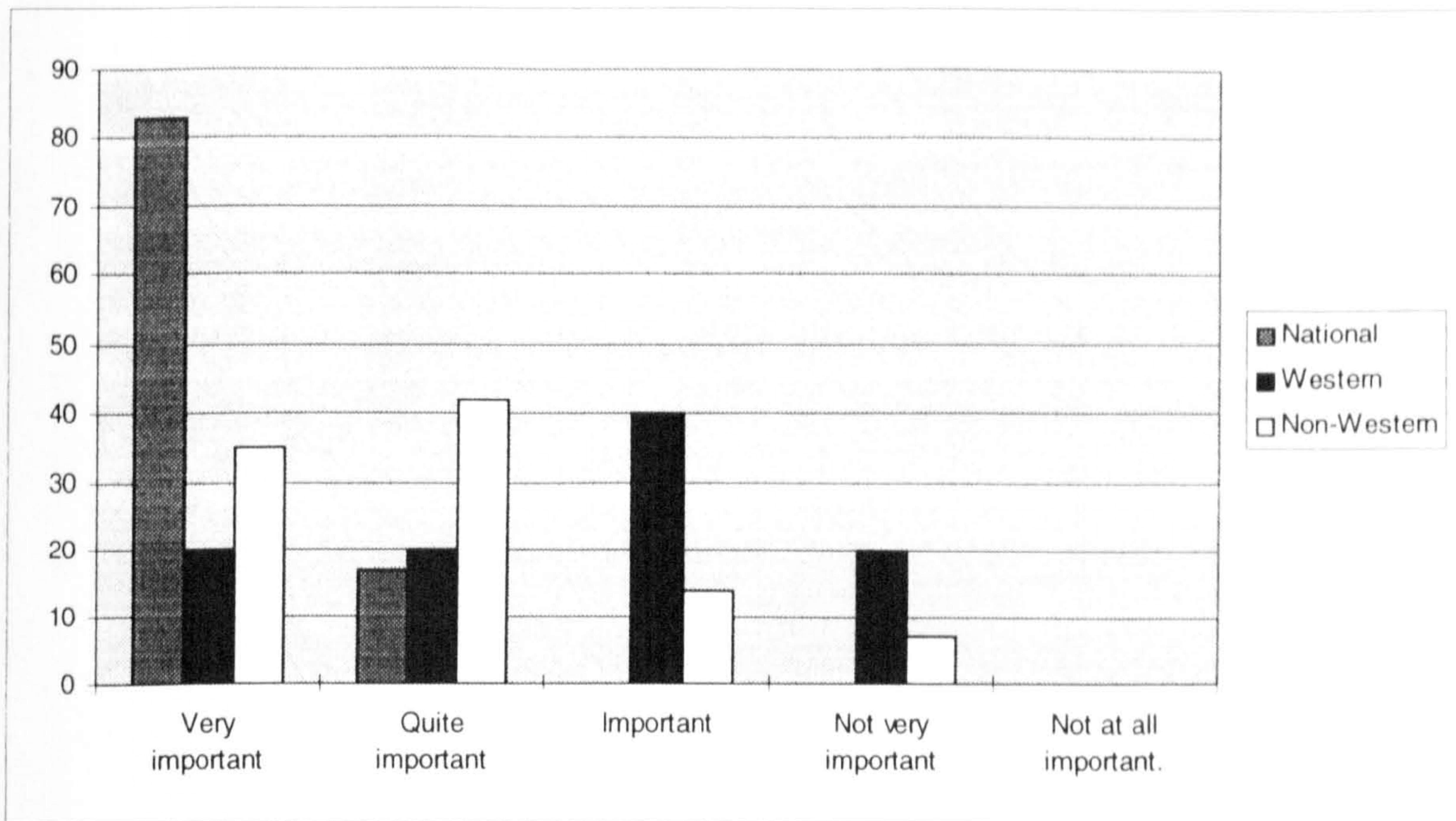


Table 47

Perhaps this question was too ambiguous. Although it was deliberately constructed to not lead the respondent it could be that the nationals have assumed that English, or maybe Arabic but this is not likely, is the second language of the non-Western expatriates so they will insist upon foreign language skills from recruits. The other respondents consider it important but not to the same extent as the nationals.

Willingness to stay with this bank.

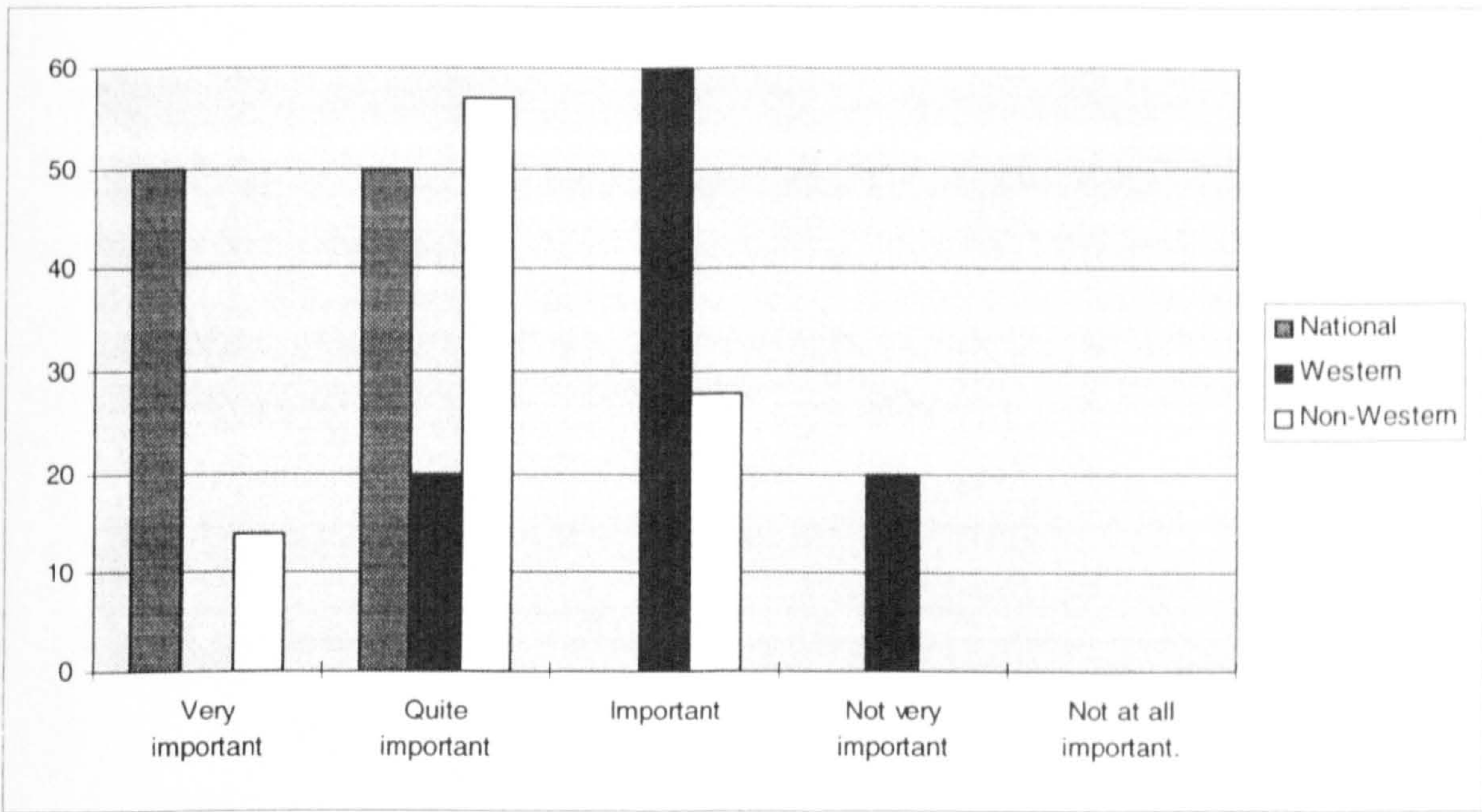


Table 48

Nationals and, to a lesser extent non-Western expatriates, thought the loyalty factor of great importance.

Willingness to work abroad in other parts of the parent bank.

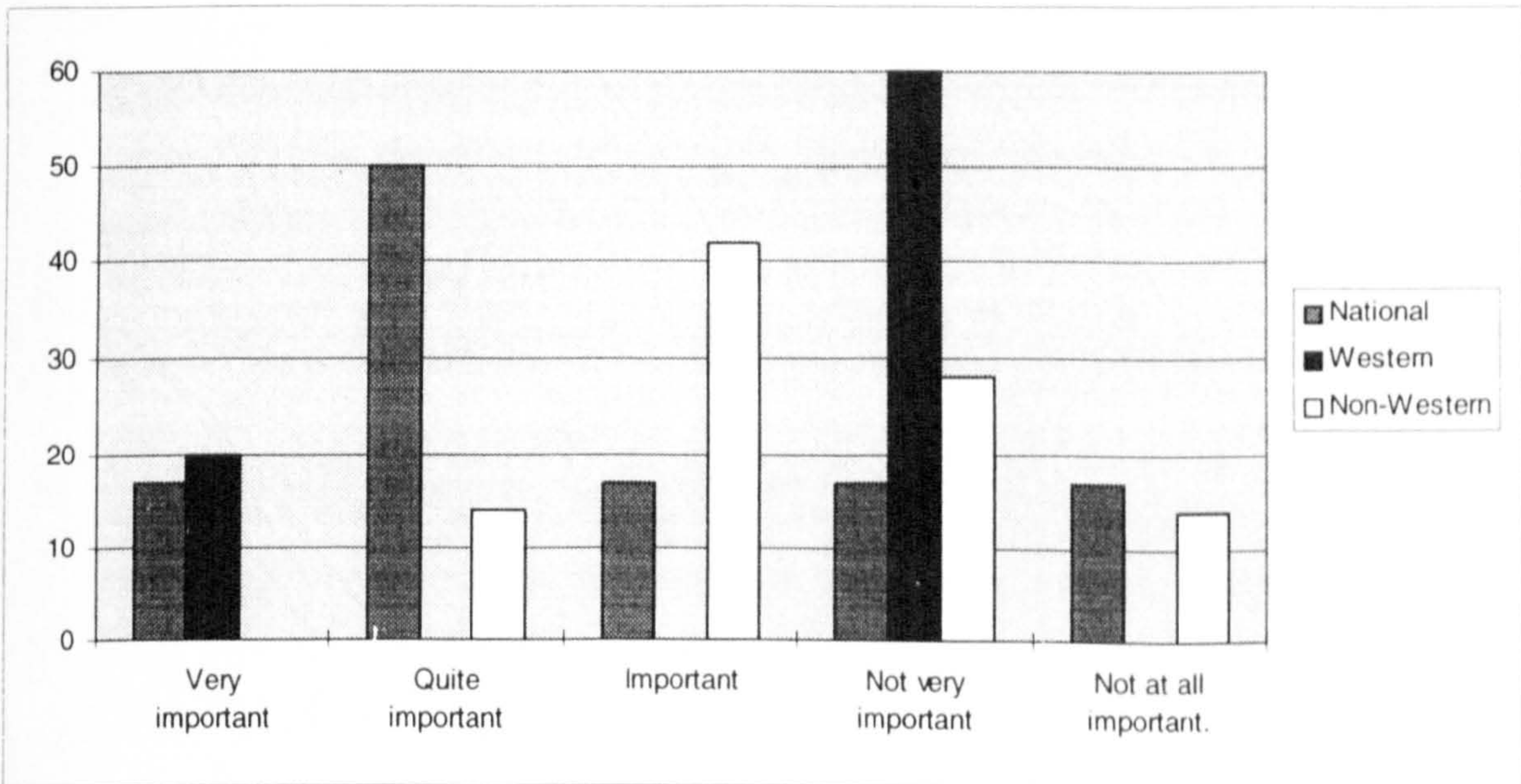


Table 49

There was little agreement on this factor. Western respondents thought that it was not very important, although one person thought it very important,. Half the nationals thought it quite important while others tended to cancel out each other's opinions.

4.8.6 Views on Training and Career Progression.

In the following sections on training and career progression, where ‘UAE nationals’ and ‘expatriates’ are referred to, please take this to mean managers and officers who are working in this bank now.

Please indicate whether you agree with the following about this bank.

UAE nationals and expatriates bring different skills to this bank.

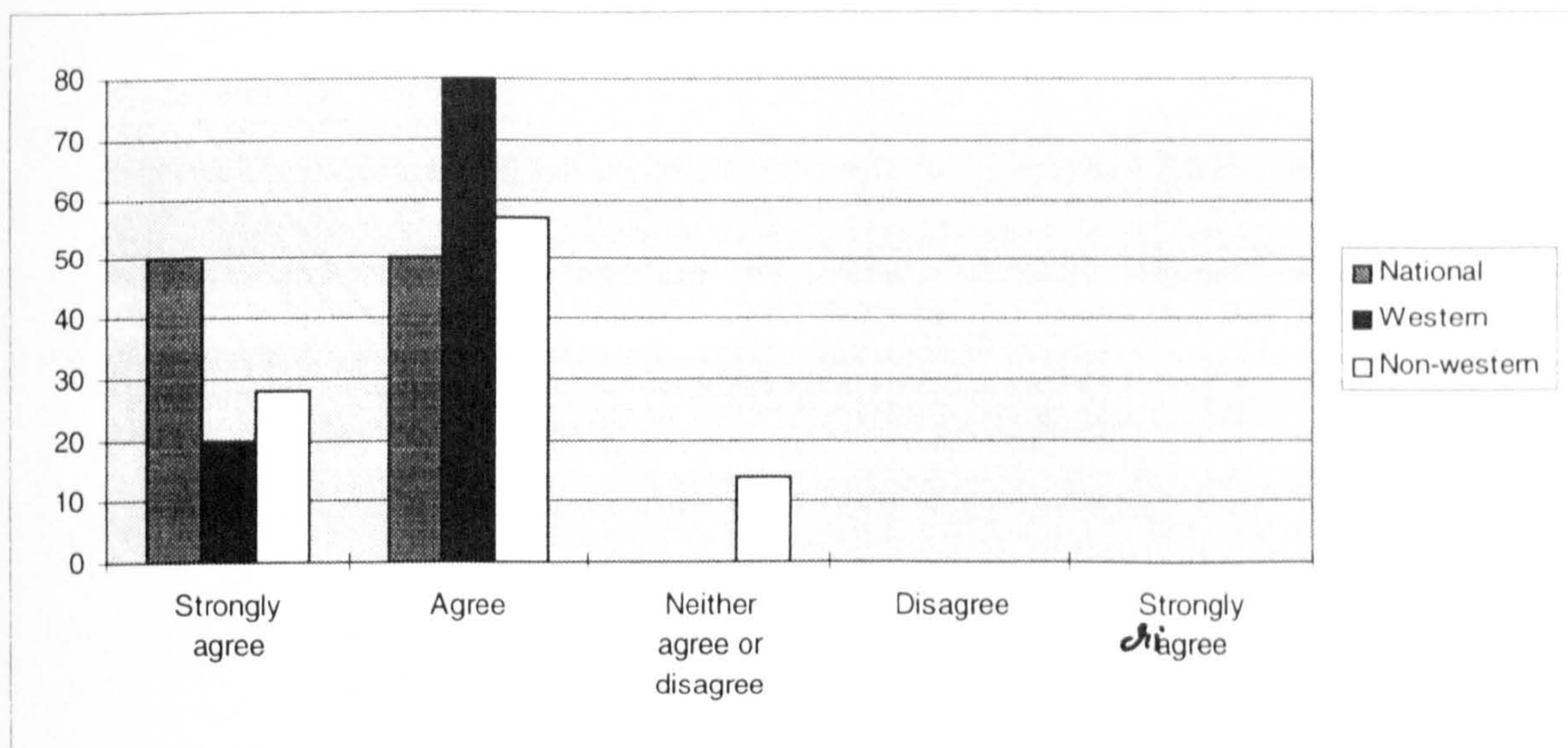


Table 50

Virtually all agreed or strongly agreed that nationals and expatriates bring different skills.

This bank should promote more UAE nationals than it does at present.

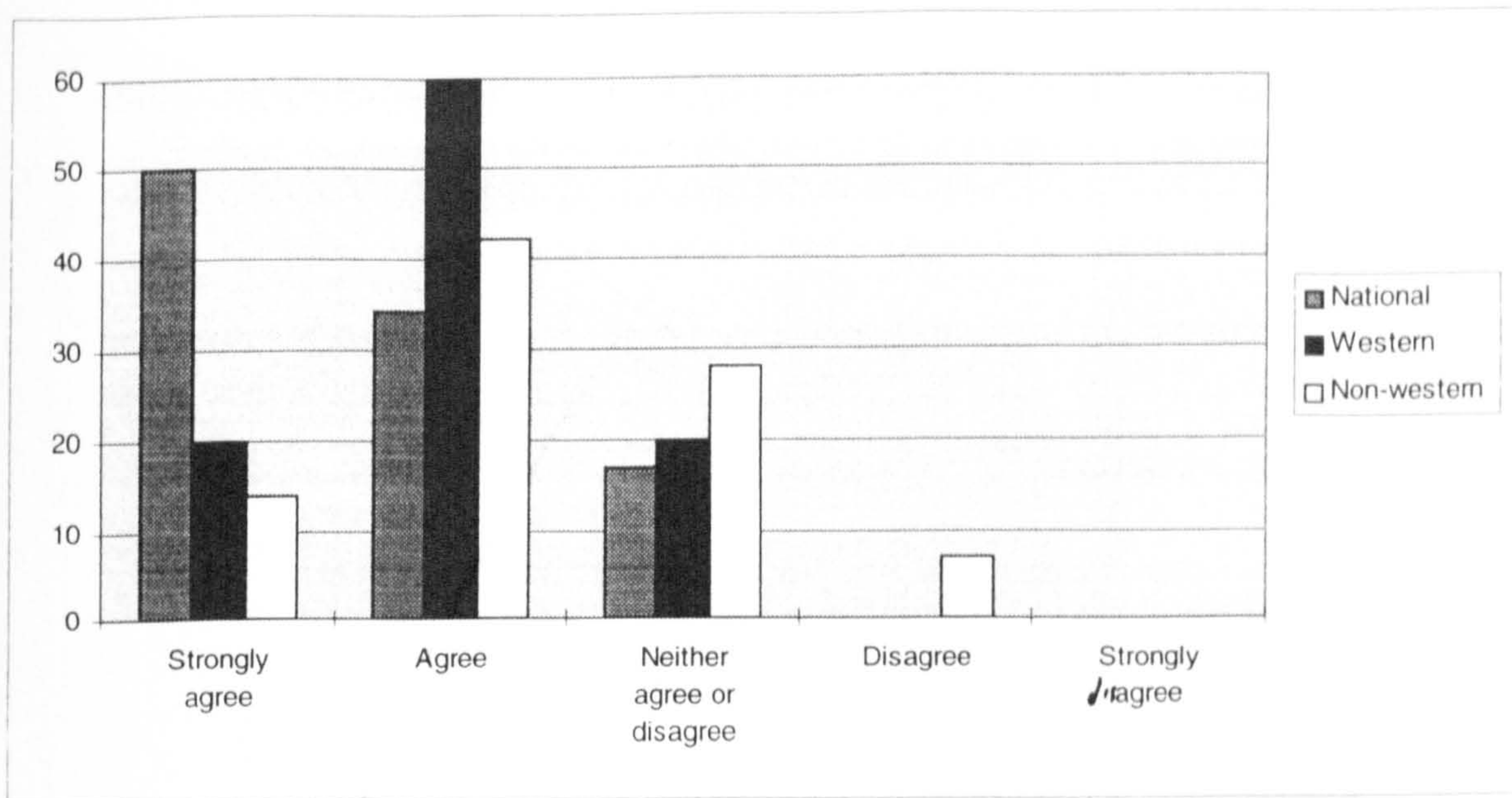


Table 51

A substantial majority considered that the bank should employ more nationals. A minority, especially of non-Western expatriates did not agree.

This bank is effectively developing the skills of its UAE nationals.

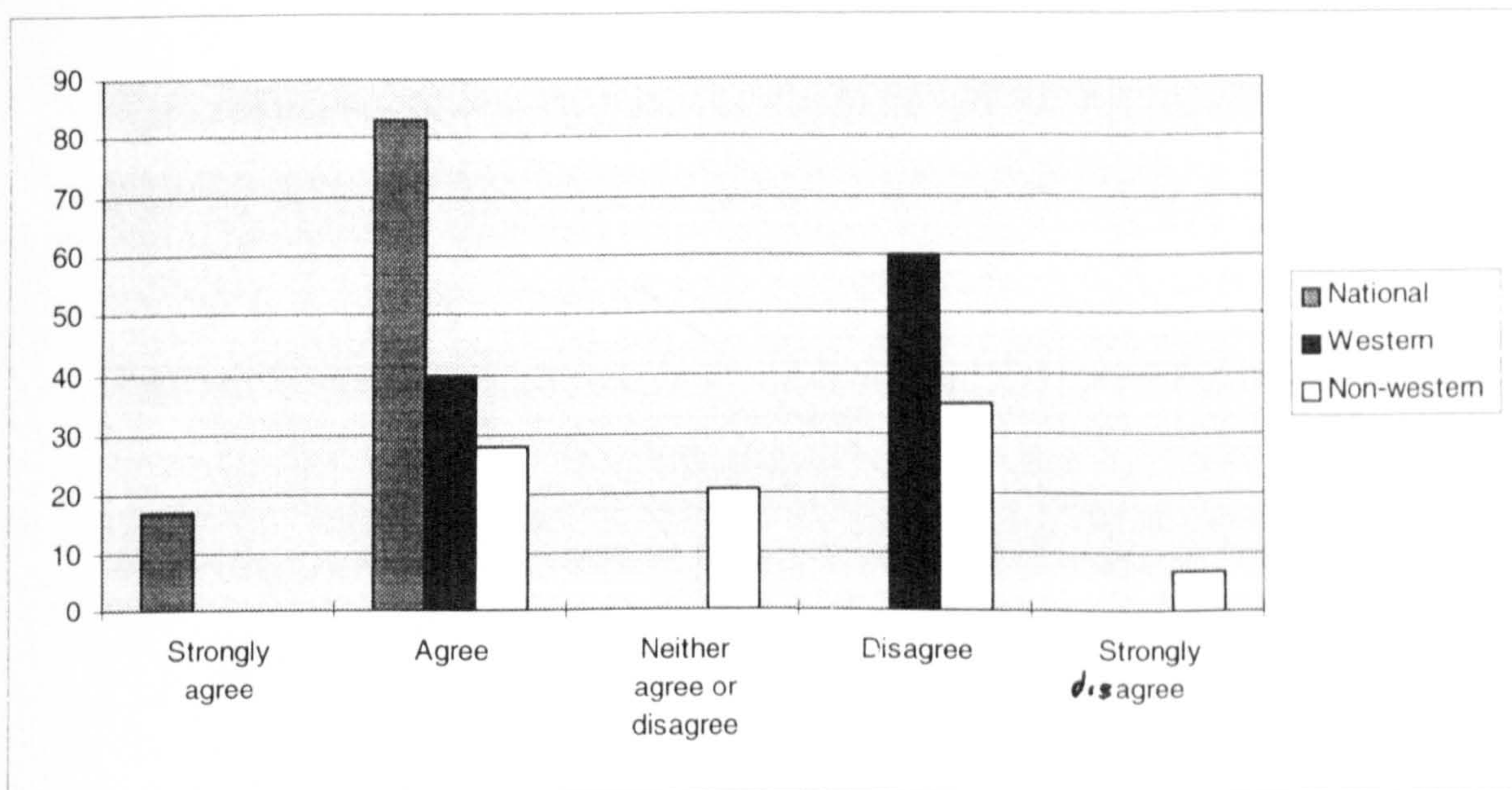


Table 52

There was disagreement on this matter. The nationals thought that their employer was effective in developing nationals whereas the expatriates were less certain.

UAE nationals and expatriates sometimes find it hard to work together.

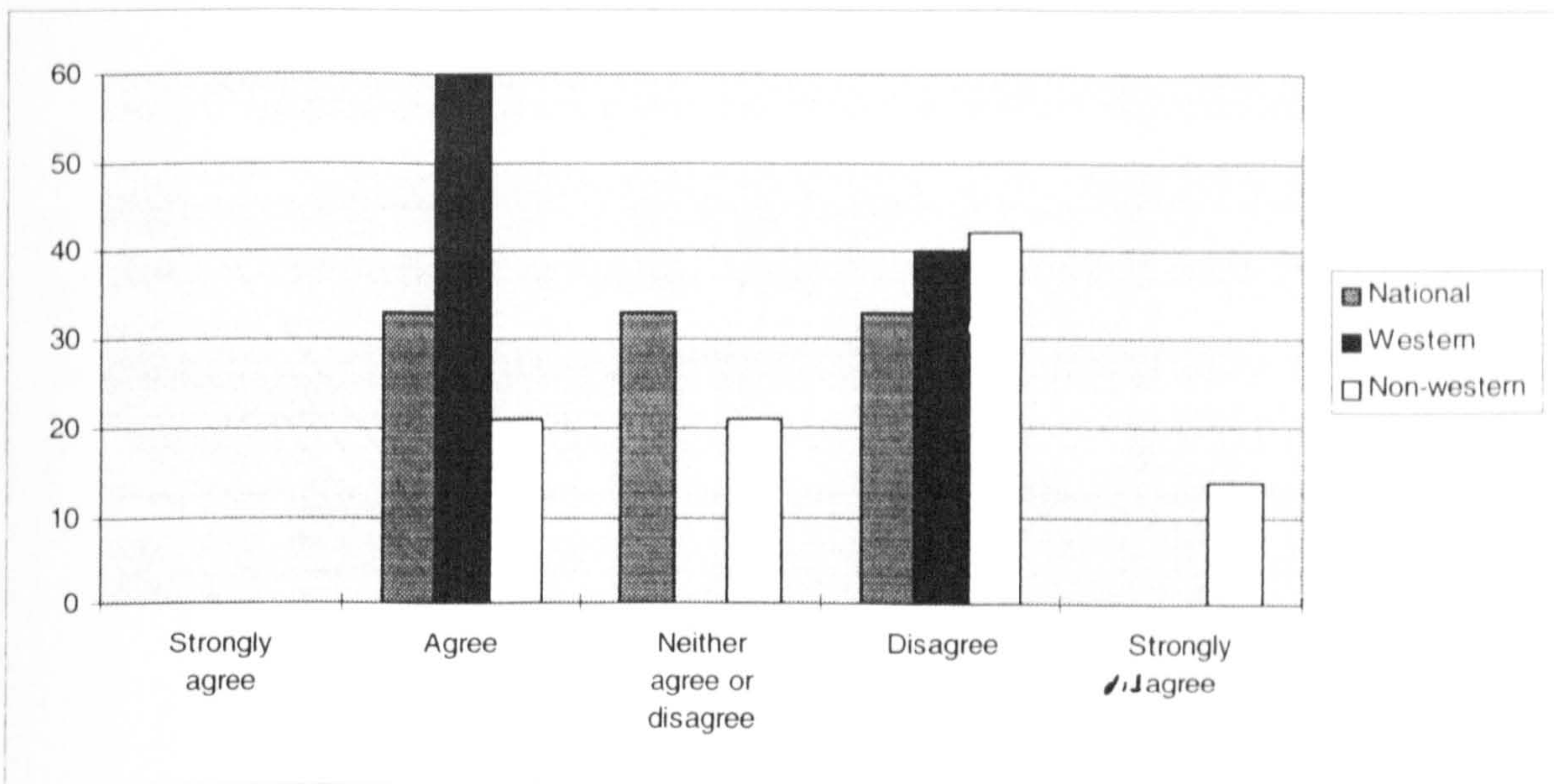


Table 53

Although a large proportion disagree with the view that nationals and expatriates sometimes find it hard to work together a substantial proportion especially of the Western expatriates took this view.

Expatriates judge business success by long term results.

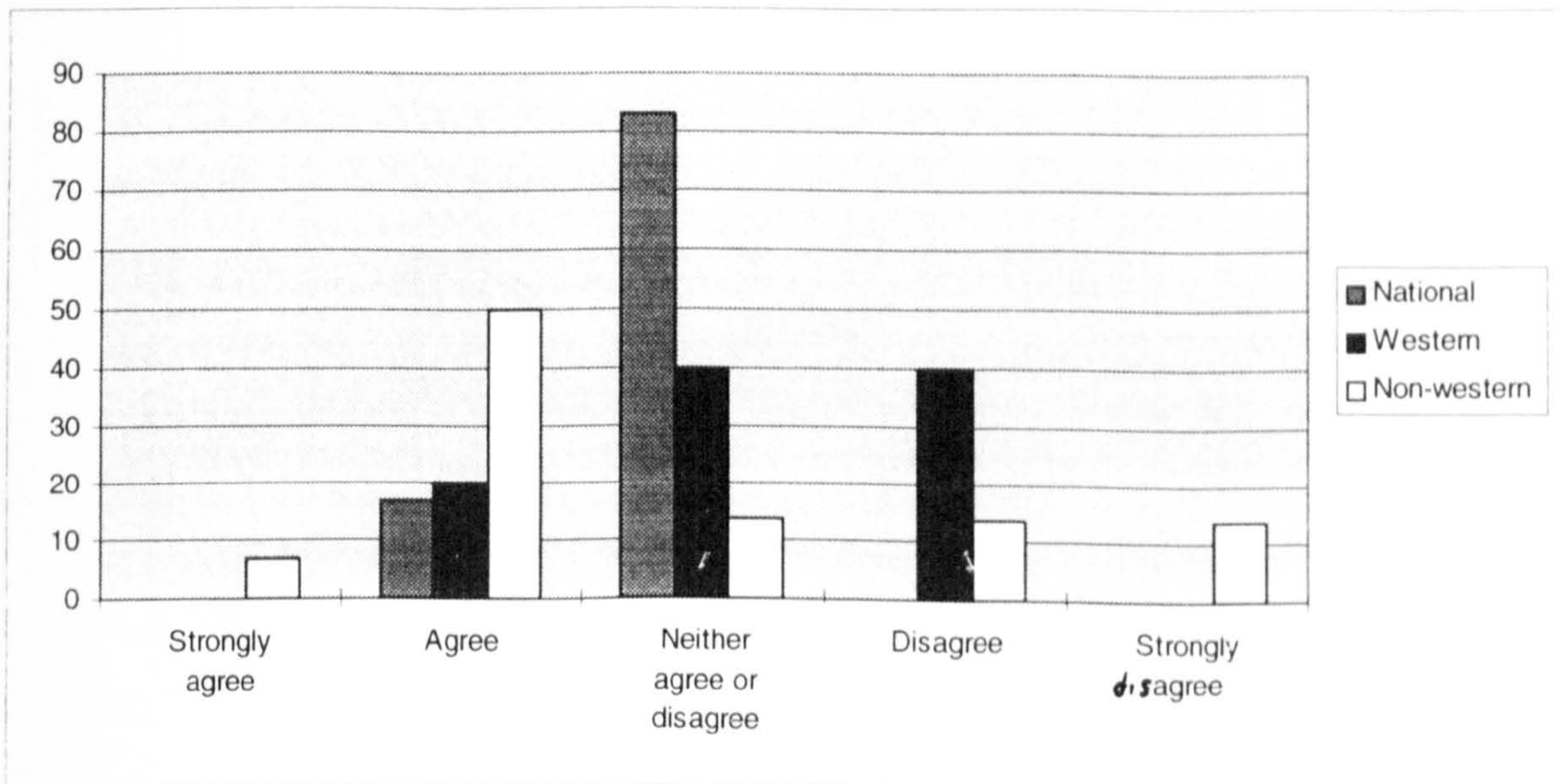


Table 54

There was no consensus on expatriate's long term view.

UAE nationals judge business success by long term results.

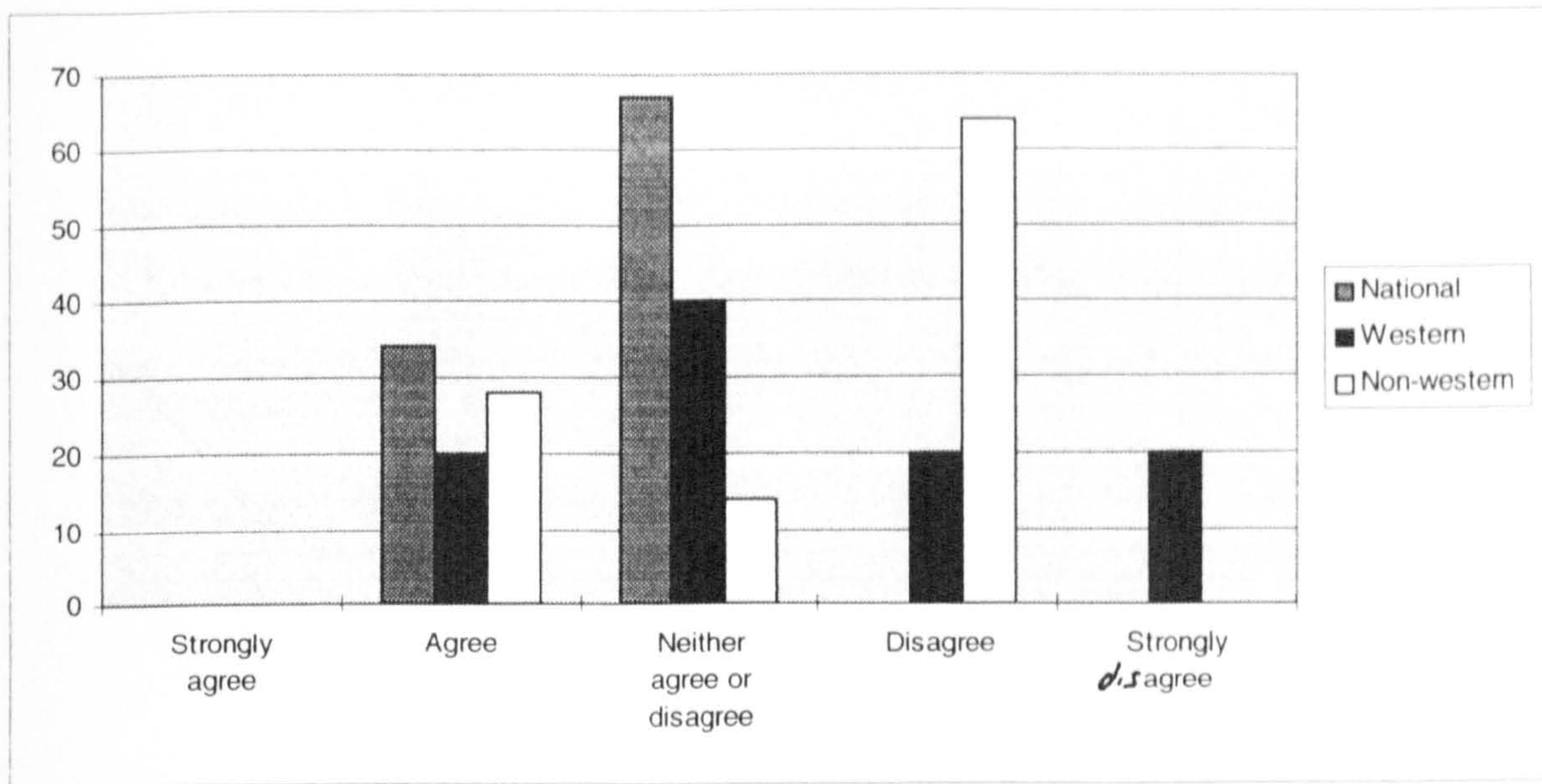


Table 55

Although there was no overall consensus it does appear that non-Western expatriates think that the nationals do not have a long term perspective.

UAE nationals are realistic about their work ability.

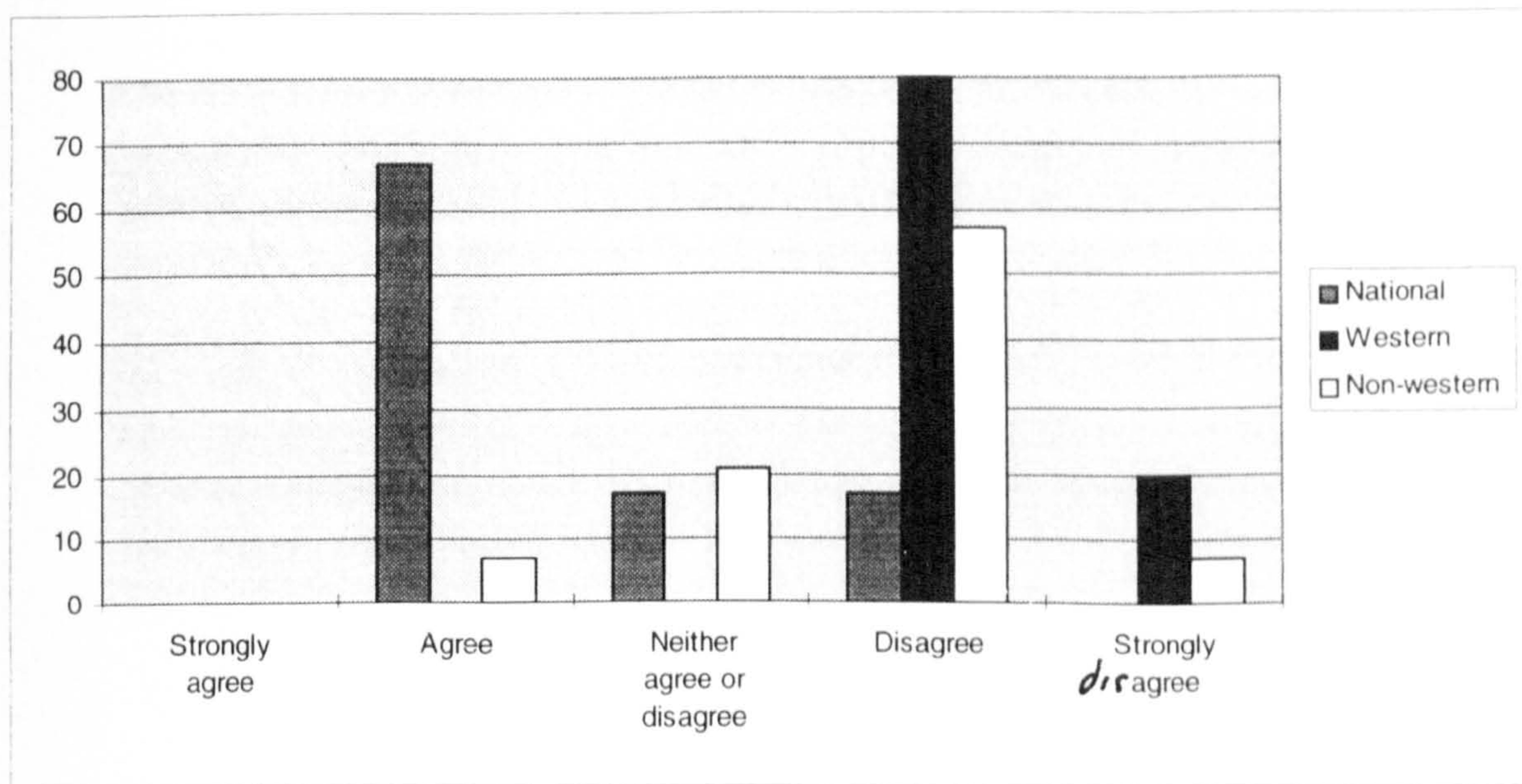


Table 56

The expatriates definitely think that the nationals are unrealistic in their assessment of their own ability but two thirds of the nationals consider that they are realistic.

Expatriates encourage UAE nationals to progress.

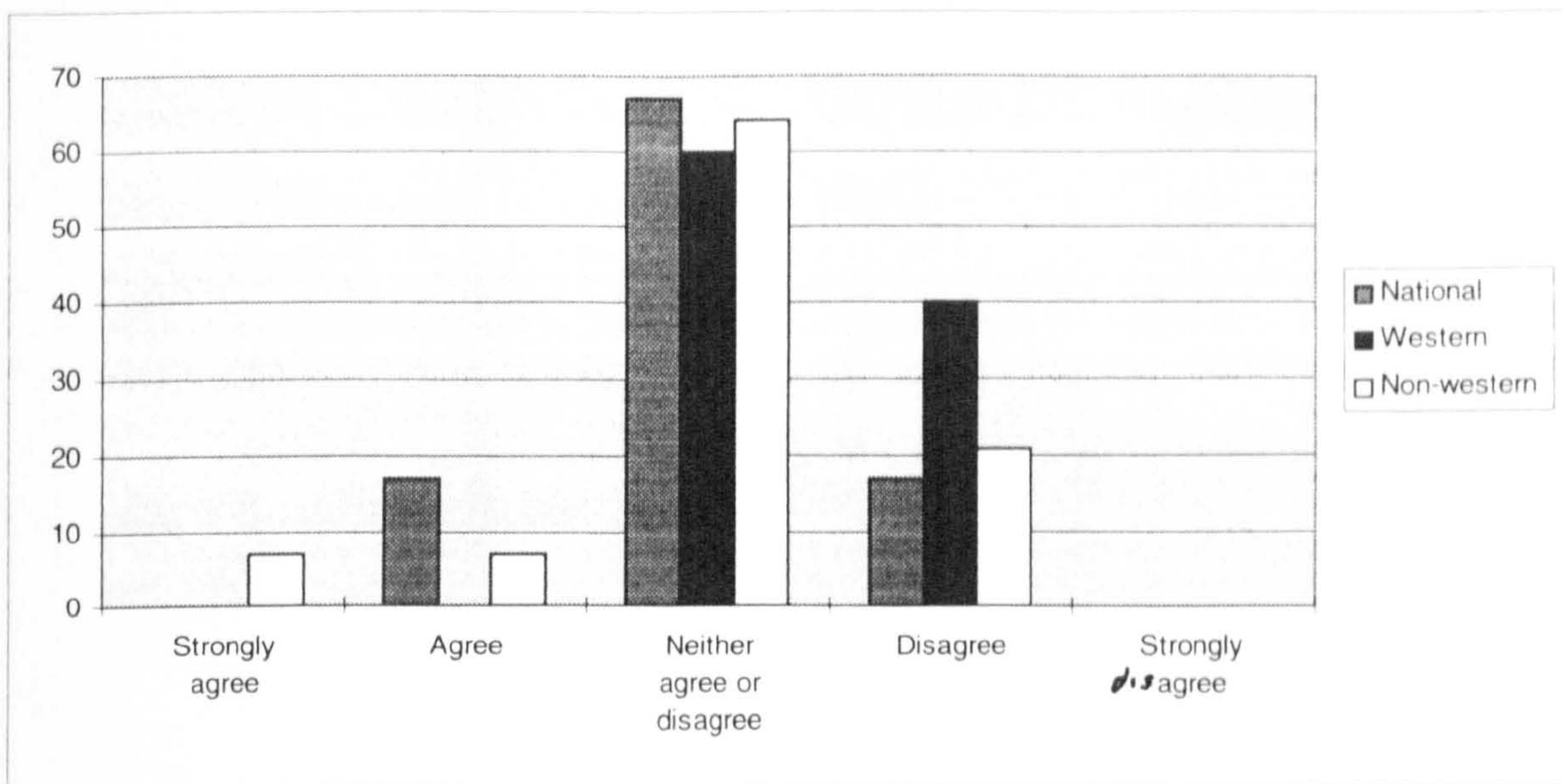


Table 57

Although most respondents chose to be neutral regarding this factor a sizeable proportion especially of Western expatriates disagreed.

Overall, UAE nationals perform better than expatriates.

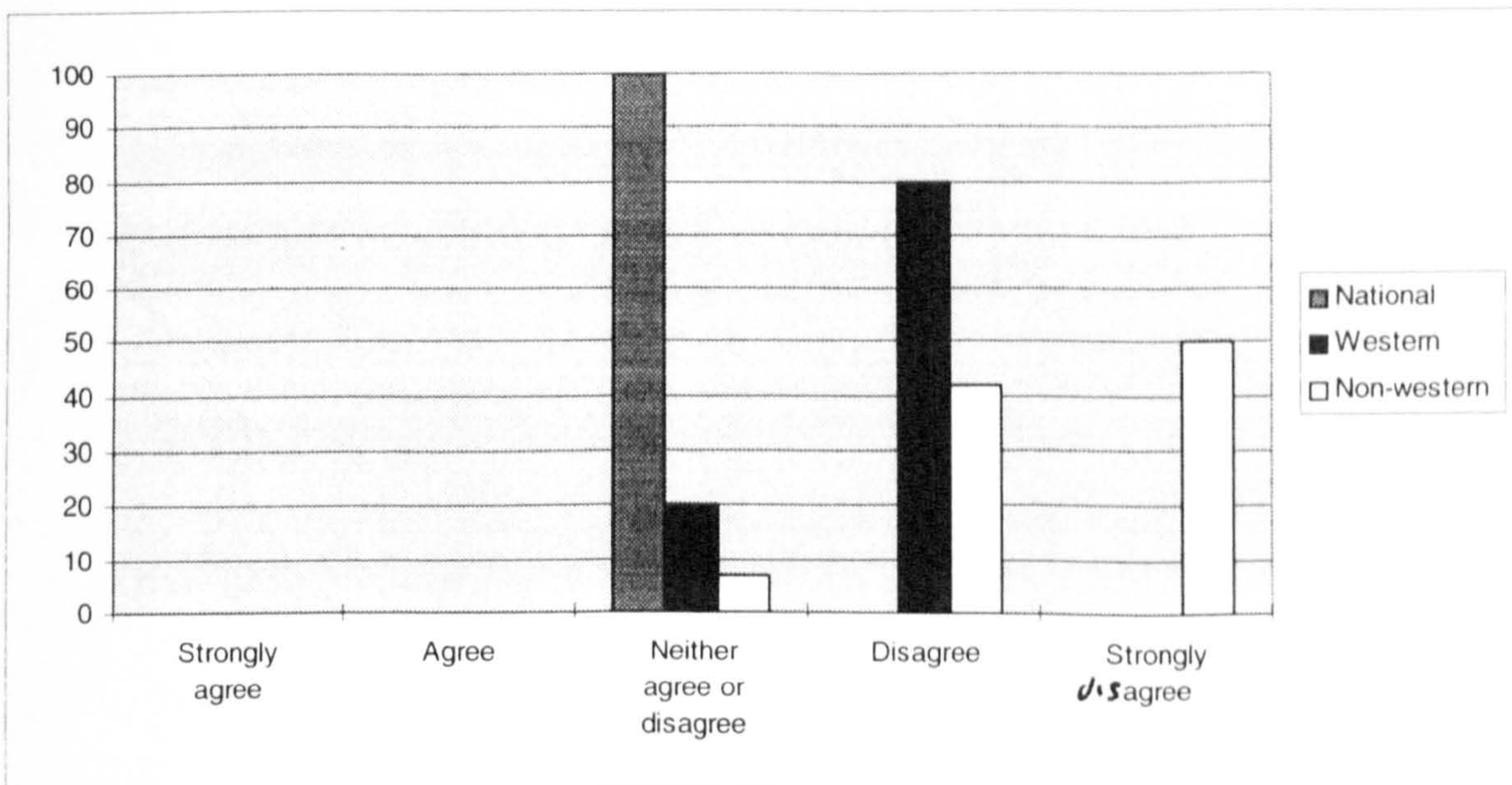


Table 58

One hundred percent of the nationals chose to not commit themselves to an opinion one way or the other. The expatriates virtually all disagreed. Certainly none agreed.

Overall, expatriates perform better than UAE nationals.

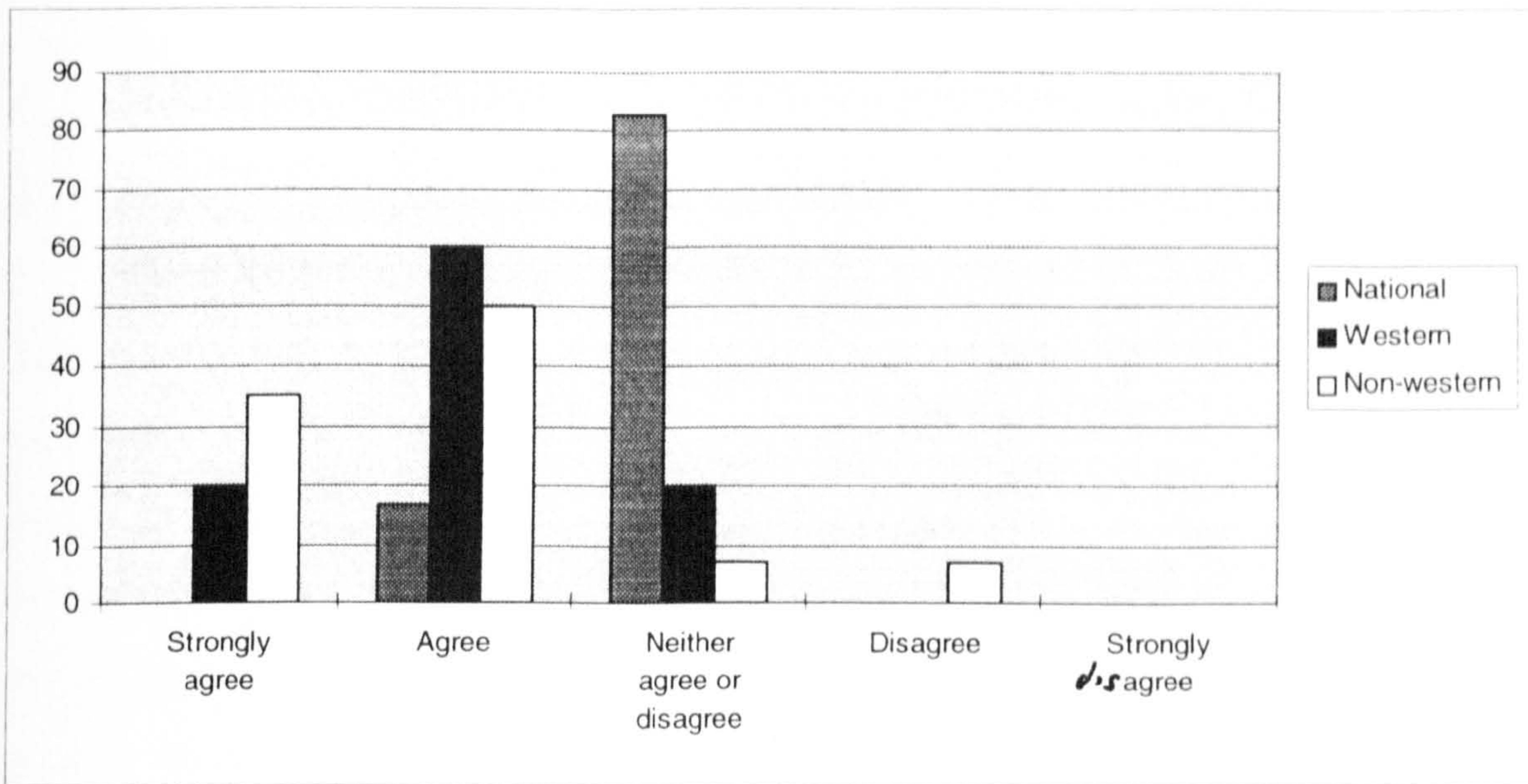


Table 59

Most nationals remained neutral on this factor and most expatriates agreed.

4.9 Results of Focus Group Meetings.

4.9.1 Infocenter conference. Bahrain. October 1995.

This focus group spent three hours considering a number of aspects of the process of localisation. The meeting took place towards the end of a conference on localisation in the GCC. There were approximately 50 participants who held senior posts in a wide variety of commercial and government organisations in the region. This researcher acted as the facilitator to the meeting. Limited secretarial assistance was provided by the conference organisers. The facilitator recorded comments on flip charts and wrote up the detailed comments later with the assistance of a secretary.

The topic considered by the focus group was how to be more 'effective in the development of host country nationals in the GCC?'

The participants emphasised that they believed that Gulf nationals were willing and effective workers, able to make a long term contribution to the prosperity of their employers, if they are well managed. It was agreed that although foreigners may think of the GCC being inhabited by wealthy Arabs unwilling to work for themselves the reality was that most nationals were keen to take responsibility for their own well being and were willing to work hard to achieve that. The point of being well managed was to emphasise the need for employers and managers to treat staff with respect. Many employers had become used to bullying or managing through fear. Nationals had more self respect than expatriates and would not put up with such treatment.

4.9.1.1 The group considered the question 'what are the reasons to localise?'

They decided that these are:-

- Political, social and economic stability.

By these points the group meant that the countries feared that an over-reliance upon foreign labour was threatening the stability of the nation state. It has to be remembered that in some Gulf Countries up to 80% of the population comes from abroad. These people are often of a different religion, speak different languages and bring political ideas and practices which are not welcome in the area. Foreign workers who come to do a task then leave are welcome. Those who wish to change the host society are not wanted.

- International relations- dependant upon good will of others.

The region is very volatile. The reverberations of the Iraqi invasion of Kuwait are still felt in the area. Many workers in GCC countries come from Jordan, Pakistan, Palestine, Sudan and Yemen. All of these countries supported that invasion of a member of the GCC. At virtually any time the home countries of workers could recall their nationals as did Japan during that same Kuwait crisis. By employing so many foreigners the countries lose significant control over their own destinies.

- Build local capability.

This is a development of the previous point. It makes sense to the nationals to be able to do more for themselves. That will enable them to add more value to any product or service and to retain more of that value domestically.

- Long term investment- continuity. Make a contribution to society.

It was felt that it was in the long term interest of the countries and employing organisations to invest in developing local talent. The local nationals would be making a contribution over a longer period than the expatriates. Although some expatriates had stayed with their employers for a long time most expatriates would return to their home countries and would take to another employer the skills and abilities developed at the expense of the current employer.

The investment was making a contribution to society in general. Those making the investment would be returning to their fellow citizens some of the benefits they had acquired from the community.

- Self sufficiency.
- This developed further the arguments for not being dependent upon the goodwill of foreign governments and expatriates. In order to build a nation it is necessary to create a sense of self worth which is difficult to achieve if foreigners dominate the economy and society.

- Sharing with society.

It is part of the Arab culture to want to share with the family and community.

That sharing includes sharing job opportunities with other citizens even if they might be more expensive and less docile than expatriates.

4.9.1.2 The next question considered was 'what processes will lead to success?

It was decided that these would include contributions by governments, employing organisations and individuals.

The government contributions would include:-

- Co-operation between government and industry and commerce.
- An education system geared to teaching skills and discipline which will be useful in the workplace.
- Government regulation to encourage the employment of nationals.
- Provision of relevant vocational training.
- Control of the import of foreign labour.

Encourage citizens to gain skills and participate in productive work.

The employing organisation's contributions would include:-

- Top management must be committed to the development of nationals.
- Organisations must offer nationals (if they perform well) a secure future in terms of continued employment, career prospects and appropriate financial reward.
- It is necessary to invest in employee development.
- Organisations can target specific positions (especially key posts) and produce learning contracts for the expatriates and nationals to encourage transfer of skills including, sometimes, a terminal bonus for the expatriate for successful localisation.
- If necessary, pay the host country nationals more than expatriates to reflect savings in not paying a recruitment agent, air fares etc.
- Pay particular attention to the selection process to ensure that the right people are recruited for the right jobs.
- Provision of good in-house training facilities.
- Monitor and review training and work performance.
- Nationals work best when they have a feeling of belonging to the organisation.
- Do not neglect the expatriates and keep them motivated.

The individual national's contribution would include:-

- To accept challenging work.
- To learn from expatriates and fellow nationals.
- To try to offer employment to suitable nationals and not just to employ an expatriate because he is apparently cheaper and easier to boss around.

4.9.1.3 We then considered reasons for expatriate resistance.

There were very few expatriates in the focus group so it was interesting to be able to seek the national's perception of likely causes of expatriate resistance.

These were thought to include:-

- A desire for job security which localisation threatened.
- Not wanting to go back home. There is a desire to remain in the more attractive environment of the GCC.
- Fear of others getting to know the weaknesses in their knowledge. While the expatriate does not have to share knowledge he can pretend to himself and others that he has complete command of his work. Having to teach others will show him to have lesser abilities. This is a special threat in those societies which place great value on 'face' and public image.
- Lack of management support for localisation. The expatriates think that management are only paying 'lip service' to localisation and that they are willing to tolerate expatriate obstruction. The expatriates also do not believe that the criteria by which their performance will be assessed will include helping the localisation process to work effectively.
- Too late to go back home. Some expatriates have not build or retained skills which will be of use elsewhere so will not be able to get a another position if they leave the present employer.
- Change to less conducive environment e.g. poorer/ less advanced. This is a recognition that the environments of work and home of the Gulf are better than that in many of the home locations of the expatriates. For example power and other utilities are efficient and cheap in contrast to those of South Asia. Medical services are heavily subsidised.
- Taxation at home. After a few years as an expatriate people forget what impact taxation has on salary.
- Language. Expatriates are used to working within certain language groups of which English is the important one for business. The do not like dealing with those who are

not familiar with English or with their home language. Expatriates can use their knowledge of other languages to exclude nationals.

- **Age.** Often the nationals are younger than the expatriates who are to be replaced. There is, especially in Arab and Asian societies, a reluctance of older people to give information and knowledge to the young.
- **Disruption of social life or children's education.** Expatriates build up their social life in the new location. After a time they are loath to move back to live amongst strangers in their home country. Some may even be happy to be separated from family and conventions at home. The standard of education is of a high quality and reasonably cheap. The school terms in the GCC often differ from those of Egypt and South Asia. If a child has to move school they must do so at the beginning of the new academic year. For these reasons expatriates wish to remain in the GCC.
- **Lack of follow up from top management.** Even when senior management introduce policies to support localisation they often allow operational matters to take priority.
- **Lack of strategic thinking.** To undertake effective localisation it is necessary to have a long term perspective. This is often lacking in expatriates and their employers.

4.9.1.4 Next we considered possible reasons for resistance by local nationals.

These were thought to include:-

- **Cost.** It was thought that many national employers are reluctant to incur what they consider to be the extra cost of nationals beyond that of expatriates. In many countries where the supply of expatriates seems endless but that of nationals is limited the locals expect to be paid more than those they replace. The employers tend to forget that there are savings which arise from replacing expatriates workers with local ones.
- **Lack of confidence in ability of locals.** Some nationals are not convinced that the locals can work as well as expatriates. They may have grown used to the expatriates and their ways of working. They are not keen to take on the unknown standards of the national replacements.

- **Lack of trust.** It was thought that some nationals prefer not to allow fellow citizens to have information which could be subject of gossip within the community. The expatriates were thought to be excluded from the local gossip network (even although they may have other such networks). The sanctions which could be used against an expatriate who was dishonest or indiscreet were thought to be sufficient to keep them in order. There are fewer sanctions available for use against nationals.
- **Inferiority complex.** It was thought that there were some nationals who could not believe that they and their fellows were capable of working as well as expatriates.
- **Upward mobility.** There was a feeling that some nations were jealous of those who might progress due to their ability or contact. They obstructed those who could develop further.
- **Low productivity.** As many expatriates worked long hours it was considered that they produced much more than the nationals could achieve.
- **Difficult to discipline.** As the national employees are members of the same community and may have access to powerful individuals in the community and government they are seen as being less subject to disciplinary action than expatriates.
- **Difficult to terminate.** Labour law in GCC countries as well as access to powerful individuals, mentioned above, makes it hard to dismiss national employees. Therefore national employers are hesitant to employ those whose service may be difficult to terminate.

4.9.2 IIR conference. Dubai. June 1997.

This focus group spent two hours considering impediments to the process of localisation. The meeting took place on the second, of three days of a conference on localisation in the GCC. There were approximately 40 participants, of whom 6 or 7 were expatriates, who held senior posts in a wide variety of commercial organisations in the region. The meeting was divided into a number of focus groups which reported and discussed their findings with the other groups towards the end of the period.

This researcher acted as one of the facilitators to the meeting. The facilitators recorded comments on flip charts and wrote up the detailed comments later. Many of the points made were similar to those made at the conference in Bahrain. As there were another facilitators in the meeting there was less opportunity for the researcher to draw out further insights beyond those outlined below. It would have been interesting to construct the group discussion in the same manner as that in Bahrain.

This focus group considered what might be the major impediments to effective localisation included:-

- Lack of suitable experience on the part of the nationals. Although they might have qualifications and some experience they did not have the depth of experience of the expatriates. This is not to suggest that the nationals need exactly the same experience as they replace but that they must have sufficient experience to carry out the whole, or at least a substantial part, of the tasks.
- Language barrier. The nationals were considered to be weak in written English. This hampered their progress and encouraged many employers to retain some expatriates to write business communications on behalf of the nationals.
- Social restrictions. These were thought to be restrictions on females working outside the home or with males. The also included a desire to not work the awkward hours demanded in the commercial sector which prevented local staff being able to spend time with their families and friends.

- **Government role.** The governments in many of the GCC countries were reluctant to impose severe restrictions on the use of cheap or qualified foreign labour. Although the governments issued statements encouraging localisation it was thought that there was insufficient action to back up the statements.
- **Customer focus.** There was a recognition that expatriates were often more inclined to help customers. Although the nationals might help an individual customer they generally thought that customer service was demeaning.
- **Lack of required competencies.** It is not just qualifications and experience which is needed to be effective in a job. There must also be ability and application. Often it was thought that the nationals did not demonstrate these attributes.
- **Resistance from/ to expatriate managers.** The role of the expatriate in resisting localisation was discussed. More interestingly the group also discussed the resistance on the part of locals to learning from or working with expatriates. Partly this arose from a feeling of superiority to many of the expatriates. It also is a feature of newcomers who do not respect the capability of the 'old hand'.
- **Nationals go too high, too quickly.** This was considered to be an adverse symptom of the ambition of young nationals. They expected to be promoted before they were capable and then move higher to another job before they had mastered the first one. The organisations could eventually be full of host country nationals who had far surpassed their level of incompetence.
- **Lack of clear career paths.** Maybe as a result of the previous feature, of rapid movement, organisations did not construct and communicate to locals a clear career path which would ensure progress when performance warranted promotion.
- **Quality versus quantity.** In some states of the GCC quotas are imposed upon organisations to employ a minimum percentage of nationals. This caused the employers to be concerned to achieve the numbers for the quota and not care about the ability of those locals employed.
- **Environmental (geographical) immobility.** In most of the GCC countries the citizens wish to stay in their home environment. Those in the UAE will be reluctant to move to a different Emirate. The causes for the immobility are partly explained by family and social reasons. There is also a feeling that as there are many jobs occupied by

foreigners in the local's environment it is better for the foreigners to give up their jobs and move than for the HCN to go.

- **Movement between organisations.** This is linked to the earlier issue of job hopping. There are strict limits on the ability of an expatriate to move between employers. Permission has usually to be granted by the present employer and the Departments of Labour and Immigration. National employees can move whenever they like even if the present employer has spend much time and money in training them.
- **Profit pressure.** Most commercial enterprises in the GCC work to thin profit margins. Most compete on price rather than quality. That makes them very cost conscious. They are less concerned with the long term than with the immediate return.
- **The perception of the cost of localisation.** The groups thought that 'cost' was the wrong word to use. They thought that investment was a better term to describe the price of localisation. This is an investment in the future of the organisation and the society.
- **The education systems are not producing the right type of worker.** There was much criticism of the standards set by schools and local universities. The students were thought to lack initiative and a desire of learning. They were also thought to lack proper standards of self discipline and to be unwilling to accept imposed discipline. These comments might be similar to ones given by a group of managers in virtually any country. In the context of localisation their importance lies in the change of standards and expectations of the education process which will occur as expatriates trained elsewhere are replaced with HCNs from the local education system.
- **An increase in the turnover of staff.** This point is different from the earlier ones concerning mobility and job hopping. It identifies the issue of change when the labour force has been stable. Many expatriates in the GCC have worked in the region for decades. They are well known to their employers. Weaknesses and strengths have been identified and steps taken to account for them. With new staff either nationals or a different type of expatriate then the organisation, owners and managers must learn how to make the best of them.
- **Imported culture.** The foreign organisations and foreigners have brought diverse cultures. They expect the locals to accept such work cultures and to conform to them.

The HCNs are reluctant to do so. They would rather work for a domestic organisation employing mainly their fellow nationals. Only government organisations currently meet this desire.

- Unemployment or localisation. The final, but by no means an insignificant point, was that in situations where there are large numbers of citizens looking for suitable work and even larger numbers of foreigners employed in the countries then localisation must happen. The adverse social and political consequences of mass unemployment are too great for the GCC governments to contemplate. In a situation of rapidly increasing population and stagnant or declining revenue it was thought that social tensions would become intolerable.

4.9 Review of the Chapter.

Many of the opinions, views and information provided by the respondents have proven to have offered valuable insights to the researcher. In spite of his many years of work as an international manager, dealing with aspects of the localisation process, he was surprised and intrigued with some results. It was fortunate that the researcher was able to get so many people from many different countries and cultures to talk freely on such sensitive topics. The research has produced much valuable data on the localisation process, the management of organisations employing substantial numbers of foreigners and local staff and international HRM in general.

An analysis has been presented along with the answers of respondents, the questionnaires returned and the focus group discussions. However, the analyses alone are not sufficient to give value to the research. It is generally necessary to interpret these analyses and to make hypotheses which can be tested and which will lead to theory building.

In the case of the current thesis the analysis leads to propositions rather than hypotheses and theory building.

Propositions are made because the study of localisation is at an initial stage with little material, beyond the current work, with which to generate hypotheses and theory. The propositions are intended to be the basis upon which later researchers can construct hypotheses and theories. Therefore the suggestions contained in the next chapter have to be considered as the foundation for research and practice. Although they are a foundation rather than robust theories they do offer academics and practitioners a guide to the issues which have to be addressed in the process of localisation.

The guidance offered takes the form of some general and some specific propositions. These could be summarised as suggesting that there be more open communications and understanding between management and staff and between expatriates and host country nationals.

Chapter 5. Implications of This Study for Research and Practice.

5.1 Outline of the chapter.

This chapter intends to suggest some tentative theories, or at least propositions, which will aid academics, government officials and business executives who are interested in the process of localisation. It draws attention to some of the limitations of the study. It then discusses the contribution of the thesis to knowledge of international human resource management. This contribution depends to a large extent upon the beliefs and opinions of the writer, so he has given some information on himself. That leads on to several general propositions which it is hoped will provide valuable directions to academics and others. There are also sections presenting arguments concerning the role of expatriates, HCNs, employing organisations and governments. These arguments generate and support propositions on means to discourage resistance to the process and encourage support for effective localisation.

5.2 Generating Knowledge or Theory?

There is, at this stage of the thesis, a fundamental issue facing the researcher. Is he producing knowledge or theory? Mendenhall *et al* (1993), when reviewing research in the area of International HRM, claim that many theories are experienced-based hunches or empirical-based generalisations. They say that qualitative research, of the type found in this thesis, tends to precede theory development in 'an applied field's evolution towards maturity'. That description well summarises the situation of the current study. This research is tackling a practical issue and is attempting to make predictions and to offer useful advice to academics and to practitioners. Mendenhall and colleagues go on to say that building theory via case studies can be robust because it is independent of prior literature. This is certainly the case with this study which is exploring a field rarely written about. They point out that this type of approach particularly suited to new research areas for which existing theory is inadequate. Finally they suggest that such methods are useful in producing insights and perspective.

Therefore the researcher will use his hunches and empirically-based generalisations to discover whether he can produce useful theory. He is drawing out what Tesch (1990) calls 'themes' from the data. These themes may not be found directly in the data but emerge via analysis. It is likely that theories which are used to explain these themes will be tentative. They will not take the form of tested hypotheses. They are intended to act as explanations for why things happen. This is the method which Tesch recommends for developing

“practical scrutiny of human situations, and...for the formulation of alternative solutions where problems are found to exist.”

If the thesis does not succeed in the endeavour to give explanations it is hoped that at least it does produce useful knowledge. In order to produce useful knowledge propositions are put forward rather than theories or hypotheses.

The researcher will follow the advice given by Davis (1971) suggesting that students who follow the advice in textbooks on theory construction will produce dull work. But he hopes that this particular work is not too dull.

5.3 Beliefs and Opinions of this Researcher.

At this stage the researcher must give his opinions on the process of localisation so that the reader is aware of at least some of the bias and baggage he brings to this topic. He believes in localisation. He believes that it is an inevitable process and one which may be resisted but not stopped. He believes that there is a role for expatriates in the process and that it is unlikely that any country will ever be able to do without some foreigners working within its borders.

No country, no matter how wealthy, can afford to have a prolonged period when it relies on foreign workers whilst significant numbers of its own citizens are unemployed or under-employed. For a time wealthy countries can afford to employ foreigners to do jobs which its citizens do not want to do, which cost too much to do or which its citizens are not capable of doing. But in the long term it becomes necessary for nationals to dominate the workforce.

The researcher lived in the wealthy country of Brunei from 1981 to 1985. The country had a small population among whom to spread its wealth and few expatriates, probably less than 2% of the total population. There was some jealousy of the expatriates but this was muted because the expatriates were doing jobs which the local population did not have the skills or inclination to undertake. In the last few years the local population increased and the skilled and educated portion of that population has grown faster. Now there is unemployment among nationals and at the same time the proportion of expatriates is close to 10%. The government has created a multitude of civil service administrative jobs in which the post holders are seriously underemployed. Now there is resentment and apprehension. The local population feels that its wealth is being spent on foreigners, not on nationals.

The researcher lived in the UAE from 1986 to 1994. In that country there was also much wealth. In contrast to Brunei local citizens probably accounted for less than 10% of the total population in 1985. Some of the wealth of the country had been spent in educating

young men who were sent to the USA and Europe to become qualified in subjects which would be useful to them, their families and the State. The older generation and those who did not go abroad to improve their qualifications seemed content to gain an income from acting as agents, representatives or sponsors of foreign businesses or to have an income from a government post. Sometimes incomes came from a number of sources. By the early 1990s, especially after the shock of the Iraqi invasion of Kuwait, nationals became dissatisfied with the roles they were playing in the economy and society. Nationals felt aggrieved that the foreigners who had little if any stake in the country could have so many of the crucial positions.

These two countries are examples of situations which the researcher has also experienced in Malaysia, Singapore, Hong Kong, Zambia, Malawi, Botswana, Kenya, Oman, Qatar, Bahrain, Pakistan, Sri Lanka and many other countries. The local population welcomes the individual expatriate. They also welcome the expatriate's willingness to do jobs which add to the wealth or comfort of the particular local nationals. But there is a feeling of apprehension about the numbers and power of the expatriates in general. This feeling becomes one of perceived threat to the wealth and integrity of the State. It is a feeling similar to that of the European or American when considering the desire of immigrants and refugees to come to their own countries.

All countries and the majority of their nationals will seek to find ways of protecting their citizens and excluding non-citizens from protection. It is the view of this researcher, supported by academics such as Miller (1995) and Nash (1973), that in the present stage of human development protection and exclusion are likely to continue. This situation being so, one must accept the inevitability of the process of localisation. The researcher therefore proposes to consider some of the challenges to the process of localisation and to suggest means of meeting these challenges. He will also consider some support for the process of localisation and suggest means of enhancing that support.

The method the researcher will use will be to review issues and opinions drawn out through the interviews in chapter 4. Themes are identified and analysed. The researcher

has chosen to consider the topic by looking at the contribution of the expatriates, the HCNs, the organisation actually or potentially localising and the host government.

5.4 Propositions.

The next sections of this chapter will explore some propositions developed by the researcher as a result of the findings of this study. These propositions are worded in a format for hypotheses but are not tested in the way that hypotheses would be. There are also ideas contained in the later sections which, although formulated as propositions, are suggestions predicting events or consequences of actions. Unfortunately the researcher has to do what Sullivan (1994) criticises other investigators for doing. Sullivan maintains that the validation of theories of international business has not matched the robustness of their development. He believes that empirical investigations have tended to be disjointed and inconclusive with a proliferation of partially tested or untested hypotheses. There is in many studies a segregation of theory building and hypothesis testing. This researcher believes that study of the topic of localisation is at too early a stage of development and the resources available are too limited, at this time, to undertake the level of testing required by Sullivan. Therefore propositions are suggested which may prove useful as foundations for later hypothesis development and testing.

The study does endeavour to achieve what Campbell *et al* (1982) suggest significant research should do. That is to reach into the uncertain world of organisations and return with something clear, tangible and well-understood. At this stage of the study of localisation understanding has to take priority over theory building.

The general, or generic, propositions are as follows:-

Proposition One.

If the employing organisation treats staff as valuable assets then the localisation process will be more successful than if:-

- a. the expatriates are treated as disposable resources or*
- b. the national staff are assured of advancement irrespective of performance.*

Proposition Two.

If recruitment is focused upon selecting expatriates who are willing and able to develop host country nationals, in addition to being capable of carrying out the job requirement, then the process of localising will be more successful than if expatriates are chosen only for their ability to carry out immediate tasks.

Proposition Three.

If the organisation recognises and rewards loyal service the localisation process will be more successful than if appraisal, reward and retention are based solely or mainly upon immediate past performance.

Proposition Four.

If the host country nationals train and develop fellow nationals then the localisation process will be more successful than if the task of training and development is left to expatriates.

These general propositions have arisen from this research and from study of relevant literature. Some supporting arguments follow. The arguments are, however, based upon the considered opinions of the researcher rather than on quantifiable experimental information. They can be criticised by those holding other opinions, but the criticism and argument should expand our knowledge, and ability to manage the process of localisation.

5.5 Role of Expatriates.

Although the responses to questions in the research have distinguished between Western and non-Western expatriates, most of the comments in this section are intended to be applicable to both groups. If it is thought that comments only apply to a section of the expatriate community, this will be made clear.

5.5.1 Expatriate Resistance and Resentment.

Amongst the expatriates a very high proportion see no career move, or any job, available at the end of their service. They consider it too late to re-establish a career in their home country. They may not have a home left in their own country. Many, especially the younger ones, look for the possibility of emigration to a third country. To return home is likely to only lead to unemployment or employment in a less rewarding position back home. Many expatriates seem inclined to believe that the host country national is in a privileged position so is merely serving time before taking over the expatriate's job and depriving him of a living. There is also the resentment which is probably felt by all 'old hands' of whatever group towards the newcomer. This reaction of 'old hands' is demonstrated by the resistance, which both expatriate and national respondents reported, by older nationals to the advancement of their younger fellow citizens. The fact that the newly appointed host country national is of a different race, creed or nationality from the existing expatriate jobholder probably adds to their resentment.

The expatriates want to stay in the region, or in a similar work environment, in spite of often bitterly complaining about the weather, the people or the hard work. They have often been poorly selected by their employer who has not examined the full job requirements nor the candidate's competence to carry out the work in the location. This leads to local employees resenting the appointment of incapable expatriates. The management of the organisation regularly denies support to those needing help to carry out their tasks or to live in the location. This is demonstrated by answers which identify different systems of discipline for expatriates and nationals. It is also suggested by the

lack of preparation and assistance for the new recruits and their families. Staff and families are often brought thousands of miles from home and given minimal help to adjust to the new environment. The employers consistently take the view that the expatriates are paid lots of money so should get on with the task of sorting out their problems on his own. As the employer, or his representatives in the form of supervisors and managers, considers that he is benefiting the expatriate by giving him a well-paid tax-free job, he expects high productivity. But this high productivity is directed at production, not at training. There is little if any formal time included in the expatriate's work schedule for training others. It does not matter whether the training is for nationals or for other expatriates, this is not seen as being part of the job function. Top management may say that the organisation is committed to training and development of staff but does not follow up to ensure that training is important in practice. The expatriates therefore resist the process of training and development for localisation, even if they also pay lip service to the objective.

Proposition Five.

If means are identified to overcome the resistance and resentment of expatriates then the localisation process will be more effective than if the resistance and resentment is ignored.

We must recognise that there can be advantage to organisations having some people resist change. Robbins (1997) suggests that resistance to change provides a degree of stability and predictability. It can also stimulate justification and debate on the merits of change. Institutions such as banks are risk-adverse and hesitate to embrace change. It is therefore likely that staff in this industry will have been inculcated with the desire to resist change. Smith (1992) argues that organisations which have high uncertainty avoidance cultures, such as banks, are likely to have longer time perspectives and more structured decision-making processes. Such perspectives and processes will not encourage innovation and change. Structured approaches and resistance to change will often lead to conflicts with the Arab management style, described by Muna (1980), which does not like impersonal rules or welcome discussion or confrontation

The resistance to change is only of value when there is open communication so that the cause of resistance can be identified and over-come or accepted by argument and justification. Unfortunately in many organisations seeking to localise the atmosphere is, as mentioned above, one of suspicion and resentment. There are, in Arab organisations, poor lines of communication but often many lines of command. There is often a distortion in the link between the source of resistance and the reaction to it. This can take the form of deferred actions (or inactions). It is then difficult to identify the sources of problems, and consequently difficulties introducing solutions.

Robbins (1997) identifies the type of people who are most likely to resist change. These are people with high needs for security who will resist change as a consequence of perceived threat to that need, people who fear that change will lower their income, and those who see it as a threat to established power relationships. In general expatriates fit all into these categories very well.

Probst and Buchel (1997) have suggested useful techniques for recognising and overcoming resistance. In particular they recommend making learning part of working and to creating an alliance of employees to develop the organisation. This is not easy to create alliances in multi-national and multi-cultural organisations, but it is worthwhile trying to establish in order to encourage support for localisation. Making learning part of everyone's work demonstrates that all staff are valued.

5.5.2 Strategies to Encourage Expatriate Support for Localisation.

Robbins (1997) argues that the strategies to overcome resistance to change involve:-

- Education and communication.
- Participation.
- Facilitation and support.
- Negotiation.
- Manipulation and co-optation.
- Coercion.

To these the present writer would add.

- Willingness to adapt the tactics to overcome obstacles whilst keeping the overall strategy in mind.

This willingness to adapt tactics requires determination and long-term focus.

Few, if any, of these strategies suggested by Robbins are used in the organisations studied by this researcher. As these organisations often represent the more open and committed of those aiming to localise (see appendix A.2 and chapter 3), it is likely that other organisations are even less likely to pursue strategies to overcome resistance and resentment. In practice, as can be seen by answers to 4.2.15, none of the participating organisations had a specific localisation plan in spite of many claiming localisation to be a crucial element of their strategic business development. The researcher is aware of only two banks in the UAE which have a corporate plan. In an environment neglecting planning, strategic focus is unlikely. It is the contention of the writer that such focus and planning are necessary to overcome resistance and to encourage expatriate support for localisation.

It may be that Muna (1980) is right when he says that some practices found in Western management texts, such as that by Robbins, are not suitable in many Arab organisations

and may not be suitable in most Asian organisations. Muna includes, the following practices as being unsuitable:-

- Joint decision making, which involves sharing power with others.
- Conflict resolution/ problem solving techniques. This is because most Arabs (and in the opinion of Bedi, most Asians) are sensitive to criticism, confrontation, directness or frankness, especially in front of others.
- Selection, for appointment to positions, based only on efficiency or achievement. The research of Hayajneh *et al* (1994) supports that contention.
- Interpersonal or formal systems. These are the types of systems used in virtually all banks. Harry (1997b) has argued that, as far as HRM and personnel management systems are concerned, these should involve the minimum of rules and regulations, as local management will continually feel the need to adjust rules and make exceptions to deal with societal pressures and expectations of the local societies.
- Quantitative management techniques. These are hampered by lack of information and an unwillingness to share information which is available. They are also hampered by a lack of suitable laws and regulations within many Arab (and Asian) countries. Many of the respondents interviewed pointed out that nationals preferred to use the less precise skills of qualitative management such as marketing, public relations and personnel management rather than the more precise skills of accountant, credit officer or IT manager.

The studies by Bedi (1991) and by Tayeb (1988, 1994), which cover a range of Asian people and organisations, suggest that other parts of the developing world have similar difficulties in using Western management techniques and strategies.

Many of the organisations studied in this research are oriented to an extremely short-term perspective. They recruit expatriate staff to fill an immediate vacancy and expect the staff member to be technically competent but never seek to discover whether they are willing or capable of training others. Mendenhall *et al* (1987) found that most expatriate assignments were haphazard and ill-planned and led, often, to poor work performance and,

a high rate of turnover. Only two of the organisations examined had their own training centres. The other organisations relied upon OJT, a government training centre or *ad hoc* external courses. None of the organisations had training and development programmes for national development. None of the organisations had localisation plans. All the organisations had, to a greater or lesser extent, intentions and hopes for localisation. Without specific localisation plans it is unreasonable for line managers and their staff to be expected to select staff willing and able to transfer skills to nationals.

Proposition Six.

Unless their contribution to localisation is a measure of performance by which managers and staff are appraised and rewarded then they will not deem that contribution to be an important part of their job.

Employers must do more to inculcate the values of the organisation into recruits, whether nationals or expatriates. Harzing and Ruyssevedlt (1996) suggest that it is more effective for management to use shared values to get people to work together to achieve objectives than to rely upon formal co-ordination and control. If they abdicate socialisation to the existing workforce (Feldman, 1997) and, in the case of foreigners, to the existing expatriate community (Cohen, 1977), then the new-comers will internalise the opinions, biases and expectations of the current staff and community. If most new-comers accept the values of existing people, it will be extremely difficult to change attitudes and practices towards localisation.

In order to encourage expatriate enthusiasm for localisation there must be rewards for those who assist the nationals. It may be recalled in the findings outlined in chapter 4 that there was a case of an expatriate who had successfully sabotaged his employer's localisation efforts over a ten year period. He still remained in post whereas others who had helped the process had lost their jobs to nationals. Employers must consider re-deploying elsewhere in the organisation those expatriates who are willing to aid and encourage localisation and release from service those who resist the process.

Staff, both expatriate and national, must be given the skills to train and develop others. It must not be assumed that just because someone is good in the technical aspects of a job they will be good at sharing their knowledge, even if they wish to share. These staff need to have the right material to work with in terms of competent and willing nationals. Many of the expatriates in this study had a substantial length of service in their employing organisation. They are likely to be loyal and committed staff who wish the best for their employer. They will, therefore resent a lowering of standards of performance within the organisation. They will see weak or incompetent nationals as a threat to organisation rather than just a threat to themselves. If they are convinced that the newly appointed nationals will achieve appropriate standards then they will be better motivated to guide and assist the new appointees.

5.5.3 Tactics to Encourage Expatriate Support for Localisation.

If strategic methods of encouraging expatriate support for localisation are not appropriate then we could examine to the suggestion of the researcher to adapt the tactics to overcome obstacles whilst keeping the overall strategic objective in mind.

The most important component to overcome resistance to change is to have top management involvement and commitment. Whilst the localisation process is seen as a HRM responsibility it will have to compete with other objectives and is likely to have a lower priority than general organisational objectives such as meeting budget targets, controlling costs and generating quarterly profit. This is especially so if managerial success is judged in terms of meeting those general objectives.

Proposition Seven.

If effective localisation is crucial to the success of an organisation in a particular location, then it must have senior management support.

The UAE Federal Cabinet is, at the time of writing in September 1997, considering imposing quotas of nationals upon banks operating in the country. Other countries, mentioned in chapter 2, are tightening restrictions upon work permit holders and their employers. The issue of localisation and the employment of foreign workers is one which national governments are increasingly concerned about when they negotiate with global organisations. Therefore it is likely to be crucial and cannot be relegated to the HRM department.

However, if top management are to be more involved, they must also be trained and given the equipment to judge effective localisation plans. They must themselves move from a short-term focus. They should be willing to devote time and other resources to setting targets, monitoring performance against those targets and rewarding exceptional performance. The expatriates who assist the localisation process should be retained and

rewarded. Those who resist or cannot contribute to the process should be released from service even if their departure creates a problem in the short-term.

Expatriates should be given renewable contracts, not open-ended employment which suggests that they have a permanent job. Their job specification and that of national staff must include an element of development of self and others. Staff in their 50s may feel that they have nothing else to learn about their work, in which case they are unlikely to be willing to teach others. But some older staff are keen to learn and to teach others. Even if the only thing they can learn is how to teach someone to perform better, that is sufficient. Ideally all staff should be adding to their own job knowledge as organisations and markets are continually changing. As Eden *et al* (1979) recommend, in conditions of rapid change the most important form of training will be learning how to learn rather than learning something which may soon become obsolete. If staff members think they already possess all the knowledge necessary then they are not an asset to their employer. Expatriates should also be provided with skills which are useful to them elsewhere. If they think that they can get a job at home or in another expatriate environment, then there will be less fear of the consequences of losing a job and more willingness to have another person take over.

It will be necessary to change the attitude identified in chapter 4.4.5 that training is only for nationals. It must be seen as part of everyone's job, and employers must make resources available to support and encourage an ethos of training and development. This will involve not just the training or human resource management department but the whole organisation. The performance management and appraisal system will have include factors of training others and self development. The business plan will have to make training and development an important part of the organisations criterion of success.

Uncertainty can be reduced without having an adverse impact upon performance by letting the staff know what is likely to be the timescale for localisation of groups of jobs. Obviously that will involve producing a plan from which a timescale can be predicted or estimated. Banks and other organisations fearful of trusting employees with knowledge of

an expatriate's employment coming to an end will have difficulties with this advice. But as most staff are likely to be told that their jobs are safe, provided they work well, for longer than they currently think then the risks are less than with the present uncertainty. One matter which is of little consequence to the employer but which is of great significance to the employee is that the school academic year is often different in the host country and in the home country. If staff are given the opportunity to plan their children's move from one educational environment to another then much domestic disruption, and consequent distraction at work, can be avoided.

Organisations must change the attitude, apparent in many of the answers in chapter 4, that expatriates are to be used whilst useful and then thrown away. As mentioned earlier many expatriates have given and will continue to give effective and loyal service. They should be encouraged and their contribution recognised. Some of the recognition might be in terms of financial reward, as suggested in Harry (1997a), but perhaps might be in terms of training resources, involvement in the business and scope to make a positive impact in the organisation. If expatriates are discouraged from having a stake in the organisation or in the country they work in then they will try to maximise their short-term financial reward and minimise their costs in the country by sending as much money abroad as possible. They will not wish to encourage host country nationals to take over their job.

Finally it seems to the researcher worthwhile to encourage the expatriates to be able to communicate, at least orally, in the language of the hosts. This could be done cheaply if a large-scale language tuition programme was established. To have a modest command of the local language at least shows courtesy and interest in the country and its citizens.

5.6 Role of Host Country Nationals.

Al-Jassim (1990) has pointed out the shock to nationals when they join a commercial organisation. They find that working in the private sector involves mixing with foreigners, using a foreign language and dealing with different cultures. They need training and support to be able to work effectively in these organisations. This writer agrees with Harzing and Ruysseveldt (1996) that training can be used to help HCNs be more capable of working with expatriates as well as with each other.

5.6.1 Demands of Society upon the National.

UAE nationals, along with many other Arabs and Asians, do not like working shifts which are compulsory in much private sector work. Such work patterns separate the national from his or her community and disturb established life patterns such as the tradition of families eating together in the early afternoon.

Few expatriates gain knowledge about the different demands upon host country nationals or about their different expectations. For HCNs consumption is immediate and conspicuous rather than deferred and discrete as is often found among expatriates. Nationals will spend to create or maintain an image amongst friends and family. Bedi (1991) passes on complaints from Asians about expatriates and their need to acquire and exhibit material wealth, but it is undoubtedly true that the modern expatriate saves now and spends later. Nationals in many, if not most, parts of the developing world are expected to share wealth with family and friends. Part of the reason for this is the Eastern concern with 'face'. People cannot show that they are short of money. If they have money, they are expected to spend it.

Nationals are also expected to spend time with friends and family. This prevents them from being able to meet the work patterns of the expatriates and foreign employers. Harry (1997b) has argued that many organisations which have expatriate senior staff have established work patterns which minimise leisure time in the host environment and

maximise time leisure available at the expatriate's home. The expatriate does not want to be in the host country location, so will work long hours each week in return for long leave. The national is 'at home' there, so wants to minimise the working hours and is willing to have less leave. But employing organisations geared to employing expatriates impose expatriate work patterns. Government organisations have work patterns which suit their own citizens, so are more attractive to the nationals. This is perhaps a greater incentive than the pension and security factors mentioned by many national respondents in chapter 4.

Proposal Eight.

Host country nationals would work more effectively for organisations if their work patterns meet the requirements of the members of the host society rather than the requirements of the expatriates.

Proposal Eight (supplementary).

If the working week was reduced but the annual hours worked remained the same, through reducing holiday periods, then the host country nationals would work more effectively.

Other implications of 'face' are that nationals, Arabs in the UAE and Asians, in general, according to Bedi (1991), are loathe to demonstrate ignorance so hesitate to ask questions. They are inclined to accept information without seeking confirmation of its accuracy. This reinforces the preference for qualitative rather than quantitative management skills. When dealing in the local market-place the HCNs considered in this study have the advantage of a network through which they may share knowledge. When working outside that environment, however, the HCN's preference to not question information puts him or her at a distinct disadvantage compared to others who will ask questions. In time this will hamper their ability to progress as far as expatriates may do outside their home market.

Another feature of avoiding loss of face is the risk entailed in applying for a job and then being turned down. The loss of face is even greater if the person turning down someone is a foreigner, especially if the foreigner is in a lowly position or is from a nation or group seen by the national as lacking the stature of the host community. Although this was not mentioned as a problem by any of the respondents in this study the researcher, based on his experience as a recruiter, is certain that it would be mentioned by potential candidates. Nationals prefer 'wasta' or influence to get jobs so avoiding rejection. This leads to resentment among those whose 'wasta' is not so powerful. It also leads to the resentment and disruption within the organisation described by Hayajneh *et al* (1994).

Proposal Nine.

Host country nationals would be more likely to apply for positions if the risk of failure was removed through creating an atmosphere of query and discussion instead of testing and decision making.

In this way nationals would only formally apply when they were confident of being accepted. If they were deemed unlikely to be suitable, the process would be handled such that no formal application was necessary. There is a risk that this type of recruitment and selection could be abused by expatriates to discourage locals from actually applying.

One last aspect of 'face' in this study is that to ask a person to give business to an employer or buy a product can have the image of begging. As most private sector jobs have a measure of persuading customers to buy or use a facility, it may be much more attractive for HCNs to work for a government organisation which has customers coming to it and asking the official to provide a service. This puts the customer in the 'begging' role, thus involving no loss of face on the part of the official.

5.6.2 Need to Move Up or Move Out.

The dynamic labour market for local nationals means that those who are not given opportunities for promotion will move to another employer. Those who are loyal or who want to become fully capable of carrying out a job will find that their compatriots will have occupied the senior jobs. Those who were left behind will then stagnate in their career as new jobs are not being created. The occupiers of senior jobs will have nowhere to move, so will block the advancement of their juniors. Knowledge of this will encourage all young nationals to progress as fast as they can while they can. They must job-hop if they are not given opportunities by their present employers. They also know that, if a senior person gives a promise of reward in the future, that person may not be around to fulfil the promise. If the senior person is an expatriate, they may have been replaced. If they are a national, they may have job-hopped.

Proposal Ten.

If organisations set out a career plan with appointments and promotions guaranteed in return for specific objectives being attained, then job-hopping amongst host country nationals would be reduced.

Young HCNs are likely to have had better opportunities to be educated, academically, than the older generation. As can be seen in comments from respondents, outlined in chapter 4, there is jealousy from some of the older nationals towards the youngsters. Some of this jealousy can be explained as a normal attribute of those who have gained their position by experience against those who gain their position by education and qualifications. There is also an element of lack of self-confidence among the old nationals. They believe that they are not threatened by expatriates because they have the advantage of a local passport. But the older or more established locals do not have this advantage when compared to fellow nationals.

Banai (1992) considers that nationals tend to criticise expatriates whom they perceive as less competent and better paid than they are. The most capable HCNs will, in his opinion,

leave foreign employers and get promotion in other international organisations or local employers. The less capable ones stay, contribute to poor morale and resist change. Over time this leads to increased rifts between locals and expatriates.

5.7 Role of the Organisation.

The most important duty of employing organisations will be to support and encourage the employees, whether nationals or expatriates, to play their part in the localisation process. As mentioned above, if successful localisation will be crucial to organisational survival and prosperity then aid to the process must be a factor considered in appointment, promotion and appraisal of staff.

Organisations will have to deal with higher rates of staff turnover than they have been used to in the past. This will apply to expatriates and to national employees. The expatriates know, or think, that they have no long-term future, so will move for better short-term rewards. Nationals will move if they think that another employer will give more chances of advancement because, if these chances are not taken, the person will be left behind in the race for career advancement.

At the same time it will be more difficult to replace leavers with new recruits of similar calibre. The expatriates will demand higher rewards for a short-term assignment than those who thought that they would be with their employer for a substantial period. The nationals will see that other nationals are moving, so will try to go to the employers which their fellows think offer most opportunities for career development or immediate reward, or both.

Proposition Eleven.

In the future, national staff, and to some extent, expatriate staff, will be harder to control than the staff employed in the past.

Nationals will think that there are many opportunities with other employers and will resent restrictions on them compared to those applied in government service, so they will not be inclined to be productive. Expatriates will not expect to be treated well in return for loyal and productive service. They will expect to be thrown out when a local is available to take over their job. So they will expect immediate reward and will go

elsewhere if working life or life as an expatriate becomes too demanding. It is the belief of this researcher that this is a better explanation for localisation in West Africa than that put forward by Hailey (1994a). Life just became too difficult for Western expatriates in Nigeria, so they left, and no equivalent replacements could be found. Those who do remain or are recruited will not be prepared to be as docile as the expatriates described by Atiyyah (1995).

Proposition Twelve.

Organisations which could afford to carry poor performers or which turn a blind eye to the low output and bad performance of a small number of national employees cannot take the same approach when the proportion of nationals becomes substantial.

When privileged staff are a minority they can escape sanctions against poor punctuality, unwillingness to conform to rules and regulations, putting self-interest before the organisation's interests (even to the extent of corruption or diversion of business opportunities). They can also neglect the employer's tasks to concentrate upon their own business interests. This cannot continue for long in a commercial organisation unless it is in a monopoly situation or a cartel, which allows the costs to be passed on to a customer who cannot go elsewhere for services.

It is the ability to pass on the costs to the customer (or paymaster) that allows such practices to survive in many government or parastatal organisations throughout the world. In a global market-place it is difficult for individual organisations to allow a sizeable proportion of the workforce to be undisciplined or to neglect their duties. Eventually organisations will have to subject their national employees to the same, or similar, standards of discipline as they have done for expatriates.

The most effective way to create an atmosphere of discipline and working towards the organisational objectives is to generate self-discipline amongst staff. A most effective way to achieve that self-discipline is to channel motivation and give genuine responsibility early in the recruit's career. To learn by doing is much more effective than

to expect a person to 'sit by Nellie' or attend classes and then immediately perform as well as 'Nellie' (or whichever person was doing the job).

Buchanan and Huczynski (1997), quoting the work of Hackman and Oldham (1974), claim that there are three factors capable of enhancing motivation, job satisfaction and performance.

These are:-

- **Meaningfulness.** This is the extent to which the worker thinks his task and role are of value and worthwhile.
- **Responsibility.** This is the extent to which the worker feels accountable for the output or service.
- **Knowledge of the results.** This is the extent to which the worker knows and understands how well he is doing.

The researcher hesitates to suggest that local organisations in other cultures adopt these Western concepts, but they may be a good starting point for creating means of increasing self-discipline and productivity amongst national staff. Trompenaars (1993) believes that, as markets globalise, large organisations attempt to impose uniformity upon their subsidiaries without taking into account the local situation. But he and this researcher consider that Western management techniques will be more useful if they can be adapted to suit the local conditions and expectations. In management theory, such as that of Hackman and Oldham (1974), positive factors can be encouraged and negative factors can be discouraged for the benefit of the organisation, its customers and its employees.

Tayeb (1988, 1994) found, from her studies in Europe, South Asia and Iran, indications that attitudes and behaviour can be changed by communications and persuasion. An understanding, according to her, of the non-technical and non-task environment helps in the formulation of appropriate management style and structures for the situation rather than the importation of management practices from another environment. Arthur *et al*

(1995) have similar views and draw attention to particular problems when expatriates come with ready-made policies and techniques.

It is the experience of this researcher, based upon work and travel in over 60 countries, that most human beings, when treated well and asked to achieve clear objectives which are within their capability, will perform enthusiastically and will achieve results. There is no need for sophisticated management techniques to achieve this. But he is in agreement with Torrington (1994) that policies must be clear and simple and flexible enough to meet varying local needs.

5.8 Role of Governments.

5.8.1 Government as the Instrument of the State.

Governments have roles which are of fundamental importance in the localisation process. The most important aspects are as the instrument of the State- a protector of citizens, provider of education, regulator of business and employment and the source of law and law enforcement.

It is often governments which demand that localisation take place. They have the power to restrict the entry of foreigners to the country. They can impose limits on the ability of employers to make selfish decisions which will aid them but harm the community. Governments do, however, have to balance conflicting desires of different parts of the community. The national employer may wish to employ cheap docile foreign workers so that it can produce goods and services cheaply. The national customer may want to buy at the cheapest price for a given quality and will not wish to pay more just because it is a local producer. The national job-seeker will not be convinced that it is in the national interest that he or she be unemployed because it is better to have an expatriate in work. As Miller (1995) has suggested unemployment has social dimensions, not just economic ones.

The attitude of governments to the issue of localisation will depend upon which group is of most concern to the government. When there is potential wealth, especially in the form of natural resources, which needs substantial investment in technology to exploit, governments will be concerned to encourage foreigners to provide knowledge and people. The value of the wealth will be sufficient to pay for government jobs or social security payments for local job-seekers and to generate profit for local businesses.

When customers have access to cheap foreign produce, due to low market entry costs, technology or import duties, then governments will hesitate to impose excess costs upon

local businesses by insisting that they employ less capable or more costly national workers.

When the number of capable nationals seeking work becomes large enough for citizens to be concerned more with keeping their relations and friends occupied and productive than with profits, costs and the problems of managing locals, then governments will discourage the employment of expatriates.

Al-Jassim (1990) has suggested that in the UAE the 1980 Labour Law tried to encourage localisation and Arabisation of jobs, but this has been unsuccessful, especially in the private sector. He explains the lack of success in terms of lack of follow-up by officials and resistance on the part of nationals towards employment in the private sector. They prefer to take unproductive employment in the government sector. Elhussein (1991) writes that the UAE Central Bank issued six directives on localisation which ranged from requests to orders but that these have been largely ignored by the banks. It is easy to issue directives but less easy to have them acted upon.

Proposition Thirteen.

When there is much wealth, the government will be content to allow expatriates to work for the benefit of businesses and customers.

Proposition Fourteen

When there are few capable nationals seeking work then the government will be content to allow expatriates to work for the benefit of businesses and customers.

5.8.2 Government as an Employer.

A role that is less important role than that outlined in 5.9.1, but which is one often mentioned by respondents in this study, is as an employer. In many States governments are the largest employer. In the developed world a job in government is rarely thought of as a means to wealth and power. But in many developing countries a job in government

offers not only security of employment but also, as Ali (1991), Binayan (1986) and Muna (1980) suggest, a means of gaining power which can be used to the advantage of the official or their family.

The direct benefits to the individual are also likely to be greater in the short term by working for government than by working in the private sector. This applies in many countries including all the countries of the GCC. The governments usually pay a higher starting salary than the private sector and rarely require the same degree of diligence at work. The customers of the government rarely have the power to complain or make life difficult for the non-productive worker. Salaries and promotions depend on seniority or connections, not upon performance. Binayan (1986) has argued that nationals of wealthy Gulf States consider that remuneration both is their rightful share of the national wealth and has nothing to do with performance and productivity.

To rub salt (or should it be sand?) into the wound several governments in the GCC levy a training tax upon the private sector which is not levied upon government departments. In the UAE banks are required to pay 2% of their payroll costs to the Emirates Training Institute for Banking and Financial Services. In Bahrain the levy is also 2%, but in that country the funds go to the Ministry of Labour. The tax is used to pay for the training of nationals, although in theory it might be available for expatriates. Most employers find ways of minimising this levy.

Proposition Fifteen.

If governments will spend a significant part of the cost of employing national recruits in the civil service as a subsidy for the employment of national trainees in the private sector, then the process of localisation will be encouraged and will be more effective.

5.9 Review of the chapter.

The researcher has suggested a number of propositions that may aid academics and practitioners to understand aspects of the process of localisation. He has attempted to produce clear insights and to put forward means by which localisation may be more successfully achieved. Some of the propositions can be considered, implemented and fulfilled by individuals and their local employers. Others require resources and commitment at the level of the organisation's head office and in government ministries. Some relate to strategic HRM planning others are of more use when implementing a minor part of the process.

Often during this thesis reference has been made to the need for academic research to meet the needs of practitioners and government officials to have guidance in how to effectively handle the process of localisation. It is hoped that the propositions suggested will stimulate academics and cause them to investigate further the topic of localisation and to generate theories which will be of value to those involved in the process. In the next chapter suggestions will be made regarding the directions such investigations could take.

Chapter 6. Conclusions and future research.

6.1 Outline of Chapter.

This chapter examines the need for academic research to catch up with practice in the field of international business and management. It then argues that this thesis has made a valuable contribution to a crucial topic of interest to organisations which employ substantial numbers of foreigners. The thesis is also of value when considering aspects of discrimination and change of power within organisations. It goes on to suggest other groups, industries and locations which might yield important data. There is, however, a risk that Western academics and practitioners could seek to impose plans and systems upon other societies which may not meet the needs and wants of the host population. Finally it suggests the sentiments which the researcher would like to apply when localisation occurs.

6.2 Academics Catching up with Practice.

Many times during this thesis attention has been drawn to the lack of relevant literature and apparent academic interest in international HRM topics, particularly the dearth of writing on the subject of localisation. If the world becomes one competitive market instead of a multitude of markets each protected from one another, then organisations will have to face the problems of managing and servicing staff and customers of different nationalities and cultures. These people cannot be dealt with in the same way as domestic staff and customers. Few organisations can emulate US manufacturing and extractive companies of the immediate post war era and produce what they like and how they like and demand that the staff and customers meet their wishes.

Managers of many international organisations or organisations employing international staff have not been ignorant of this need to understand staff and customers. Many have made mistakes but others have learned how to develop practical solutions to international HRM problems. These solutions may not be elegant nor be the best possible, but they work- to a greater or lesser extent.

Academics have lagged behind practitioners in being concerned with important features of international human resource management. They have been slow to conduct research into these issues and propose more effective solutions to real problems. This is unfortunate as the subject area offers the opportunity for academics to make a valuable contribution to business activities. Plenty of excuses can be made for this neglect and this thesis has drawn attention to many of those. It is difficult to gain access. Hofstede (1980) was fortunate to have support from IBM, and Trompenaars (1993) was able to use Shell's facilities. But most academics struggle to persuade companies to allow research. The cost of such studies, when access is allowed, is high in comparison to domestic research. I saw my bank balance plummet when I bought air tickets, hired cars and paid hotel bills in South America, Southeast Asia and the Middle East. Often I wished for a sponsor or for a study close to home.

Maybe there is a need to construct a virtuous circle. In this situation academic research makes a contribution to international business, that contribution is recognised, and businesses pay for more research. In this manner a 'critical mass' of information and theory is established upon which others build. That critical mass has not yet been reached. I hope that this modest contribution will add to the mass and take a step along the path around the virtuous circle.

6.3 The Value of this Study

The few academic studies of international HRM have tended to focus upon international organisations and, within those organisations, to focus upon head office staff. This is understandable because head office staff have the power to grant access and are themselves, accessible to academics. Often such people will be based in the same country as the researcher. So the academic will collect opinions and other information which reflects that of the head office staff. Staff in such positions are, according to Kobrin (1988), unlikely to be receptive to the need to understand issues of international HRM, including the process of localisation. They will be less receptive to the need to recognise and value the opinions and arguments of those involved in the activities creating the issues. They may be more used to giving instructions and telling those involved to get on with it. It is my contention, which I have discussed in chapter 5, that instructions would be more effective if they arose from understanding of motivation and were designed to harness enthusiasm rather than to overcome resistance.

This study, however, has focused upon subsidiaries of international organisations and domestic operations employing substantial numbers of foreigners. It sought the views and experiences of those closely involved, in active, semi-active and passive roles. These views and experiences of those closely involved were more difficult to discover than those of individuals who are more remote from the process. This research has given valuable insights and has produced propositions which are likely to be of use to academics and practitioners. It has explored territory rarely visited by academics or by practitioners using academic tools.

This study of localisation has dimensions of HR planning, succession planning and career planning. It also looked at temporary workers, issues of race, religion, wealth/ poverty, nationality, education, qualifications versus experience, older versus younger employees, and careers which involve rapid advancement then stagnation. Although most of the topics are found in domestic human resource management situations they are rarely found

in such combinations and such complexity. The material in this thesis may help those engaged in research in those related dimensions.

The study of localisation could also prove of use in understanding how to manage a business activity in countries where governments seek to impose rules on the appointment and advancement of particular groups of citizens. For example Malaysia where the policy is to favour the Malays, and India where 'scheduled castes' have access to favourable quotas in government jobs and places in educational facilities. The current Prime Minister of Malaysia, Mohamad (1980), has given an argument justifying such policies which may not be convincing to those from a more liberal democratic background. But an understanding of such policies, or at least knowledge that they exist, is necessary for organisations operating across national boundaries. This knowledge can be utilised to avoid conflict between expectations of the parent country and those of the host country.

6.4 Future Research.

In earlier chapters a number of limitations have been identified. At this stage I wish to suggest useful directions for future research. Some of those studies can be undertaken by postgraduate researchers who can examine a small section of the field. Some may be individual efforts but over an extended period which may suit a post-doctoral researcher. Some of the suggestions cover aspects of the research topic beyond the time and resources of the individual and may require a team or collaboration effort.

6.4.1 The Study of Unsuccessful Nationals.

Mention has been made in chapter 3 of my endeavours to identify and interview nationals who had not been successful in their careers and who had left their employer's organisation. Those people identified and contacted were unwilling to take part in the study. It may have been possible to interview those individuals if there had been time to build up credibility and to convince the potential respondents that there would be no harm to them and that there might even be some advantage by taking part. A future researcher might find useful information by studying such HCNs.

6.4.2 Different Nationalities of Researchers.

Although I am convinced that I was able to persuade respondents to give their true opinions on the process of localisation it would be interesting to discover if interviewers who were not British males found similar responses. Al-Haj (1989) was unable to gain direct access to the views of expatriates and had to use what he called 'mediators' who asked questions on his behalf. This creates serious problems for the researcher especially regarding interviewer's skills and interpretation of answers. My skill as an interviewer and my cultural awareness has been considered by many of those with whom I have worked to be ethnically neutral or at least not threatening. It might be that being a

Western academic who had practical experience in international business roles gave me access which would not be available to host country nationals or non-Western researchers. It is likely that I gained access which would be denied to other Western researchers. An example of this is that I did manage to obtain a copy of the 'sensitive report' on Emiratisation in the banking sector which was referred to in chapter 1. A copy is shown in appendix A.12. This report was acquired through personal contacts rather than via a formal approach to senior members of the committee.

Those conducting a study similar to this thesis would need to bring to it the same level of skills and awareness as I possess. It would be helpful if such researchers could examine the same or similar organisations. As the current study has investigated UAE banks employing approximately 90% of the staff in the banking sector it may prove difficult to examine the same organisations. It would, however, be interesting to have others try to conduct such a study.

6.4.3 Longitudinal Study of Organisation which are Localising.

This current study has presented a snapshot of issues and opinions arising from the process of localising in the UAE banking sector in the mid-1990s. It would have been interesting to have followed progress over a period of time. Cohorts of nationals and expatriates could have been interviewed at selection, appointment, promotion and separation stages of careers in several organisations. This would involve contact and commitment over a period of at least a ten years or longer. If the study had commenced when there were few locals in an organisation and continued until only a few expatriates were left, that would have been most enlightening. It may be possible to conduct such a study in commercial sectors such as the hospitality industry in the GCC, where currently few local nationals are employed. The resources required exceed those of an individual researcher but may be available to the department of a university.

6.4.4 Other Industries.

As well as the hospitality industry, which has been mentioned, other sectors which could provide interesting subjects for research include the transport, construction and maintenance industries. These contain jobs which do not currently appeal to many nationals. The work is seen as being of low status and often involves manual effort. Other jobs, such as accountancy and teaching, are also seen as being of low status in some countries although they involve intellectual ability. This low status arises from the identification of the jobs with South Indians and Egyptians, who have dominated those professions in the GCC region. A study of the emergence of local accountants and teachers would repay the efforts of a researcher.

6.4.5 Other Countries.

When this research was first embarked upon I thought that I would study a variety of industries and countries. Realising that I was spreading my resources too thinly caused me to concentrate upon one industry- banking. But I had hoped to look at this sector in a number of countries. I attempted to gain information in South American countries (although I was hampered by my limited Spanish) in Southeast Asia and in a number of GCC states. I came to realise that my resources were not sufficient to extend beyond one or two countries. I would have wished to compare experiences of localisation in Southeast Asia, where it would appear that the issue of localisation had been successfully dealt with, and the GCC, where it had risen to prominence. I have been able to do that only to an extremely limited extent. The costs and time involved in gaining access in Southeast Asia proved to be insuperable. The subject is, however, still of great sensitivity, as the letter in appendix A.1 demonstrates.

Studies in other countries comparing issues and opinions on localisation with those in this thesis would make valuable contributions to international HRM. The appointment of locals to replace expatriates in, for example, Japanese banks in London would be just as interesting as one investigating British banks in Hong Kong.

6.5 Recognition that We Cannot Devise a Universal Solution.

Interesting as Ph.D. theses might be, they cannot in themselves produce all the answers to particular problems. When the problem is one as complex as that of localisation, interesting insights and propositions are the best that we can expect. A novice researcher, especially one with knowledge of different cultures' needs and expectations, will not wish to present solutions for others to apply. I do not wish to tell others how to act. I wish only to contribute to knowledge so that those seeking solutions might have a better quality of information upon which to act.

I wish to avoid the trap, into which many Westerners fell in the decades following the Second World War (also known as the Great Patriotic War or the Pacific War if one comes from a non-Western country) of reproducing other societies and organisations in our image. This trap is well described by Myrdal (1968):

“ In planning for industrialisation developing countries run the risk of creating pretty islands of highly organised Western type industries which will remain surrounded by a sea of stagnation.”

On the other hand, I think, we have to avoid saying that countries should not develop because then they will suffer the ills of the West. We may like to keep such countries in a state of grace avoiding the ills of the developed world. But the people may prefer Western medicine and material culture. Those in the developing world may prefer to think of Western-type industries as oases surrounded by desert rather than as the islands suggested by Myrdal.

Where localisation plans exist there is often an implication for the HCNs to think like we do in the West. Or at least like the Western management gurus who write business books. It sometimes seems, to me that, although Western drug or food products are subject to testing, management theories are exported without concern for the 'customers' who might be tempted to use them. There is a need in international human resource management to

consider the 'customers', the local nationals who have to find their own way of meeting the challenge of global business activities

6.6 Parting Thoughts.

The thesis began with some quotations from literature. The passages quoted described attitudes towards working with foreigners in a manner far better than any academic I have discovered.

I would like to end with two further quotations. The first, which is history rather than fiction, describes the departure of expatriates at the end of the British Empire in India. The second is a quotation from an Egyptian who was the Arab world's first Nobel Laureate. These quotations describe the attitudes I would like to prevail when localisation occurs. These are probably too sentimental for an academic treatise but they summarise the objective of localisation in individual terms not those of globalisation, economics or of nation building. They describe a job well done.

“It is one of their enduring strengths that when the time came to go they departed from the stage with exemplary grace and dignity.”

Royle (1989)

“How beautiful it is to bid someone farewell with each of you holding the other in more esteem.”

Mahfouz (1997)

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Appendix A.1.a.

Letter from the Head of Human Resource Management of an international bank in Malaysia explaining that the subject was too sensitive to be discussed.

HongkongBank

Hongkong Bank Malaysia Berhad

Head Office: 2, Leboh Ampang, 50100 Kuala Lumpur



Ref:

Mr West Harry
Research Division
Strathclyde Graduate Business School
199, Cathedral Street
Glasgow G4 0QU
United Kingdom

5 October 1996

Dear Mr Harry

I am writing further to your request to interview some local Managers regarding issues of developing Malaysian Managers to replace expatriates.

This is a sensitive issue with Hongkong Bank Malaysia at the present time and we would prefer not to raise the profile of the subject through participating in your research.

I am sorry that we cannot be of more assistance on this occasion.

Yours sincerely

Abdul Ghaffar Abdul Majid
Assistant General Manager Personnel

Appendix A.1.b.

Facsimile from a senior manager of a locally owned bank in the UAE explaining that the subject was too sensitive to be discussed.

To: Wes Harry
Fax: 0044 141 552 2501
From: G Cromar Collie
Fax: 9714 515955
Date: 23 April 1996

Dear Wes

It is good to hear from you and I'd be delighted to meet you again in June on a personal level.

Whilst accepting the confidentiality of your interviews, the subject matter is fo. .s a highly sensitive one, and having spoken to our GM, we feel it would not be appropriate for us to become formally involved in your research project.

Notwithstanding, I do hope you give me a call when you arrive so that we can get together and have a chat about your thesis and other matters.

Best regards



Appendix A.2.

A Sample of the letter requesting participation in the research project.

**FAX TO ALI REDHA AL ANSARI
 MANAGER PERSONNEL ABN AMRO
 00-9714-511555
FROM WES HARRY FAX 0044-141-552-2501**

Research Project.

Dear Mr Ali ,

May I ask for some assistance with a research project I am conducting? I have put an outline of the help I seek below.

I am studying at Strathclyde Graduate Business School (one of the top Business Schools in the U.K.) reading for a Ph.D. I already hold a Masters Degree in Manpower Studies and am a Fellow of the Institute of Personnel and Development.

The thesis is on the 'Process of Development of Host Country Nationals and Replacement of Expatriates' .[Localisation]. I intend focusing upon the Banking industry in the Gulf and in South East Asia. I already have promises of co-operation from a few well established international Banks as well as several national or local Banks.

I would like to interview (on a confidential basis), the Head of the region, the Head of H.R. in the region and the senior expatriate and senior Host Country National. If it was also possible to interview a selection of other staff that would be most useful. I would follow a standard format for the meetings and the Bank would get a prior copy of this- I don't think that there would be anything controversial in it.

If I could also circulate a questionnaire to a sample of staff in the region that would help with the research- once again a copy would be sent to the Bank beforehand.

The results of the study may be of value to the Bank in formulating or developing its 'localisation' programme. I would give a copy of the thesis to the Bank and would, if thought appropriate, give a presentation of the results to management.

Within the thesis the individual member of staff, branch and Bank would not be identifiable.

Do you think that ABN-AMRO might be willing to co-operate? I should mention that all expenses I incur whilst carrying out the study will be met by me.

Yours sincerely,

Wes Harry.

**TEXT BOUND INTO
THE SPINE**

Examples of a newspaper article concerning the research.

Work on the project will be completed by June 1997. At the end of this year, two phases will be implemented. The first will be completed in October this year and the second by June 1997.

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Work on the project will be completed by June 1997. At the end of this year, two phases will be implemented. The first will be completed in October this year and the second by June 1997.

SKILLS transfer urged in GCC

By INDIRA CHAND

GCC nationals tend to be attracted to non-technical jobs, according to research findings. This leads to distortion in economies as GCC states will have to continue to import expatriate workers, said Britain-based researcher Wes Harry.

He was speaking during a lecture organised by the Bahrain Society for Training and Development (BSTD).

Mr Harry is currently studying the "Process of development of host country nationals and replacement of expatriates" as part of his research work for a PhD (doctorate) at the Strathclyde Graduate School of Business.

His talk, titled "Localisation: Current research findings", was held at the Bahrain Institute of Banking and Finance (BIBF).

"Localisation is very much an



At the lecture are BSTD president Ebrahim Al Dossary, front row, eighth from left, Mr Harry, front row, seventh from left, with some of the BSTD members

transfer skills from expatriates to nationals.

However, research conducted so far had revealed that nationals tend to be attracted to non-technical jobs, said Mr Harry.

"There is a reluctance to training in technical aspects of jobs, with nationals tending to go for

frontline jobs or public relations and marketing," he said.

In banking, for example, nationals would rather rely on expatriates in treasury operations or other jobs which require technical knowledge.

Bahrainis are not keen to be trained in accounting," said Mr Harry.

He said it was essential for a country to have a full range of skills, otherwise it leads to distortions in the economy.

"If local people are dominant in some sectors, the country will have to keep importing expatriates," said Mr Harry.

He said there was a need to manage morale of staff, both expatriates and nationals.

"One party has to be motivated to learn and the other to teach," said Mr Harry.

There was also a need to review remuneration policies for expatriates, to make a success of localisation policies.

"Sometimes, to motivate an expatriate to transfer skills, it is better to pay a higher salary for a short term than a low salary over a long term," said Mr Harry.

"This would be more effective in the transfer of skills from expatriates to nationals."



Seven Bahrain Precast Concrete Company employees were awarded with certificates yesterday. The Bahraini staff have completed English language and accounting training courses, in co-operation with the Labour and Social Affairs Ministry's educational scheme. General manager Peter Hansen presented the certificates to the employees. At the presentation are, from left, Merfat Ibrahim Ali, All Jassim Bu Hassan, Saeed Ahmad Lahmadi, Mr Hansen, Yousif Abdulaziz Yousif, Issa Abdali and Fadel Ahmed Ghareeb. Sawсан Abdulnabi Hassan has also successfully completed a training course. She was not available for the photograph.

Appendix A.4.

Questionnaire to members of the Dubai Personnel Manager’s Forum.

Please note: a similar questionnaire was distributed to members of the Bahrain Society of Training and Development.

DPM Survey of employment practices in the U.A.E.

Confidentiality.

This questionnaire has been devised by Wes Harry as part of his research into employment practices which he is undertaking as part of his Ph.D. studies at the Strathclyde Graduate Business School. No individual answers will be communicated to employers or any other people. The answers will be consolidated for the purpose of analysis and may be published along with findings of the research but this will be done in such a way as to prevent individuals and individual organisations from being identified.

If a respondent wishes to contact Wes to discuss the questionnaire please contact him at SGBS fax 00-44-141-552-2501 or E-mail Wes@SGBS.strath.ac.uk or write to him at:- Research Division Strathclyde Graduate Business School 199, Cathedral St. Glasgow G4 0QU United Kingdom. Wes plans to be in the UAE from 15 - 20 June and again early in July.

Definitions of terms.

‘Parent organisation’ refers to the whole organisation world-wide, including parent companies and all subsidiaries.

‘UAE organisation’ refers to the employing company in the UAE only.

‘Senior management team’ refers to the group of individuals who report to the Chief / Regional Chief executive in the UAE.

‘Western expatriates’ refers to nationals of the USA, Canada, Australia, New Zealand or the European Union irrespective of their race.

‘Other expatriates’ refers to nationals of all countries except those of UAE, Gulf Co-operation Council Countries or the countries specified for Western expatriates.

‘UAE nationals’ refers to citizens or those recognised by the Department of Labour or Immigration as not requiring a work permit but who are not citizens of the GCC.

‘GCC nationals’ refers to citizens of the Gulf Co-operation Council Countries (except the UAE).

.....

If, upon completion of this questionnaire, the respondent would like to meet Wes to discuss his research, please detach and send this part of the form to:-

Wes Harry -Confidential
c/o Arif Sayed Personnel Manager Grindlays Bank PO Box 4166 Dubai
Tel 271130 Fax 233501.

I would like to discuss this questionnaire or other aspects of the process of Host Country National Development (‘localisation’).

Name.....

Address.....

Tel. Fax.

1) a. What is the nationality of the parent organisation?

.....

b. If there is no one nationality dominant, e.g. in a joint venture, then give the nationality of the main shareholders with an approximate percentage ownership, if known.

.....

2) In which sector does your parent company primarily operate? *Please tick one only.*

Oil / gas exploration or production.

Construction.

Real estate.

Manufacturing.

Transportation.

Wholesale trade.

Retail trade.

Financial services.

Utilities.

Government administration.

Other services (please specify).

3) In which sector does the UAE organisation operate? *Please tick one only.*

Oil / gas exploration or production.

Construction.

Real estate.

Manufacturing.

Transportation.

Wholesale trade.

Retail trade.

Financial services.

Utilities.

Government administration.

Other services (please specify).

4) How many years has the parent organisation been in existence? [.....] years.

5) How many years has the organisation operated in the UAE? [.....] years.

6) What is the total number of staff employed in this organisation in the UAE? [.....]

7) What is the role of the organisation in the UAE?

Please chose the description which is most true for your organisation. Tick one only.

to find out and take advantage of opportunities in the UAE and neighbouring countries.

to implement parent organisation strategies.

to adapt products, processes and services offered by the parent organisation to the best advantage in the UAE and neighbouring countries.

to contribute to the world wide operation of this multinational organisation.

8) Where are decisions taken on establishing major financial management policies (e.g. accounting policy or approval for significant expenditure, over UAE Dirhams 1,000,000)?

Global head office	<input type="checkbox"/> Exclusively	<input type="checkbox"/> Mostly	<input type="checkbox"/> Sometimes	<input type="checkbox"/> Rarely
Regional head office	<input type="checkbox"/> Exclusively	<input type="checkbox"/> Mostly	<input type="checkbox"/> Sometimes	<input type="checkbox"/> Rarely
UAE organisation	<input type="checkbox"/> Exclusively	<input type="checkbox"/> Mostly	<input type="checkbox"/> Sometimes	<input type="checkbox"/> Rarely

9) Where are decisions taken on establishing major Marketing policies (e.g. deciding on new advertising campaign or seeking a different type of customer)?

Global head office	<input type="checkbox"/> Exclusively	<input type="checkbox"/> Mostly	<input type="checkbox"/> Sometimes	<input type="checkbox"/> Rarely
Regional head office	<input type="checkbox"/> Exclusively	<input type="checkbox"/> Mostly	<input type="checkbox"/> Sometimes	<input type="checkbox"/> Rarely
UAE organisation	<input type="checkbox"/> Exclusively	<input type="checkbox"/> Mostly	<input type="checkbox"/> Sometimes	<input type="checkbox"/> Rarely

10) Where are decisions taken on establishing major Human Resource management policies (e.g. changing pay policy, approval for amendments to staff employment terms and conditions)?

Global head office	<input type="checkbox"/> Exclusively	<input type="checkbox"/> Mostly	<input type="checkbox"/> Sometimes	<input type="checkbox"/> Rarely
Regional head office	<input type="checkbox"/> Exclusively	<input type="checkbox"/> Mostly	<input type="checkbox"/> Sometimes	<input type="checkbox"/> Rarely
UAE organisation	<input type="checkbox"/> Exclusively	<input type="checkbox"/> Mostly	<input type="checkbox"/> Sometimes	<input type="checkbox"/> Rarely

12) Where are research and development activities usually carried out? *Please chose the description which is most true for your organisation. Tick one only.*

- conducted jointly in the UAE and the parent organisation and shared world wide.
- conducted in the UAE and knowledge not disseminated elsewhere.
- conducted in the parent organisation and knowledge is disseminated to here.
- conducted in the parent organisation but knowledge is not disseminate here.

13) What nationality are managers and executives in this subsidiary? *Please fill in the total numbers in each box.*

	UAE Nationals	GCC nationals	Western expatriates	Other expatriates	Total
Chief executive	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Senior management team	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Other managers	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

14) Is the number of managers employed currently increasing, decreasing or staying the same? *Please tick only one box for each category.*

	Increasing	Staying the same	Decreasing
UAE nationals	[]	[]	[]
GCC nationals	[]	[]	[]
Western expatriates	[]	[]	[]
Other expatriates	[]	[]	[]

15) What has been the percentage of managers leaving or joining in the last 3 years?

	Percentage of leavers	Percentage of joiners	Number of managers employed today
UAE nationals	[]	[]	
GCC nationals	[]	[]	
Western expatriates	[]	[]	
Other expatriates	[]	[]	

16) How often are UAE nationals appointed to senior management positions in the UAE organisation promoted from within the UAE organisation?

[] Very often [] Often [] Sometimes [] Hardly ever [] Never

17) How often are UAE nationals appointed to senior management positions in the parent organisation recruited from the UAE organisation?

[] Very often [] Often [] Sometimes [] Hardly ever [] Never

18) How many UAE nationals in senior management positions have the following qualifications?

	All	Most	Around half	Some	None
Degree from the UAE University	[]	[]	[]	[]	[]
Degree from an Arab or an Asian University	[]	[]	[]	[]	[]
Degree from a Western University	[]	[]	[]	[]	[]
Professional qualification (by examination).	[]	[]	[]	[]	[]

19) In general, how important are the following factors in the recruitment of UAE nationals into management positions in the UAE organisation? *Please tick each description which is true for your organisation.*

	Very important	Quite important	Important	Not very important	Not at all important
Managerial skills	[]	[]	[]	[]	[]
Technical competence	[]	[]	[]	[]	[]
Local knowledge	[]	[]	[]	[]	[]
Local contacts	[]	[]	[]	[]	[]
International work experience	[]	[]	[]	[]	[]
Cheaper to employ than alternative nationalities	[]	[]	[]	[]	[]
Degree from UAE university	[]	[]	[]	[]	[]
Degree from elsewhere	[]	[]	[]	[]	[]
Foreign language skills	[]	[]	[]	[]	[]
Willingness to stay with this UAE organisation	[]	[]	[]	[]	[]
Willingness to work abroad in other parts of the parent organisation	[]	[]	[]	[]	[]
Other (please specify)	[]	[]	[]	[]	[]

20) In general, how important are the following factors in the recruitment of GCC nationals into management positions in the UAE organisation? *Please tick each description which is true for your organisation.*

	Very important	Quite important	Important	Not very important	Not at all important
Managerial skills	[]	[]	[]	[]	[]
Technical competence	[]	[]	[]	[]	[]
Local knowledge	[]	[]	[]	[]	[]
Local contacts	[]	[]	[]	[]	[]
International work experience	[]	[]	[]	[]	[]
Cheaper to employ than alternative nationalities	[]	[]	[]	[]	[]
Degree from home country university	[]	[]	[]	[]	[]
Degree from elsewhere	[]	[]	[]	[]	[]
Foreign language skills	[]	[]	[]	[]	[]
Willingness to stay with this UAE organisation	[]	[]	[]	[]	[]
Willingness to work abroad in other parts of the parent organisation	[]	[]	[]	[]	[]
Other (please specify)	[]	[]	[]	[]	[]

21) In general, how important are the following factors in the recruitment of Western expatriates into management positions in the UAE organisation? *Please tick each description which is true for your organisation.*

	Very important	Quite important	Important	Not very important	Not at all important
Managerial skills	[]	[]	[]	[]	[]
Technical competence	[]	[]	[]	[]	[]
Local knowledge	[]	[]	[]	[]	[]
Local contacts	[]	[]	[]	[]	[]
International work experience	[]	[]	[]	[]	[]
Cheaper to employ than alternative nationalities	[]	[]	[]	[]	[]
Degree from home country university	[]	[]	[]	[]	[]
Degree from elsewhere	[]	[]	[]	[]	[]
Foreign language skills	[]	[]	[]	[]	[]
Willingness to stay with this UAE organisation	[]	[]	[]	[]	[]
Willingness to work abroad in other parts of the parent organisation	[]	[]	[]	[]	[]
Other (please specify)	[]	[]	[]	[]	[]

22) In general, how important are the following factors in the recruitment of other expatriates into management positions in the UAE organisation? *Please tick each description which is true for your organisation.*

	Very important	Quite important	Important	Not very important	Not at all important
Managerial skills	[]	[]	[]	[]	[]
Technical competence	[]	[]	[]	[]	[]
Local knowledge	[]	[]	[]	[]	[]
Local contacts	[]	[]	[]	[]	[]
International work experience	[]	[]	[]	[]	[]
Cheaper to employ than alternative nationalities	[]	[]	[]	[]	[]
Degree from home country university	[]	[]	[]	[]	[]
Degree from elsewhere	[]	[]	[]	[]	[]
Foreign language skills	[]	[]	[]	[]	[]
Willingness to stay with this UAE organisation	[]	[]	[]	[]	[]
Willingness to work abroad in other parts of the parent organisation	[]	[]	[]	[]	[]
Other (please specify)	[]	[]	[]	[]	[]

23) How many managers, in the following categories, receive formal training in the strategic objectives of the parent organisation?

	All	Most	Around half	Some	None
UAE Nationals	[]	[]	[]	[]	[]
GCC nationals	[]	[]	[]	[]	[]
Western expatriates	[]	[]	[]	[]	[]
Other expatriates	[]	[]	[]	[]	[]

24) How many managers, in the following categories, receive formal training in the values, expectations or culture of the parent organisation?

	All	Most	Around half	Some	None
UAE Nationals	[]	[]	[]	[]	[]
GCC nationals	[]	[]	[]	[]	[]
Western expatriates	[]	[]	[]	[]	[]
Other expatriates	[]	[]	[]	[]	[]

25) How many managers, in the following categories, receive formal training which includes the history of the parent organisation?

	All	Most	Around half	Some	None
UAE Nationals	[]	[]	[]	[]	[]
GCC nationals	[]	[]	[]	[]	[]
Western expatriates	[]	[]	[]	[]	[]
Other expatriates	[]	[]	[]	[]	[]

26) How many managers, in the following categories, receive formal training in managerial skills from the parent organisation?

	All	Most	Around half	Some	None
UAE Nationals	[]	[]	[]	[]	[]
GCC nationals	[]	[]	[]	[]	[]
Western expatriates	[]	[]	[]	[]	[]
Other expatriates	[]	[]	[]	[]	[]

27) How many managers, in the following categories, receive formal career counselling and advice from the parent organisation?

	All	Most	Around half	Some	None
UAE Nationals	[]	[]	[]	[]	[]
GCC nationals	[]	[]	[]	[]	[]
Western expatriates	[]	[]	[]	[]	[]
Other expatriates	[]	[]	[]	[]	[]

28) How many of the managers, in the following categories, have visited the parent organisation for training (lasting at least two weeks) in the last 3 years?

	All	Most	Around half	Some	None
UAE Nationals	[]	[]	[]	[]	[]
GCC nationals	[]	[]	[]	[]	[]
Western expatriates	[]	[]	[]	[]	[]
Other expatriates	[]	[]	[]	[]	[]

29) How many managers, in the following categories, receive formal training in the strategic objectives of the UAE organisation?

	All	Most	Around half	Some	None
UAE Nationals	[]	[]	[]	[]	[]
GCC nationals	[]	[]	[]	[]	[]
Western expatriates	[]	[]	[]	[]	[]
Other expatriates	[]	[]	[]	[]	[]

30) How many managers, in the following categories, receive formal training on the values, expectations and culture of the UAE organisation?

	All	Most	Around half	Some	None
UAE Nationals	[]	[]	[]	[]	[]
GCC nationals	[]	[]	[]	[]	[]
Western expatriates	[]	[]	[]	[]	[]
Other expatriates	[]	[]	[]	[]	[]

31) How many managers, in the following categories, receive formal training including information about the history of the UAE organisation?

	All	Most	Around half	Some	None
UAE Nationals	[]	[]	[]	[]	[]
GCC nationals	[]	[]	[]	[]	[]
Western expatriates	[]	[]	[]	[]	[]
Other expatriates	[]	[]	[]	[]	[]

32) How many managers, in the following categories, receive formal training in managerial skills from the UAE organisation?

	All	Most	Around half	Some	None
UAE Nationals	[]	[]	[]	[]	[]
GCC nationals	[]	[]	[]	[]	[]
Western expatriates	[]	[]	[]	[]	[]
Other expatriates	[]	[]	[]	[]	[]

33) How many managers, in the following categories, receive formal career counselling and advice from the UAE organisation?

	All	Most	Around half	Some	None
UAE Nationals	[]	[]	[]	[]	[]
GCC nationals	[]	[]	[]	[]	[]
Western expatriates	[]	[]	[]	[]	[]
Other expatriates	[]	[]	[]	[]	[]

34) Overall how many managers have had training of the relevant duration over the last twelve months?

	None	1-5 days	6-9 days	More than 10 days
UAE Nationals	[]	[]	[]	[]
GCC nationals	[]	[]	[]	[]
Western expatriates	[]	[]	[]	[]
Other expatriates	[]	[]	[]	[]

35) How many UAE nationals are developed in the following ways:

	All	Most	Around half	Some	None
Coaching by boss/ another person	[]	[]	[]	[]	[]
Having a formal mentor	[]	[]	[]	[]	[]
Secondment to special project or teams	[]	[]	[]	[]	[]
Secondment to another part of the UAE organisation	[]	[]	[]	[]	[]
Secondment to the head office of the parent organisation	[]	[]	[]	[]	[]
Secondment to another part of the parent organisation	[]	[]	[]	[]	[]

36) How many UAE nationals, still in employ in the UAE organisation, have ever worked, for a period of at least 3 months, in the head office of the parent organisation?

[] All [] Most [] Around half [] Some [] None

37) How many UAE nationals, still employed in the UAE organisation, have ever worked, for a period of at least 3 months, elsewhere in the parent organisation?

[] All [] Most [] Around half [] Some [] None

38) How many UAE nationals, still employed in the UAE organisation, are likely to spend a period of at least 3 months, working in the head office of the parent organisation in the future?

[] All [] Most [] Around half [] Some [] None

39) How many UAE nationals, still employed in the UAE organisation, are likely to spend a period of at least 3 months, working elsewhere in the parent organisation in the future?

[] All [] Most [] Around half [] Some [] None

40) How many UAE nationals who have left the UAE organisation in the past 5 years have gone on to work in the head office of the parent organisation?

All Most Around half Some None

41) How many UAE nationals who have left the UAE organisation in the past 5 years have gone on to work in another part of the parent organisation?

All Most Around half Some None

42) How many UAE nationals are likely to be promoted within the UAE organisation in the next 5 years?

All Most Around half Some None

43) How many UAE nationals are likely to be promoted in the head office of the parent organisation in the next 5 years?

All Most Around half Some None

44) How many UAE nationals are likely to be promoted to other parts of the parent organisation in the next 5 years?

All Most Around half Some None

45) How likely is it that the following groups will work in many different countries whilst working for this organisation?

	Very likely	Quite likely	Likely	Not very likely	Not likely at all
UAE nationals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
GCC nationals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Western expatriates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other expatriates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

46) Please indicate whether you agree with the following about your organisation in the UAE.

	Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly agree
UAE nationals and foreigners bring different skills to this organisation.	[]	[]	[]	[]	[]
This organisation, in the UAE, should promote more UAE nationals than it does at present.	[]	[]	[]	[]	[]
This organisation, in the UAE, is effectively developing the skills of its UAE nationals.	[]	[]	[]	[]	[]
UAE and foreigners sometimes find it hard to work together.	[]	[]	[]	[]	[]
Expatriates employed in the UAE judge business success by short term results.	[]	[]	[]	[]	[]
UAE nationals judge success by long term results.	[]	[]	[]	[]	[]
UAE nationals are realistic about their abilities.	[]	[]	[]	[]	[]
Expatriates encourage UAE nationals to progress.	[]	[]	[]	[]	[]
Overall, UAE nationals perform better than foreigners.	[]	[]	[]	[]	[]
Overall, foreigners perform better than UAE nationals.	[]	[]	[]	[]	[]

47) Is formal training given in working and socialising with people from other cultures given to the following:-

<input type="checkbox"/> Chief Executive	<input type="checkbox"/> Family of CEO
<input type="checkbox"/> Senior managers	<input type="checkbox"/> Family of Senior managers
<input type="checkbox"/> Western expatriates	<input type="checkbox"/> Family of Western expatriates
<input type="checkbox"/> Other expatriates	<input type="checkbox"/> Family of other expatriates
<input type="checkbox"/> GCC nationals	<input type="checkbox"/> Family of GCC nationals
<input type="checkbox"/> UAE nationals	<input type="checkbox"/> Family of UAE nationals
<input type="checkbox"/> Staff coming to the UAE on short term assignments?	

48) Is language (English or Arabic) training given to the following:-

<input type="checkbox"/> Chief Executive	<input type="checkbox"/> Family of CEO
<input type="checkbox"/> Senior managers	<input type="checkbox"/> Family of Senior managers
<input type="checkbox"/> Western expatriates	<input type="checkbox"/> Family of Western expatriates
<input type="checkbox"/> Other expatriates	<input type="checkbox"/> Family of other expatriates
<input type="checkbox"/> GCC nationals	<input type="checkbox"/> Family of GCC nationals
<input type="checkbox"/> UAE nationals	<input type="checkbox"/> Family of UAE nationals
<input type="checkbox"/> Staff coming to the UAE on short term assignments?	

49) Is formal support given to newly arrived expatriate managers in the form of appointing another expatriate or family to help them settle in to the UAE?

Western expatriate managers Yes No
 Other expatriate managers Yes No

50) Does the organisation provide help to newly arrived expatriate managers to select suitable schools for their children?

Western expatriate managers Yes No
 Other expatriate managers Yes No

51) Does your organisation determine UAE nationality by:-

Birth certificate UAE Passport National Identity Card
 Letter of registration from the Department of Naturalisation and Immigration
 Other document

52) a) Does your organisation in the UAE have a formal plan to replace expatriates with UAE nationals? *Delete the word which does not apply.* [Yes/No]

b) If yes is this made known to the following:-

Managers and supervisors of those expatriates who will be replaced in the next five years?

Expatriates who will be replaced in the next five years?

UAE nationals who will replace expatriates in the next five years.

Other categories of staff (please specify the categories)

53) Are there any further comments you wish to make on the subject of developing UAE nationals to replace expatriates? If so please write below or on a separate sheet of paper.

54) Into which group do you belong:

UAE national GCC national Western expatriate Other expatriate

Your job title.....

THANK YOU FOR TAKING THE TIME TO COMPLETE THIS QUESTIONNAIRE.
If you would be willing to take part in the next stage of this study (which would involve meetings with managers which lasting approximately one hour) please complete the note to Wes Harry on the front sheet.

A summary of the responses to this questionnaire will be circulated, in confidence, to members of the Dubai Personnel Managers Forum.

Appendix A.5.

Revised questionnaire to members of the Dubai Personnel Manager's Forum.

Survey of employment practices in the UAE

Confidentiality. This questionnaire has been devised by Wes Harry to assist his research into employment practices which he is undertaking as part of his Ph.D. studies at the Strathclyde Graduate Business School. No individual answers will be communicated to anyone. The answers will be consolidated for the purpose of analysis and may be published along with findings of the research, but this will be done in a way which prevents individuals and organisations being identified.

If a respondent wishes to contact Wes to discuss the questionnaire, please contact him at SGBS fax 00-44-141-552-2501 or E-mail Wes@SGBS.strath.ac.uk or write to him at:- Research Division. Graduate Business School University of Strathclyde. 199, Cathedral St. Glasgow G4 0QU United Kingdom.

Upon completion please return the form to Wes Harry PO Box 29543 Dubai UAE. Please note that Wes will be in Dubai between 7 and 14 April 1997. If you wish to contact him please leave a message on Dubai tel. 492851 or fax 493123.

Definitions of terms.

'Parent group' refers to any group, world-wide, to which the organisation in the UAE is a subsidiary or associate.

'This organisation' refers to the organisation in the UAE only.

'Senior management team' refers to the group of individuals who report to the Chief Executive in the UAE.

'Western expatriates' refers to nationals of the USA, Canada, Australia, New Zealand or the European Union irrespective of their race.

'Other expatriates' refers to nationals of all countries except those of UAE, Gulf Co-operation Council Countries or the countries specified for Western expatriates.

'UAE nationals' refers to citizens or those recognised by the Department of Immigration as not requiring a work permit but who are not citizens of other GCC countries.

'GCC nationals' refers to citizens of the Gulf Co-operation Council Countries (except the UAE).

Please note that the questions are printed on both sides of the pages.

1) Into which category do you belong:

UAE national [] GCC national [] Western Expatriate [] Other Expatriate []

2) Is this organisation in the UAE:-

A subsidiary or associate of a foreign parent group? []

An independent UAE owned organisation? []

3) Where are decisions taken on establishing most this organisation's management policies ?

- | | | | | |
|----------------------|--------------------------------------|---------------------------------|------------------------------------|---------------------------------|
| Parent head office | <input type="checkbox"/> Exclusively | <input type="checkbox"/> Mostly | <input type="checkbox"/> Sometimes | <input type="checkbox"/> Rarely |
| Regional head office | <input type="checkbox"/> Exclusively | <input type="checkbox"/> Mostly | <input type="checkbox"/> Sometimes | <input type="checkbox"/> Rarely |
| In this organisation | <input type="checkbox"/> Exclusively | <input type="checkbox"/> Mostly | <input type="checkbox"/> Sometimes | <input type="checkbox"/> Rarely |

4) What is the role of this organisation? *Please tick the one description which is most true.*

- to find out and take advantage of opportunities in the UAE and neighbouring countries.
- to implement parent group strategies.
- to adapt products, processes and services offered by the parent group to the best advantage in the UAE and neighbouring countries.
- to contribute to the world wide operation of this multinational organisation.

5) Where are product development activities usually carried out? *Please tick the one description which is most true.*

- conducted by this organisation and shared with associates/ subsidiaries in the Gulf.
- conducted jointly by this organisation and the parent group and shared world wide.
- conducted here and knowledge not disseminated elsewhere.
- conducted in the parent group and knowledge is disseminated to here.
- conducted in the parent group but knowledge is not disseminate here.

6) In your opinion, how important are the following factors in the recruitment of UAE nationals into management positions in this organisation? *Please tick each description which you believe to be true.*

	Very important	Quite important	Important	Not very important	Not at all important
Managerial skills	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Technical competence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local knowledge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local contacts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
International work experience	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cheaper to employ than alternative nationalities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Degree from UAE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Degree from elsewhere	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foreign language skills	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Willingness to stay with this organisation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Willingness to work abroad in other parts of the parent group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please specify).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

7) In your opinion, how important are the following factors in the recruitment of GCC nationals into management positions in this organisation? *Please tick each description which you believe to be true.*

	Very important	Quite important	Important	Not very important	Not at all important
Managerial skills	[]	[]	[]	[]	[]
Technical competence	[]	[]	[]	[]	[]
Local knowledge	[]	[]	[]	[]	[]
Local contacts	[]	[]	[]	[]	[]
International work experience	[]	[]	[]	[]	[]
Cheaper to employ than alternative nationalities	[]	[]	[]	[]	[]
Degree from home country university	[]	[]	[]	[]	[]
Degree from elsewhere	[]	[]	[]	[]	[]
Foreign language skills	[]	[]	[]	[]	[]
Willingness to stay with this organisation	[]	[]	[]	[]	[]
Willingness to work abroad in other parts of the parent group	[]	[]	[]	[]	[]
Other (please specify).	[]	[]	[]	[]	[]

8) In your opinion, how important are the following factors in the recruitment of Western expatriates into management positions in this organisation? *Please tick each description which you believe to be true.*

	Very important	Quite important	Important	Not very important	Not at all important
Managerial skills	[]	[]	[]	[]	[]
Technical competence	[]	[]	[]	[]	[]
Local knowledge	[]	[]	[]	[]	[]
Local contacts	[]	[]	[]	[]	[]
International work experience	[]	[]	[]	[]	[]
Cheaper to employ than alternative nationalities	[]	[]	[]	[]	[]
Degree from home country university	[]	[]	[]	[]	[]
Degree from elsewhere	[]	[]	[]	[]	[]
Foreign language skills	[]	[]	[]	[]	[]
Willingness to stay with this organisation	[]	[]	[]	[]	[]
Willingness to work abroad in other parts of the parent group	[]	[]	[]	[]	[]
Other (please specify).	[]	[]	[]	[]	[]

9) In your opinion, how important are the following factors in the recruitment of other expatriates into management positions in this organisation? *Please tick each description which you believe to be true.*

	Very important	Quite important	Important	Not very important	Not at all important
Managerial skills	[]	[]	[]	[]	[]
Technical competence	[]	[]	[]	[]	[]
Local knowledge	[]	[]	[]	[]	[]
Local contacts	[]	[]	[]	[]	[]
International work experience	[]	[]	[]	[]	[]
Cheaper to employ than alternative nationalities	[]	[]	[]	[]	[]
Degree from home country university	[]	[]	[]	[]	[]
Degree from elsewhere	[]	[]	[]	[]	[]
Foreign language skills	[]	[]	[]	[]	[]
Willingness to stay with this organisation	[]	[]	[]	[]	[]
Willingness to work abroad in other parts of the parent group	[]	[]	[]	[]	[]
Other (please specify).	[]	[]	[]	[]	[]

In the following sections on training and career progression, where 'UAE nationals' and 'expatriates' are referred to, please take this to mean managerial staff who are working in this organisation now.

10) Please indicate whether you agree with the following about this organisation.

	Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly disagree
UAE nationals and expatriates bring different skills to this organisation.	[]	[]	[]	[]	[]
This organisation should promote more UAE nationals than it does at present.	[]	[]	[]	[]	[]
This organisation is effectively developing the skills of its UAE nationals.	[]	[]	[]	[]	[]
UAE nationals and expatriates sometimes find it hard to work together.	[]	[]	[]	[]	[]
Expatriates judge business success by long term results.	[]	[]	[]	[]	[]
UAE Nationals judge business success by long term results.	[]	[]	[]	[]	[]
UAE nationals are realistic about their work ability.	[]	[]	[]	[]	[]
Expatriates encourage UAE nationals to progress.	[]	[]	[]	[]	[]
Overall, UAE nationals perform better than expatriates.	[]	[]	[]	[]	[]
Overall, expatriates perform better than UAE nationals.	[]	[]	[]	[]	[]

THANK YOU FOR TAKING THE TIME TO COMPLETE THIS QUESTIONNAIRE.

Appendix A.6.

Questionnaire to senior staff of Banks taking part in the research project.

Please note. Only two Banks, one an international bank and one locally owned, agreed to allow the questionnaire to be distributed. The questionnaire was customised to have the name of the participating organisation appear in the appropriate places. BBME was not one of the participating banks.

Survey of employment practices in BBME

Confidentiality. This questionnaire has been devised by Wes Harry to assist his research into employment practices which he is undertaking as part of his Ph.D. studies at the Strathclyde Graduate Business School. No individual answers will be communicated to BBME managers, supervisors or to any other people. The answers will be consolidated for the purpose of analysis and may be published along with findings of the research, but this will be done in a way which prevents individuals and individual branches from being identified.

If a respondent wishes to contact Wes to discuss the questionnaire, please contact him at SGBS fax 00-44-141-552-2501 or E-mail Wes@SGBS.strath.ac.uk or write to him at:- Research Division Strathclyde Graduate Business School 199, Cathedral St. Glasgow G4 0QU United Kingdom.

Definitions of terms.

'Hong Kong Bank' refers to the Hong Kong and Shanghai Bank Group world-wide, including parent companies and all subsidiaries.

'BBME' refers to the Bank in the UAE only.

'Senior management team' refers to the group of individuals who report to the Chief Executive in the UAE.

'Western expatriates' refers to nationals of the USA, Canada, Australia, New Zealand or the European Union irrespective of their race.

'Other expatriates' refers to nationals of all countries except those of UAE, Gulf Co-operation Council Countries or the countries specified for Western expatriates.

'UAE nationals' refers to citizens or those recognised by the Department of Immigration as not requiring a work permit but who are not citizens of other GCC countries.

'GCC nationals' refers to citizens of the Gulf Co-operation Council Countries (except the UAE).

Please note. The first three questions were not asked in the questionnaire circulated within the locally owned bank.

1) Where are decisions taken on establishing most BBME banking and management policies ?

HSBC head office	<input type="checkbox"/> Exclusively	<input type="checkbox"/> Mostly	<input type="checkbox"/> Sometimes	<input type="checkbox"/> Rarely
Regional head office	<input type="checkbox"/> Exclusively	<input type="checkbox"/> Mostly	<input type="checkbox"/> Sometimes	<input type="checkbox"/> Rarely
BBME in UAE	<input type="checkbox"/> Exclusively	<input type="checkbox"/> Mostly	<input type="checkbox"/> Sometimes	<input type="checkbox"/> Rarely

2) What is the role of the BBME? *Please tick the one description which is most true .*

- to find out and take advantage of opportunities in the UAE and neighbouring countries.
- to implement Hong Kong Bank strategies.
- to adapt products, processes and services offered by the Hong Kong Bank to the best advantage in the UAE and neighbouring countries.
- to contribute to the world wide operation of this multinational organisation.

3) Where are product development activities usually carried out? *Please tick the one description which is most true.*

- conducted by BBME in the UAE and shared throughout BBME in the Gulf.
- conducted jointly by BBME in the UAE and the Hong Kong Bank and shared world wide.
- conducted here and knowledge not disseminated elsewhere.
- conducted in the Hong Kong Bank Group and knowledge is disseminated to here.
- conducted in the Hong Kong Bank Group but knowledge is not disseminate here.

4) In your opinion, how important are the following factors in the recruitment of UAE nationals into management positions in the BBME? *Please tick each description which you believe to be true within BBME.*

	Very important	Quite important	Important	Not very important	Not at all important
Managerial skills	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Technical competence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local knowledge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local contacts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
International work experience	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cheaper to employ than alternative nationalities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Degree from UAE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Degree from elsewhere	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foreign language skills	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Willingness to stay with BBME	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Willingness to work abroad in other parts of the Hong Kong Bank	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
.....					

5) In your opinion, how important are the following factors in the recruitment of GCC nationals into management positions in the BBME? *Please tick each description which you believe to be true.*

	Very important	Quite important	Important	Not very important	Not at all important
Managerial skills	[]	[]	[]	[]	[]
Technical competence	[]	[]	[]	[]	[]
Local knowledge	[]	[]	[]	[]	[]
Local contacts	[]	[]	[]	[]	[]
International work experience	[]	[]	[]	[]	[]
Cheaper to employ than alternative nationalities	[]	[]	[]	[]	[]
Degree from home country university	[]	[]	[]	[]	[]
Degree from elsewhere	[]	[]	[]	[]	[]
Foreign language skills	[]	[]	[]	[]	[]
Willingness to stay with BBME	[]	[]	[]	[]	[]
Willingness to work abroad in other parts of the Hong Kong Bank	[]	[]	[]	[]	[]
Other (please specify)	[]	[]	[]	[]	[]

6) In your opinion, how important are the following factors in the recruitment of Western expatriates into management positions in the BBME? *Please tick each description which you believe to be true.*

	Very important	Quite important	Important	Not very important	Not at all important
Managerial skills	[]	[]	[]	[]	[]
Technical competence	[]	[]	[]	[]	[]
Local knowledge	[]	[]	[]	[]	[]
Local contacts	[]	[]	[]	[]	[]
International work experience	[]	[]	[]	[]	[]
Cheaper to employ than alternative nationalities	[]	[]	[]	[]	[]
Degree from home country university	[]	[]	[]	[]	[]
Degree from elsewhere	[]	[]	[]	[]	[]
Foreign language skills	[]	[]	[]	[]	[]
Willingness to stay with BBME	[]	[]	[]	[]	[]
Willingness to work abroad in other parts of the Hong Kong Bank	[]	[]	[]	[]	[]
Other (please specify)	[]	[]	[]	[]	[]

7) In your opinion, how important are the following factors in the recruitment of other expatriates into management positions in the BBME? *Please tick each description which you believe to be true.*

	Very important	Quite important	Important	Not very important	Not at all important
Managerial skills	[]	[]	[]	[]	[]
Technical competence	[]	[]	[]	[]	[]
Local knowledge	[]	[]	[]	[]	[]
Local contacts	[]	[]	[]	[]	[]
International work experience	[]	[]	[]	[]	[]
Cheaper to employ than alternative nationalities	[]	[]	[]	[]	[]
Degree from home country university	[]	[]	[]	[]	[]
Degree from elsewhere	[]	[]	[]	[]	[]
Foreign language skills	[]	[]	[]	[]	[]
Willingness to stay with BBME	[]	[]	[]	[]	[]
Willingness to work abroad in other parts of the Hong Kong Bank	[]	[]	[]	[]	[]
Other (please specify)	[]	[]	[]	[]	[]

In the following sections on training and career progression, where 'UAE nationals' and 'expatriates' are referred to, please take this to mean managers and officers who are working in the BBME now.

8) Please indicate whether you agree with the following about BBME.

	Strongly agree	Agree	Neither agree or disagree	Disagree	Strongly disagree
UAE nationals and expatriates bring different skills to BBME.	[]	[]	[]	[]	[]
BBME should promote more UAE nationals than it does at present.	[]	[]	[]	[]	[]
BBME is effectively developing the skills of its UAE nationals.	[]	[]	[]	[]	[]
UAE nationals and expatriates sometimes find it hard to work together.	[]	[]	[]	[]	[]
Expatriates judge business success by long term results.	[]	[]	[]	[]	[]
UAE Nationals judge business success by long term results.	[]	[]	[]	[]	[]
UAE nationals are realistic about their work ability.	[]	[]	[]	[]	[]
Expatriates encourage UAE nationals to progress.	[]	[]	[]	[]	[]
Overall, UAE nationals perform better than expatriates.	[]	[]	[]	[]	[]
Overall, expatriates perform better than UAE nationals.	[]	[]	[]	[]	[]

9) Into which category do you belong:

UAE national GCC national Western Expatriate Other Expatriate

Your job title.....

THANK YOU FOR TAKING THE TIME TO COMPLETE THIS QUESTIONNAIRE.

Appendix A.7.

QUESTIONNAIRE USED IN INTERVIEWS WITH SENIOR BBME STAFF ON BANK EMPLOYMENT PRACTICES.

Please note that this is the interview questionnaire used for one foreign owned bank. In the case of local banks the questions which were not relevant were omitted. Each bank had a questionnaire customised for that institution. e.g. using the correct name of the bank.

Technique

The interviews will follow a structured format. There is a portfolio of questions which will be used to guide the interview and these will be supplemented or omitted when appropriate.

Interviewees will be assured that any information given will be treated in a confidential manner and that any reports will be constructed in such a way that the individual cannot be identified. The interview is undertaken by an outside researcher as part of his academic studies. Although he might pass general information on to other senior managers with BBME to assist the Bank to analyse its employment policies this will be done in a way that preserves the anonymity of individual interviewees.

When opinions are sought the interviewee will be asked to give illustrations or examples to support their opinion.

The interview schedule is divided into sections. The first section is used with all interviewees. The other sections are used with those to which they apply.

The interview will normally last between 1 and 2 hours.

Introduction.

Wes Harry introduces himself as a former H.R. specialist in Banking who is now carrying out research for a Ph.D. at Strathclyde Graduate Business School in the U.K. This interview is part of his research into the 'Development of Host Country Nationals' The interviewee will be assured of confidentiality.

Wes is interested in the experiences and opinions of a variety of managers and staff within the Banking sector of the UAE. Because he wishes to sample a variety of nationalities and levels within the organisation this interview is one of a number being undertaken. There is also a short questionnaire being sent to a selection of staff.

The interview duration will be mentioned.

Section A. All interviews.

1) In your opinion, what are the advantages and disadvantages of employing UAE nationals in senior positions (i.e. officer and manager levels) within BBME?

Advantages-

Disadvantages-

2) For what reasons have UAE nationals left senior positions in BBME?

(Possible responses- promotion within HSBC, poached by another Bank, religious reasons, 'reached a glass ceiling', started own business, joined father's firm).

3) Are there any special training needs for UAE nationals to prepare them for senior posts (i.e. ones which expatriates do not have)? *(Possible responses- socialisation into BBME, knowledge of international banking, business law and compliance, technology etc.)*

a) How does BBME meet these needs?

b) Does BBME provide separate training for managers of different nationalities?

c) Is there a 'fast track' for UAE nationals? Define the fast track.

4) Are there any special development needs that UAE nationals in management positions require? *Possible responses- individual attention/ mentoring, career counselling, more experience in teams, more managerial responsibility etc.*

a) How are these needs met by BBME?

b) Does BBME provide different development support for managers of different nationalities. If so what differences.

5) Are there cultural differences between the management styles of the nationalities employed in the UAE?

a) Could you explain these differences?

b) How does the gap affect BBME? (get positive and negative effects).

6) What expectations do you have of the future careers of UAE nationals?

a) Will they go as far as European nationals including being posted to long term positions outside the Gulf? Why?

b) Could they get appointments at senior levels in i. Banks other than HSBC ii. outside the Gulf?

7) Have you ever observed prejudice (based on differences of nationality) for/ against staff or customers, however subtle or overt, however damaging within the Bank?

(This could be as a recipient, third party observer, or even as the prejudiced party).

a) Please describe the event(s).

b) What were the nationalities involved?

c) What was the effect(s) on the nationalities concerned?

8) How would you describe the working atmosphere of the senior management team?

(Possible responses- friendly, divided, supportive, competitive, hierarchical etc.)

a) Are there any problems of communication between different nationalities? If so what are they?

b) Are there any personality clashes that could be put down to cultural differences? If so what are they?

c) To what extent do senior managers of the same nationality tend to stick together?

9) To what extent senior managers socialise together outside work and work related activities?

a) When socialising do managers tend to mix with the same nationalities?

b) How often, in the last year, have you been to the home of a fellow senior manager of i. the same or a ii. different nationality [details of this category- number of times and nationalities] ?

10) In your opinion, what value does BBME place upon UAE nationals as senior managers?

a) What is it that is valued about UAE nationals?

b) If you think they are undervalued please explain why?

c) If you think they are over valued please explain why?

11) How would you compare the performance of UAE nationals with others in management?

a) What explanations can you give for their greater/ lesser performance?

(Possible responses- their own (lack of) skills, (lack of) opportunities)

b) What specific skills do UAE nationals in management have/ not have?

c) Can you identify a UAE national who has left within the last year having failed to perform as expected by BBME.- *try to meet and interview.*

12) To what extent is BBME dominated by one country's culture?

a) Please describe the culture and its characteristics.

b) Are there any aspects of a particular culture which should be retained by BBME?

c) What are the effects of the culture upon yourself?

13) Is there a formal plan to replace expatriates with UAE Nationals. *If so to what extent is it disseminated to staff (supervisors/ expatriates/ nationals)?*

14) a)What criteria would you chose to demonstrate i. an effective ii. an ineffective plan for localisation and replacement of expatriates.

b) How could I survey these criteria in i. Banks in UAE ii. this Bank.

15) May I seek some information about you?

a) How long have you been in your present position?

b) How long have you worked for BBME?

c) How long have you worked for the HSBC?

d) For expatriates- Can you speak Arabic? Is this an advantage/ would it help if you could?

e)What are your educational qualifications?

f) May I have an indication of you age? (Under 30 then 10 year intervals).

g) What has been your career history within the Banking sector?
(i.e. Banks and countries worked in and for how long.)

Section B CEO

1) What are the issues facing you in managing a culturally diverse group?

a) Are you aware of any specific problems?

b) Does this impact on the way in which you need to shape the organisation as a whole? *If so, how?*

c) Does this impact on the way you manage the business from an operational (day to day) perspective? *If so how?*

2) As a manager, do you think there is a need to pay particular attention to UAE nationals in your senior management team? If so, what?

a) Do they need special support? If so, what?

b) Do any other nationalities need special support? If so, what?

3) In appraisals of your senior management team, do you use the same criteria for everybody? *What are these? If not, how do they differ?*

4) What pressure is there from HSBC to employ/ not employ UAE nationals in senior management positions?

a) If so, how is this manifest?

b) If so, why?

5) Do you have your own reasons for employing/ not employing UAE nationals in senior positions?

If so, what are they?

Section C. Head of HR.

1) Please explain the structure of BBME.

2) What are the differences in your HR policies with regard to recruiting UAE nationals compared with other nationalities?

3) How do you manage the recruitment of UAE nationals differently from other nationalities? (i.e. where do you draw applications from, do you advertise in the Arabic press?)

4) What differences are there in the selection criteria you use when recruiting UAE nationals (i.e. do they meet different standards from those of other nationalities? Do you insist upon a National Identity Card to determine nationality?)

5) What are the differences in your HR policies with regard to training UAE nationals compared with other nationalities?

6) What are the attributes of success and failure in expatriate assignments?

a) How does the HK Bank Group measure performance- what criteria are set by HSBC Head Office?

b) What criteria are set by BBME.

c) How does the HK Bank Group Head Office describe success and failure?

d) How does BBME describe success and failure?

e) How do successful and unsuccessful managers evaluate their performance within BBME?

7) Are the Bank (BBME and HSBC) criteria for success appropriate? If not, how might they be revised?

a) Given existing criteria, what personality and professional types are most likely to succeed in expatriate postings.

b) Given any revised criteria, and given your answers to question 6 a. what personality and professional types would be most likely to succeed in expatriate postings?

8) How frequently is the failure of the manager's spouse to adjust a cause of the manager's failure?

a) How does the BBME involve the spouse in the decision to take the assignment?

b) What briefing or training does the spouse receive before departure?

c) What briefing or training does the spouse receive on arrival in the UAE?

d) How could BBME play a greater part in

i. finding employment for the spouse or

ii. Supporting the spouse in the UAE?

9) How often is a woman selected for expatriate senior management assignments?

a) Does BBME help with sponsorship for their husbands?

b) Are women senior managers given all the same terms and conditions of service as their male colleagues?

c) What risks are associated with sending women on expatriate assignments (not just in the UAE)?

d) Given the changes within the environment of international business, are these assumptions of risk still valid? *What about future changes?*

e) How might HSBC /BBME benefit from employing more women in senior management positions?

10) How important are HSBC selection criteria in the selection process for expatriates?

a) How much attention is paid to BBME's needs and interests in the selection process?

b) Should greater attention be given to BBME's needs and interests? If so, how can these be accommodated?

11) What support does the HSBC give expatriate managers in planning their career paths?

a) How might the career planning be improved?

b) How would improved career planning affect:

i) individual managers

ii) manager's dependants

iii) BBME

iv) HSBC

12) What cultural and other support does BBME give expatriate managers, their spouse and other dependants in the UAE?

a) What welfare assistance is given?

b) What cultural adjustment support is given?

c) How does BBME help the manager and his/ her dependants overcome the effects of culture shock?

d) How might this support be improved?

13) How are managers and their spouse's debriefed by HSBC staff after each assignment?

a) What functions are debriefing outputs currently serving?

b) How might debriefing processes be improved?

c) What other functions might debriefing outputs serve?

14) What problems do managers and their spouse typically experience on repatriation and when returning to their home location?

a) What support does HSBC give repatriated managers and their spouse?

b) How might this support be improved?

Section. D. Senior UAE nationals.

- 1) What are your objectives in working for BBME?
- 2) What are your career aims?
- 3) Do you like working for a British owned Bank? Why?
- 4) How welcome, or 'at home', do you feel within this Bank? Why?
- 5) Do you think you are treated differently to expatriates? How?
- 6) Where do you expect your career to take you next?
- 7) How has working for BBME helped/ hindered your career development?

Section E. Senior Western expatriates.

Section F. Senior non-Western expatriates.

NB Both groups have the same questions.

- 1) What are your objectives in working for BBME?
- 2) What are your career aims?
- 3) Do you like working for a British owned Bank? Why?
- 4) How welcome, or 'at home', do you feel within this Bank? Why?
- 5) Do you think you are treated differently to British nationals? How?
- 6) Do you think you are treated differently to UAE nationals? How?
- 7) Where do you expect your career to take you next?
- 8) How has working for BBME helped/ hindered your career development?

Appendix A.8.

Questionnaire use in meetings with senior UAE government officials and senior business people.

Are there any advantages to a bank in employing nationals to replace expatriates?

Are there any disadvantages to a bank in employing nationals to replace expatriates?

In what way can Directors of banks encourage the development of nationals?

In what way can governments encourage the development of nationals?

Some banks (including some local banks) have stated that they are not interested in development of nationals. Is this unfair to those banks who pay out costs of training UAE nationals?

It is sometimes said that private businesses are not keen to employ nationals preferring foreign labour. If this is this so is it likely to continue?

Realising that there will be a need for expatriate workers in the UAE for some time to come

is there methods that can be used to overcome expatriate fear and resistance?

Do Bank Directors manage different nationalities in different ways?

It is alleged that sometimes nationals do not want to deal with other nationals for reasons of confidentiality. Is this so and, if so, will it continue?

Can the country develop work attitudes and discipline?

How would you judge the effectiveness of a localisation plan?

Is there a role for expatriates in the Host Country National development?

Appendix A.9.

Licensed Banks in the UAE.

Forty banks are licensed to operate but some do not operate independently from the parent e.g. Wardleys/ British Bank of the Middle East.

* = taking part in this study.

UAE owned (majority of shares owned by nationals).

Abu Dhabi Commercial Bank.
Bank of Sharjah.
Commercial Bank of Dubai. *
Dubai Islamic Bank. *
Emirates Bank (International). *
Emirates Industrial Bank. *
First Gulf Bank.
Middle East Bank. *
National Bank of Abu Dhabi. *
National Bank of Dubai.
National Bank of Fujairah. *
National Bank of Sharjah. *
National Bank of Ras Al Khaimah. *
Mushreq Bank.
Union National Bank.

Foreign owned (majority of shares owned by foreigners).

Al Ahli Bank.

Algemene Bank Nederlands (ABN/AMRO).*

ANZ/Grindlays Bank. *

Arab African Bank International.

Arab Bank for Investment and Foreign Trade.

Arab Bank Ltd. *

Bank Libanaise pour le Commerce.

Bank Melli Iran.

Bank of Baroda.

Banque Parisbas.

Bank Sedarat Iran.

Banque Indosuez.

Banque du Caire SAE.

Banque de L'orient Arabe et D'outre Mer.

Barclays Bank International.

British Bank of the Middle East. *

Citibank. *

Habib Bank.

Habib Bank AG Zurich.

Investment Bank for Trade and Finance.

Lloyds Bank International Ltd.

Royal Bank of Canada.

Standard Chartered Bank.

United Arab Bank. *

Wardley Middle East Ltd.

Appendix A.10.

Respondent identification.

Codes.

U= UAE owned bank.

O= Foreign owned bank in the GCC.

B= Bahrain owned bank.

A= Foreign owned bank in Asia.

N= National, citizen of the GCC or, in the case of individuals identified as 'B', a citizen of the State of Bahrain.

W= Citizen of a State in the European Union, USA, Canada, Australia or New Zealand employed as an expatriate.

E= Citizen of a State not in the GCC, European Union, USA, Canada, Australia or New Zealand, employed as an expatriate.

C= Chief Executive Officer.

H= Human Resource Manager.

L= Line Manager.

X= Junior bank staff below the level of 'officer'.

-30= Aged under 30.

-40= Aged under 40.

-50= Aged under 50.

-60= Aged under 60.

S= School leaver with no further qualifications.

G= Graduate.

P= Post graduate qualifications.

M= Male.

F= Female.

01= Individual identifier.

Q= Senior government minister of the UAE.

D= Senior business man of the UAE.

Appendix A.11.

Individual codes.

BEL60GM01	OWC50GM20	UNX30SM39	UEH50PM58
BNL50SM02	OEL50GM21	UEX40PM40	UWL60GM59
BWL50GM03	ONL60SM22	UEL50GM41	UNL40GM60
BNH50GF04	OEH40PM23	UEX40PM42	OEH40GF61
ONH40PM05	ONC50PM24	UNX30SF43	OWH50GM62
OEL40GM06	UNH40GM25	UEL60PM44	OWH50GM63
ONL30GM07	UWL50PM26	UEL50PM45	AWH50GM64
OWL50SM08	UNL50GM27	UEL50GM46	AWH50GM65
ONH40PM09	UWC60SM28	UNL50SM47	UNL50GM66
OEL50PM10	UWL50SM29	UNL50PM48	UEH50GM67
OWH50GM11	UNL40PM30	UWL50GM49	UNH40GM68
OWH60SM12	UNL40PM31	UWC50GM50	UEH40GM69
OWL40SM13	UNC40GM32	UEH50GM51	
ONL50SM14	UWL50SM33	UNL50GM52	Q70
OWL40GM15	UNC60SM34	UWL60SG53	Q71
ONL40GM16	UNL40GM35	UNC40GM54	
OEL40PF17	UNL50GM36	UEH50GF55	D72
ONL40GM18	UNL50SM37	UNC40GM56	D73
OWH50GM19	UNX30GF38	UEL60PM57	

Appendix A.12.

Report of Bank Human Resources Committee on Emiratisation.

I. Background Information

- 34 out of 48 banks answered the questionnaire
- 71% response rate
- Not all banks answered all the questions in the questionnaire
- Of the 34 responding banks, 14 were local banks and 20 foreign banks

	Local	European	Arab	Asian	Total
Number of Banks	14	10	6	4	34
Years in the UAE (average)	19	29	24	25	24
Number of Staff	5468	2687	554	526	9235
National staff	584	289	24	8	905
National ratio	10.68%	10.76%	4.33%	1.52%	9.80%

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II. Recruitment & Selection

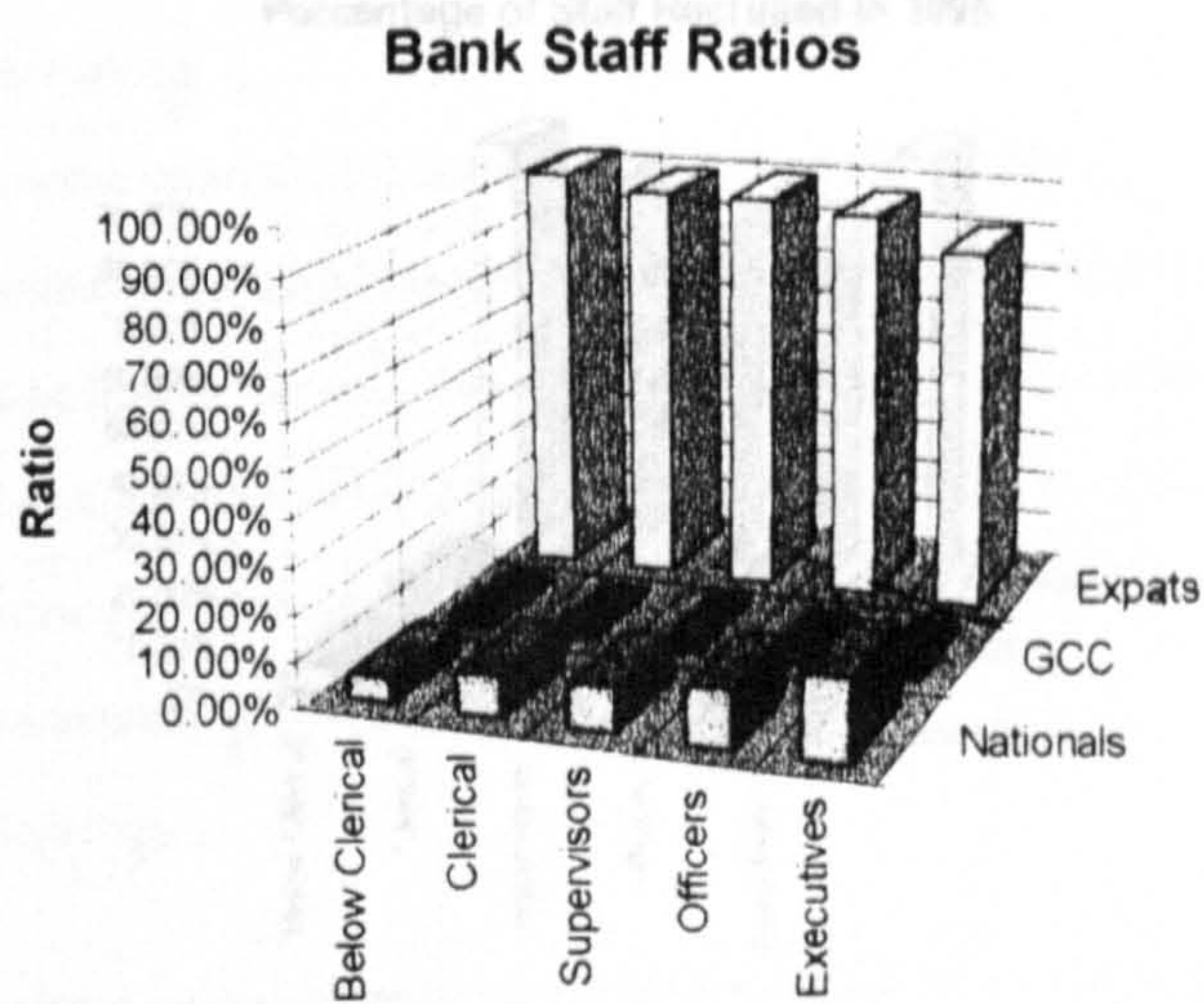
- Q. 1: Total Number of Employees in the UAE (by 30/6/96:

	Nationals	GCC	Expats	Total
Below Clerical	89	33	1,459	1,581
Clerical	415	64	4,034	4,513
Supervisors	90	9	843	942
Officers	181	12	1,273	1,466
Executives	120	10	536	666
Total	895	128	8,145	9,168

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II. Recruitment & Selection (Continued)



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II. Recruitment & Selection (Continued)

- Q.2 Total number of staff recruited in 1995

	Nationals	GCC	Expats	Total
Below Clerical	6	8	98	112
Clerical	100	22	528	650
Supervisors	16	3	49	68
Officers	35	1	102	138
Executives	7	1	69	77
Total	164	35	846	1,045

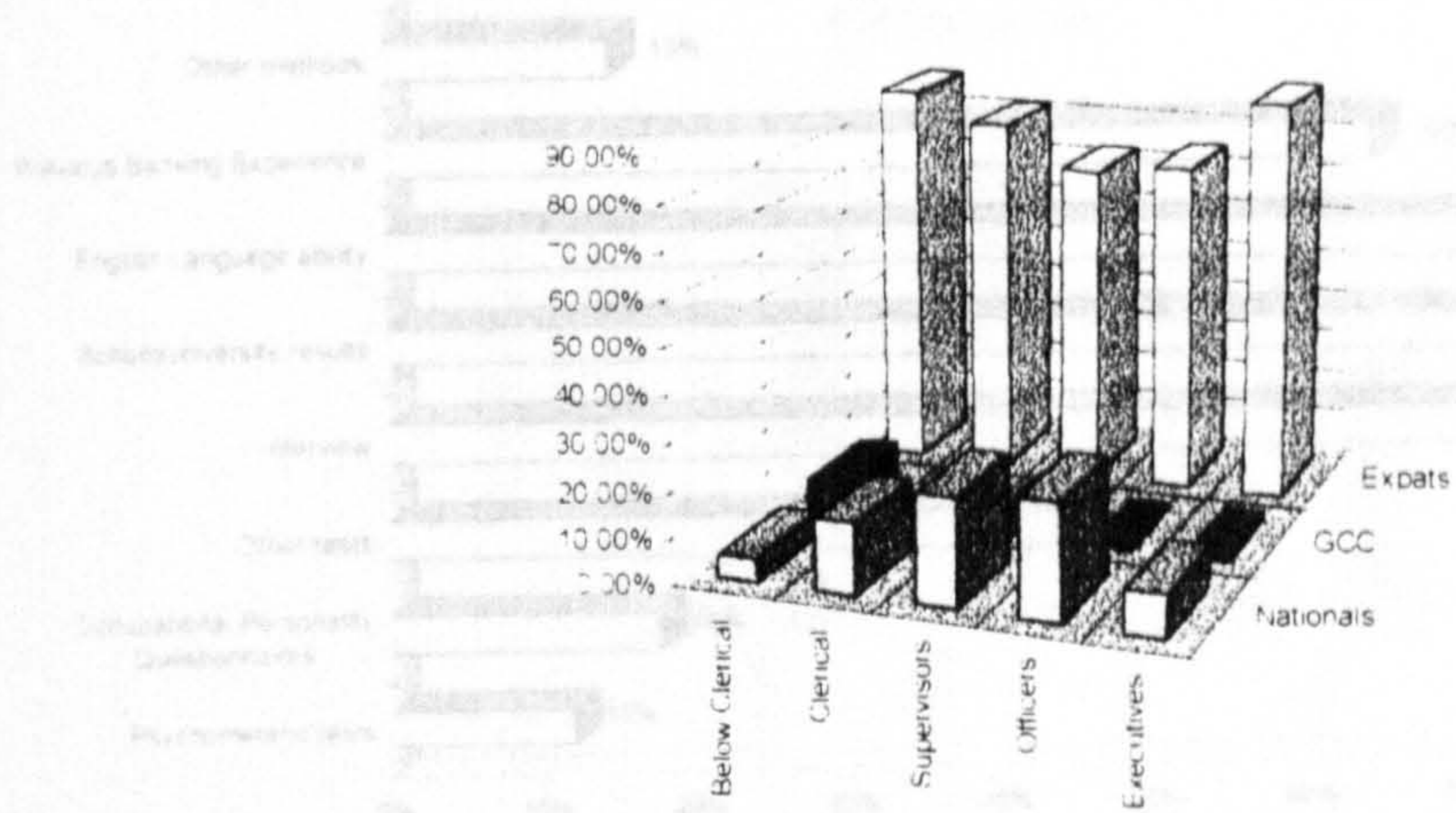
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II. Recruitment & Selection (Continued)

• What criteria do you use for UAE National Staff?

Percentage of Staff Recruited in 1995



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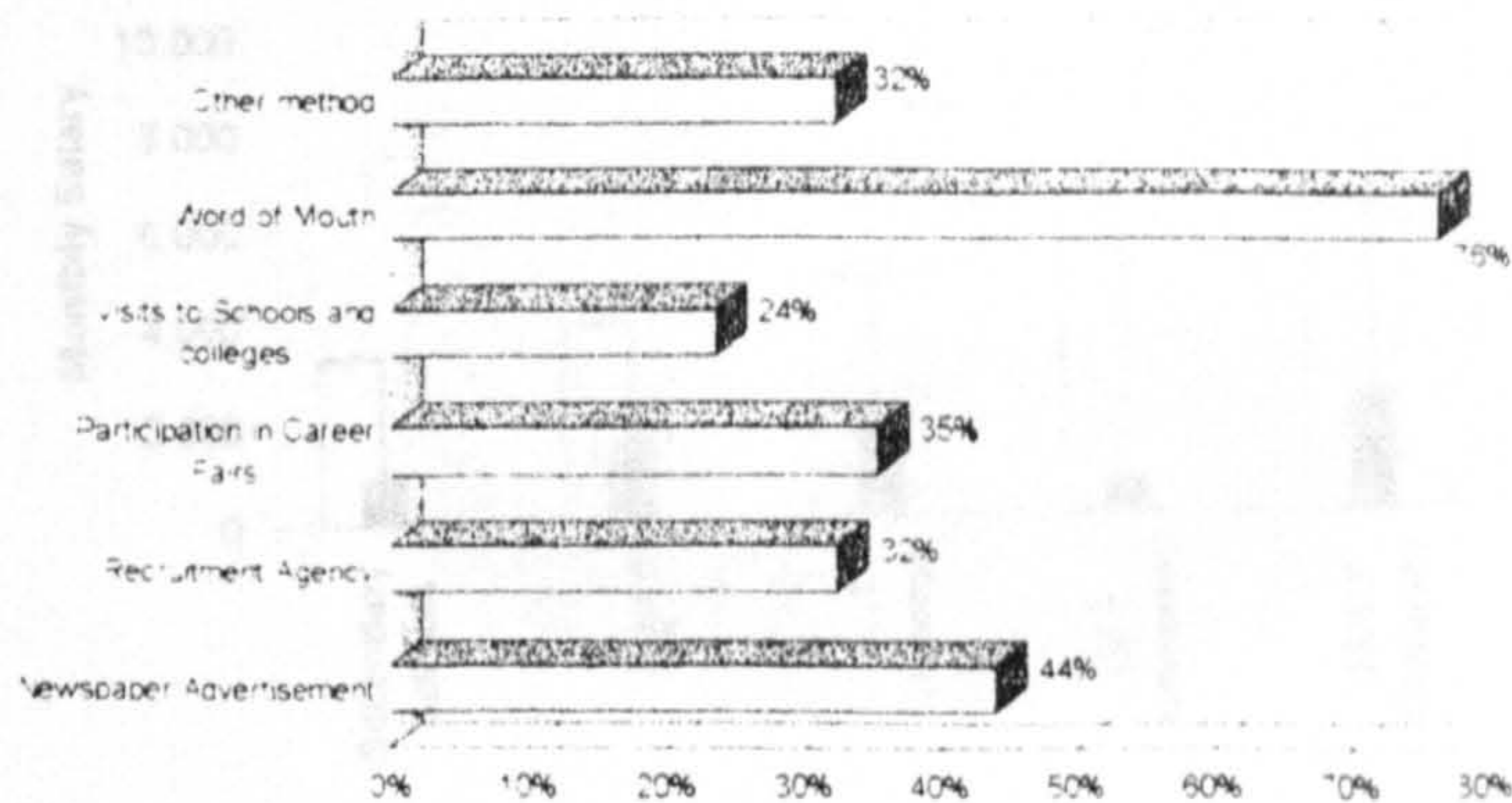
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III. Compensation & Benefits

II. Recruitment & Selection (Continued)

• Q.1 What is the starting gross salary of UAE National Staff?

• Q.3: How do you resource UAE National Staff (Check all that applies)



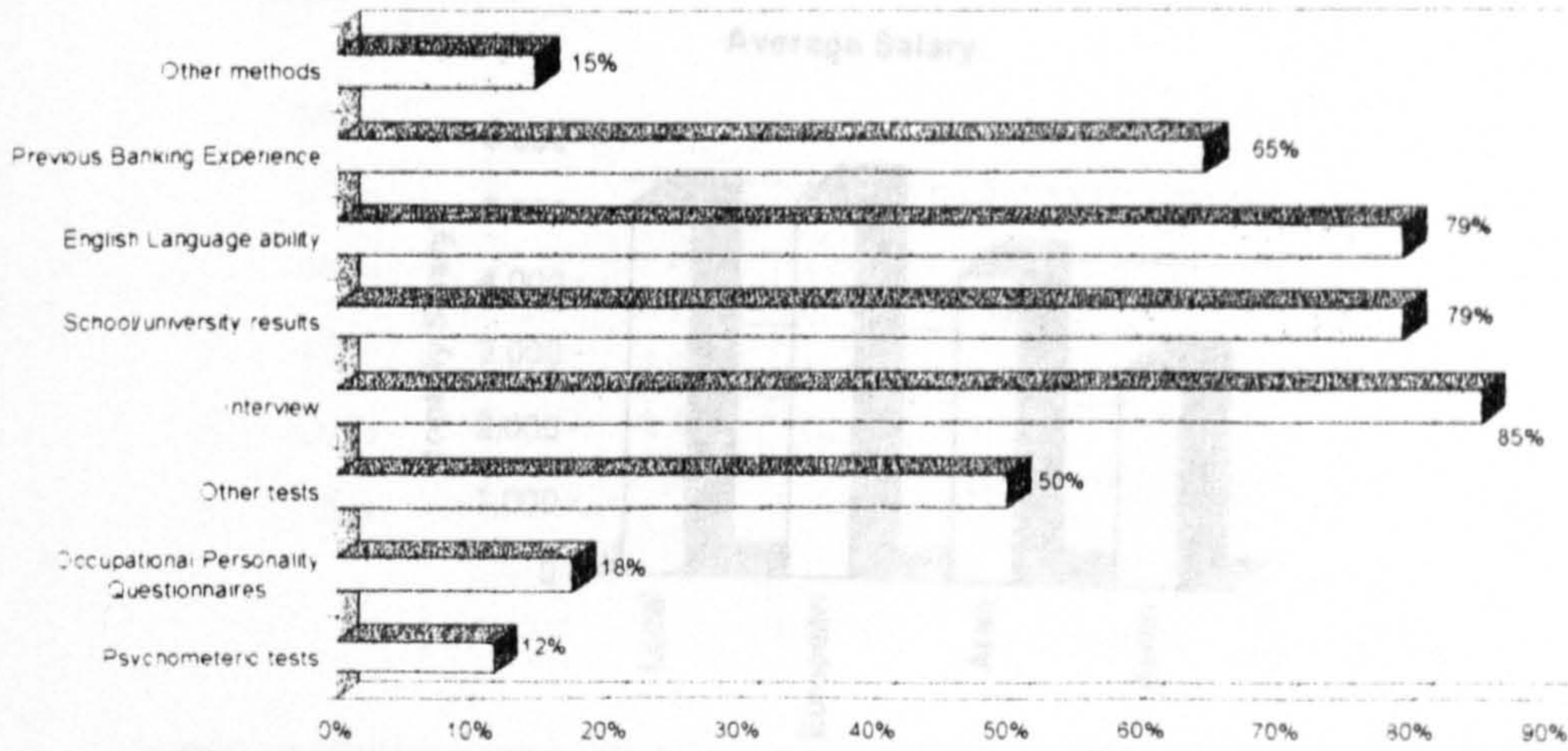
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II. Recruitment & Selection (Continued)

iii. Compensation & Benefits (continued)

- What criteria do you use for UAE National selection



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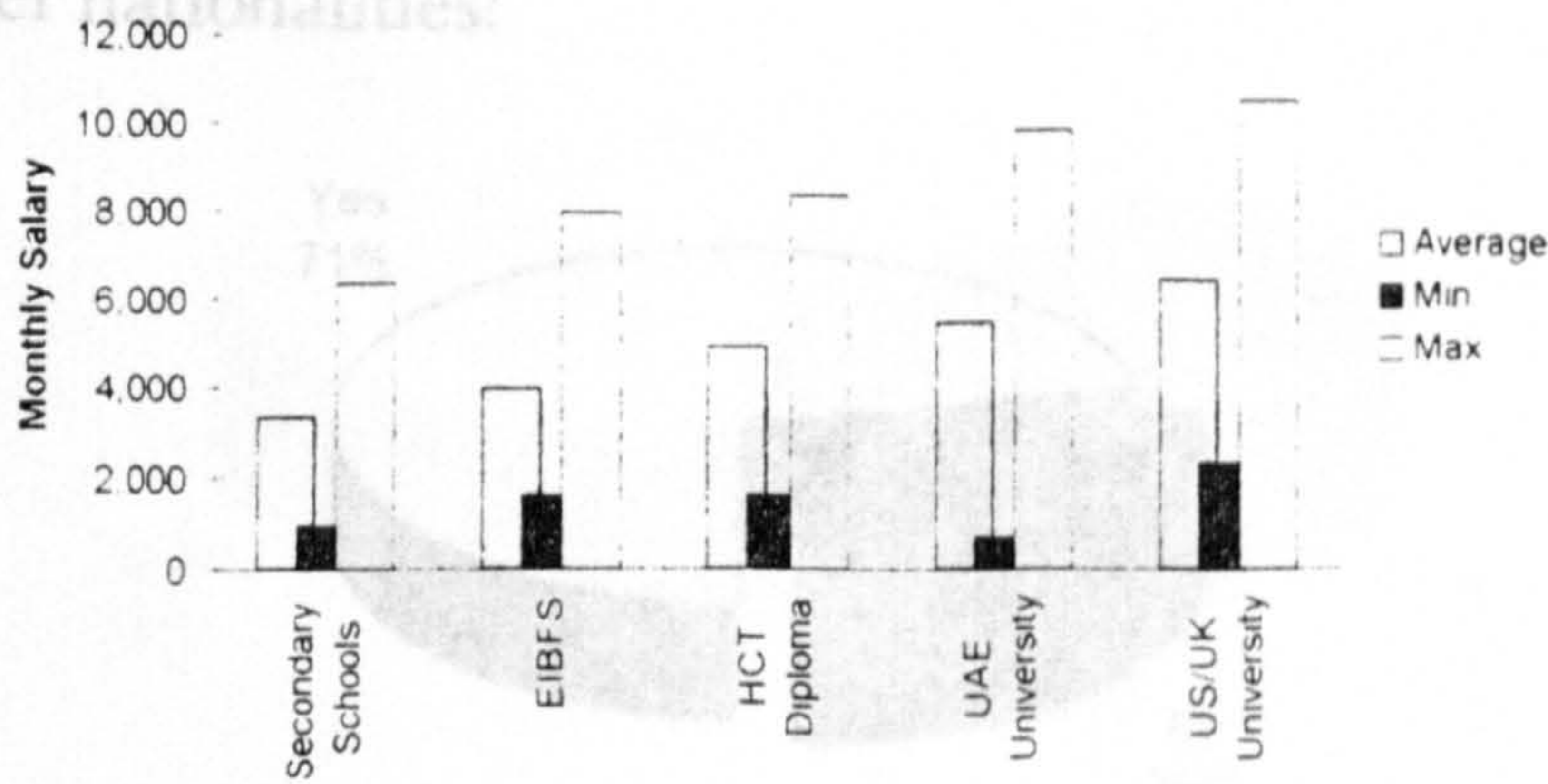
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III. Compensation & Benefits

iii. Compensation & Benefits (continued)

- Q.1 What is the starting gross salary for UAE Nationals

- Q.2: Do you pay UAE Nationals differently than the other nationalities?



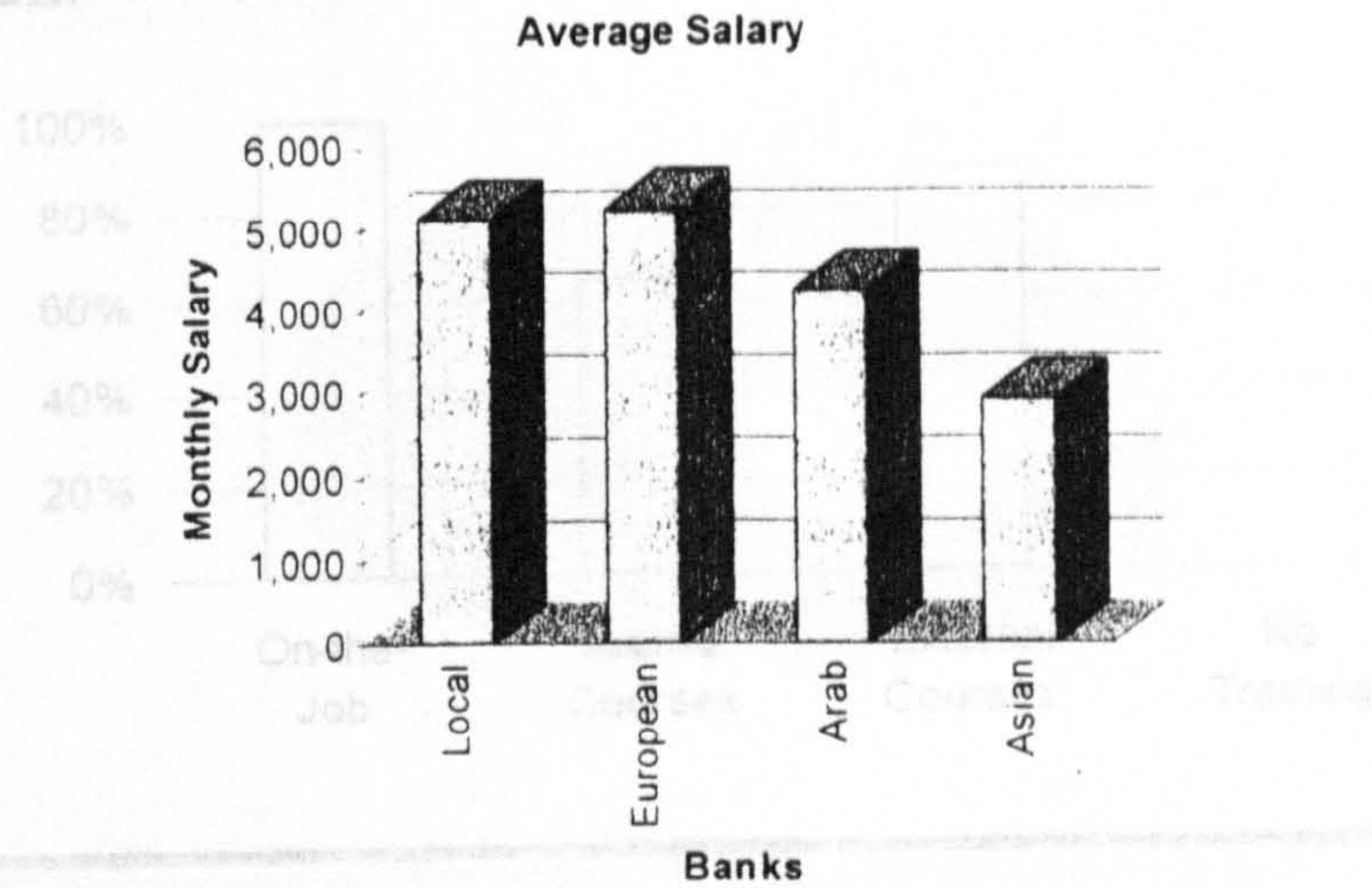
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IV. Training & Development

III. Compensation & Benefits (continued)

Q.1: What is the level of training do you give to your staff?



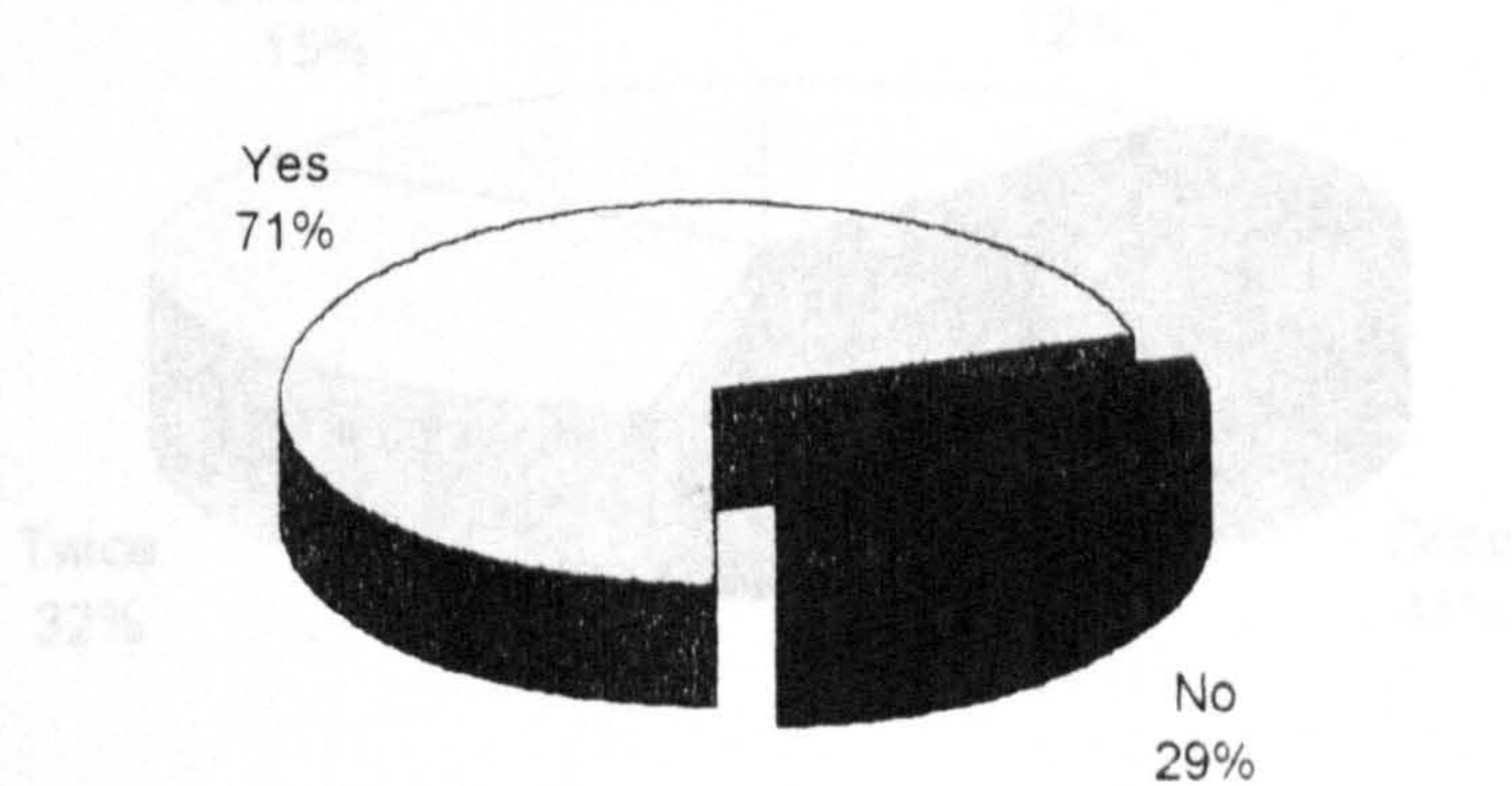
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IV. Training & Development (Continued)

III. Compensation & Benefits (continued)

- Q. 2: Do you pay UAE Nationals differently than the other nationalities?

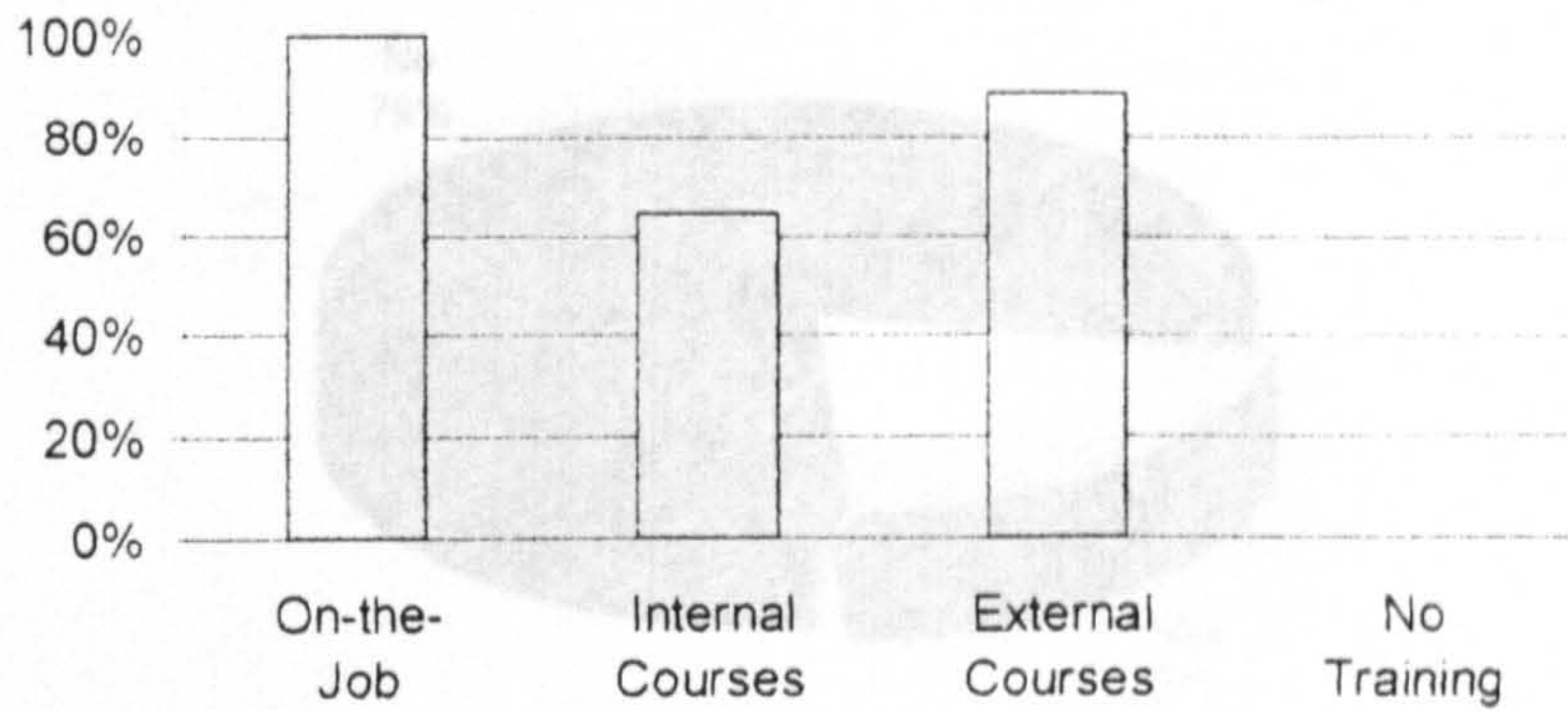


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IV. Training & Development

- Q.1: What method of training do you use to train your staff?

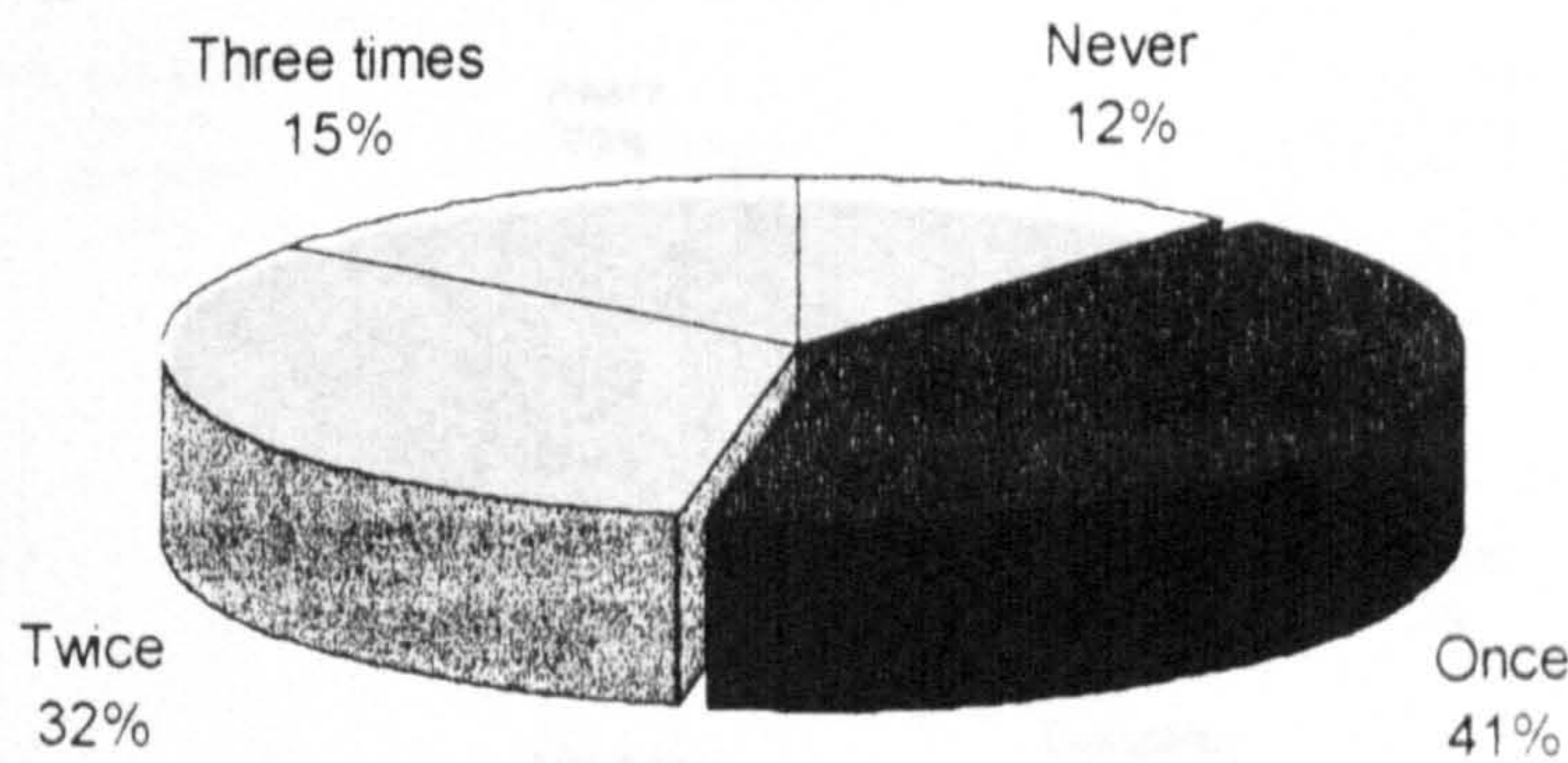


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IV. Training & Development (Continued)

- Q.2: On average, how often do you send your staff to training courses?



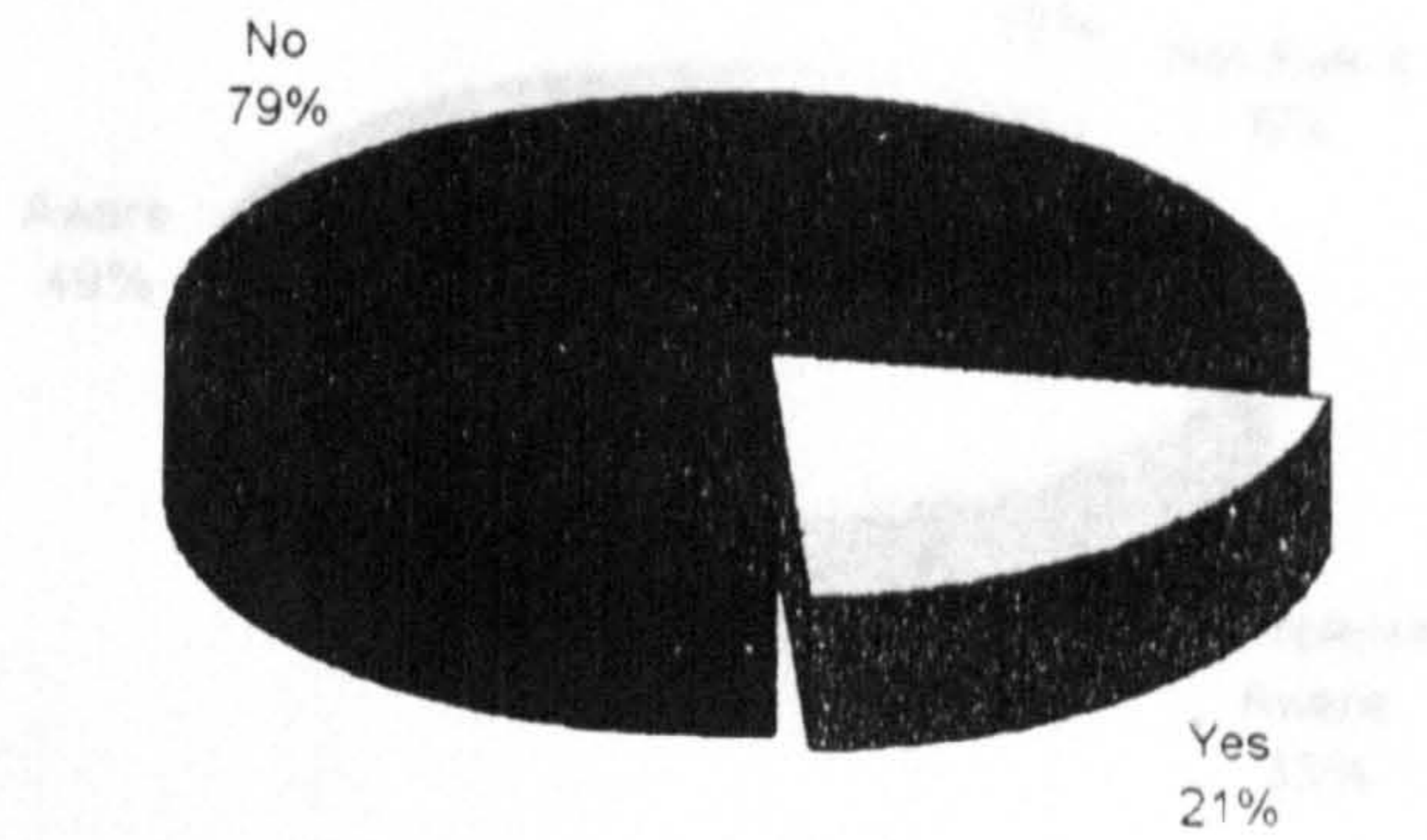
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V. Emiratisation (Continued)

IV. Training & Development (Continued)

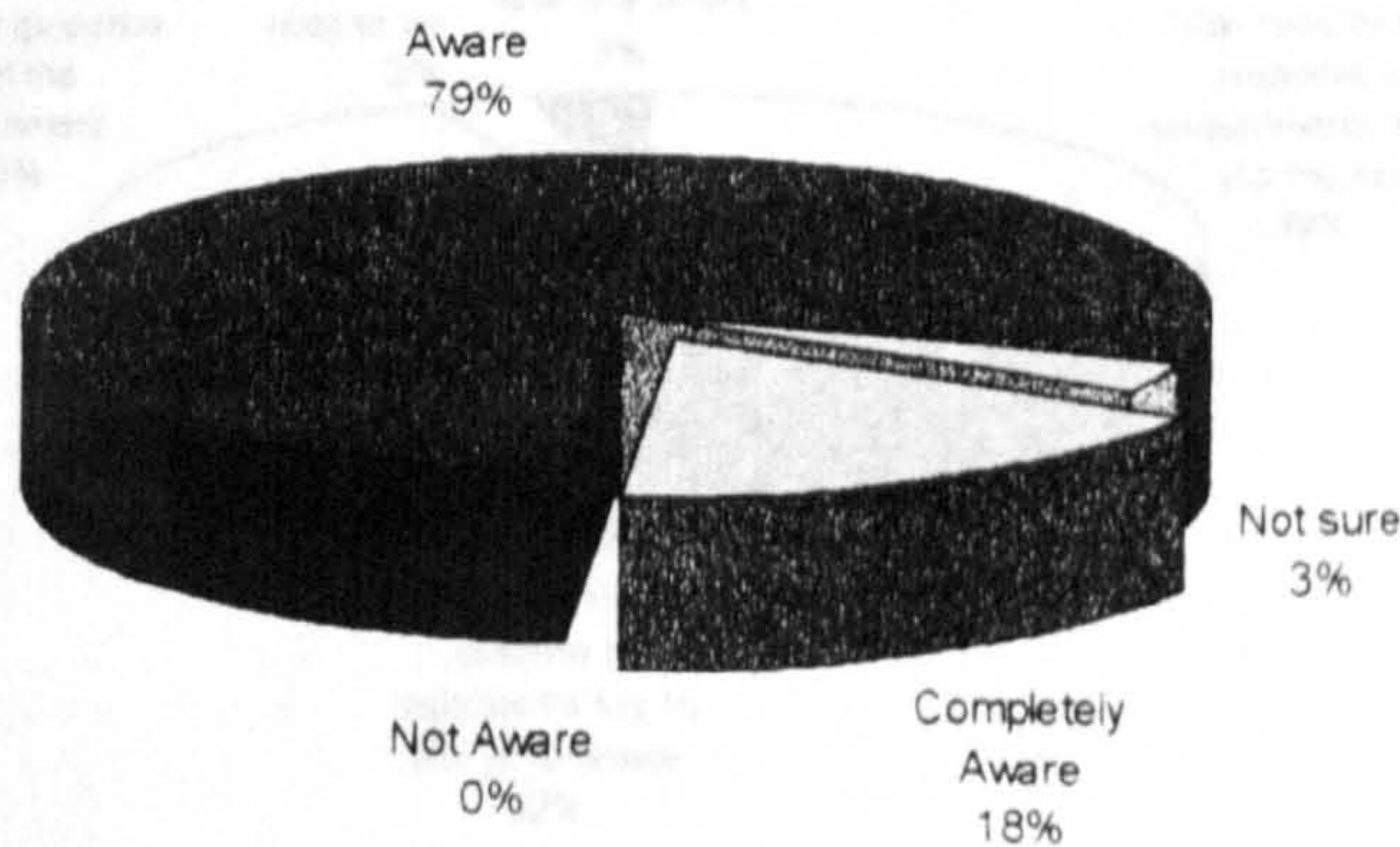
- Q.5: Do you allocate special budget to train UAE National Staff?



V. Emiratisation (Continued)

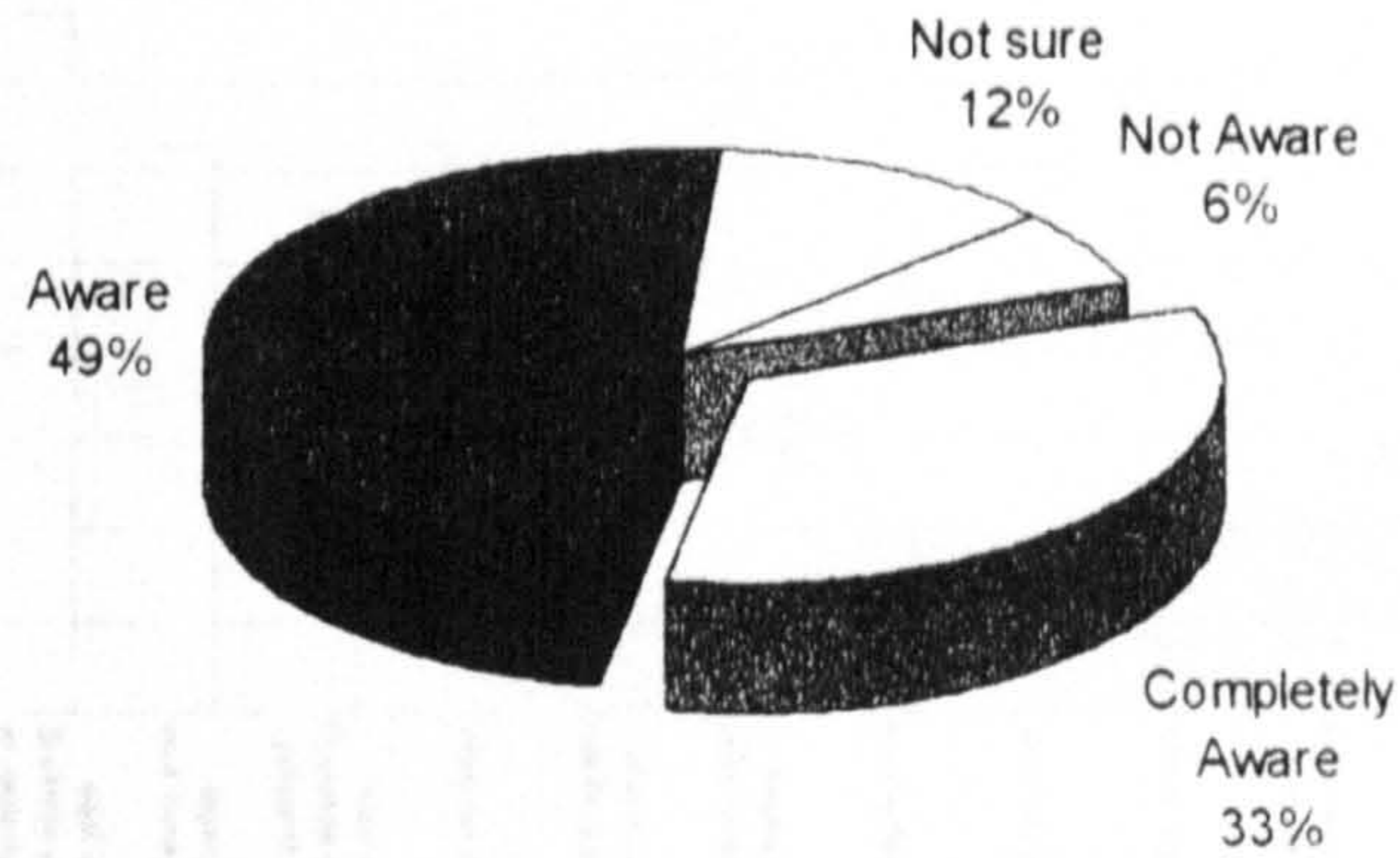
V. Emiratisation

- Q.1: Are you aware of the problem of unemployment among UAE Nationals?



V. Emiratisation (Continued)

- Q.2: Are you aware of the increase in number of UAE National students leaving the educational system?

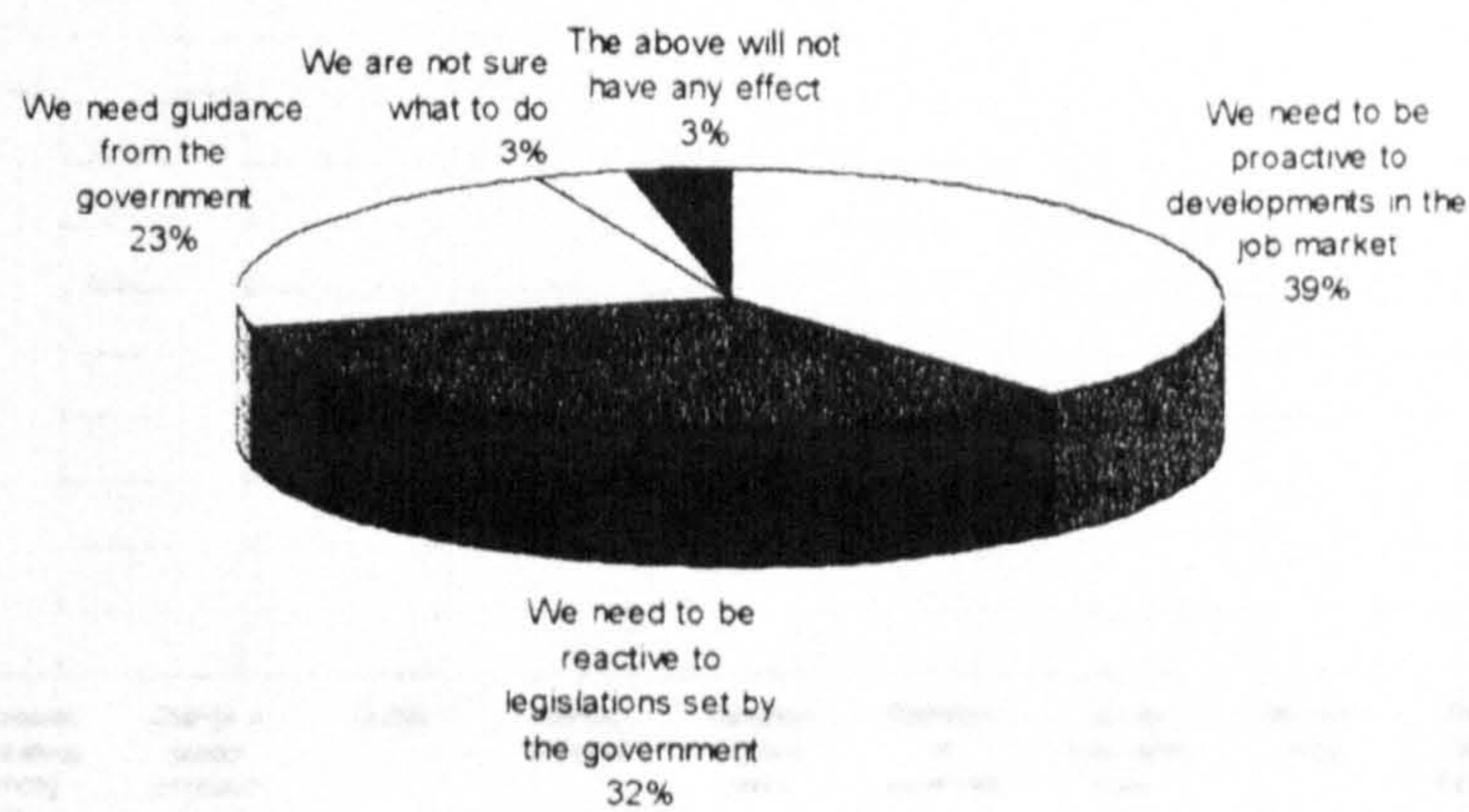


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V. Emiratisation (Continued)

- Q.3: How do you feel number 1 & 2 above would affect your HR policies in the UAE?

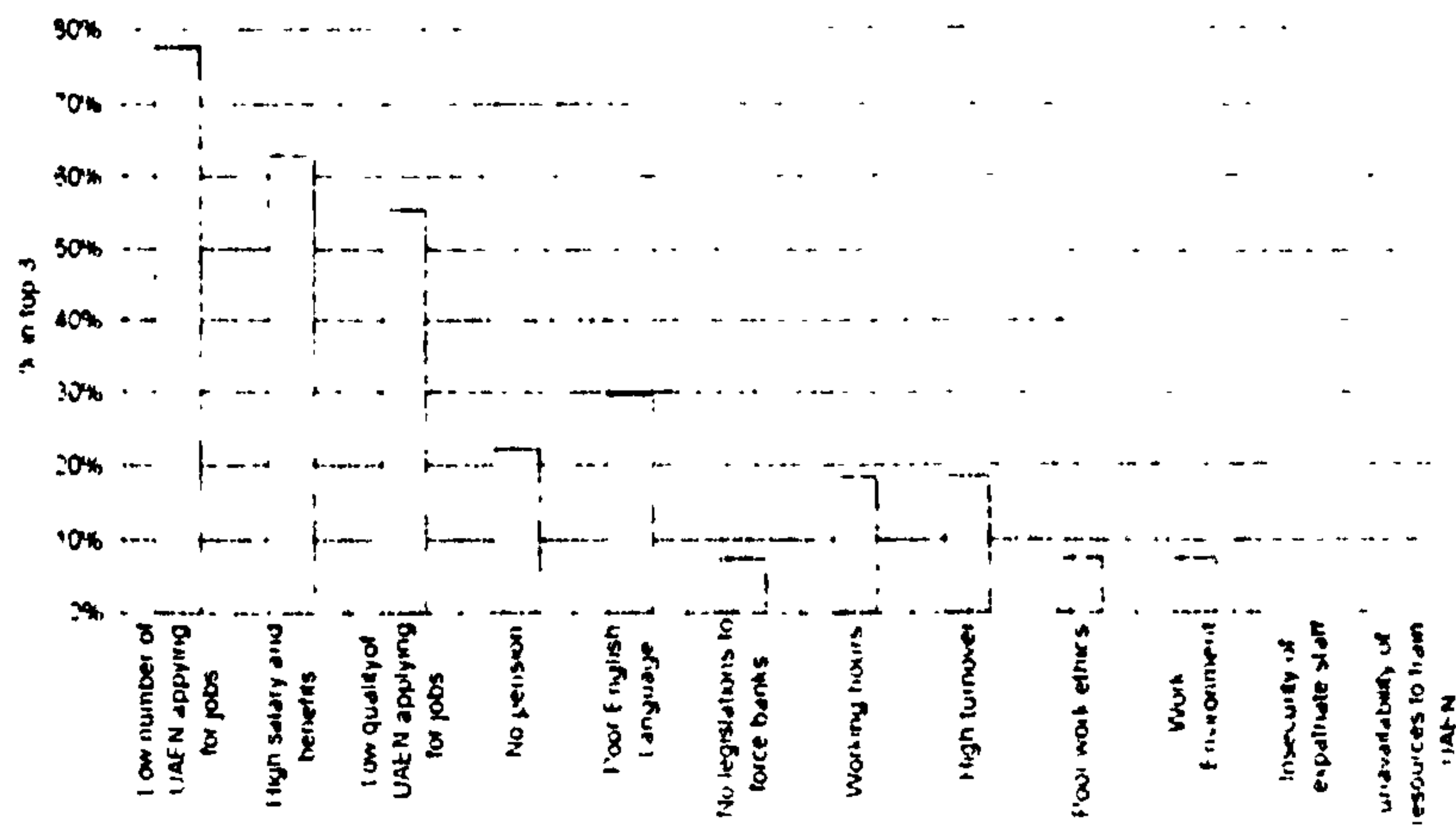


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V. Emiratisation (Continued)

- Q.4: In your opinion, what are the major barriers against the recruitment of UAE Nationals in banks?

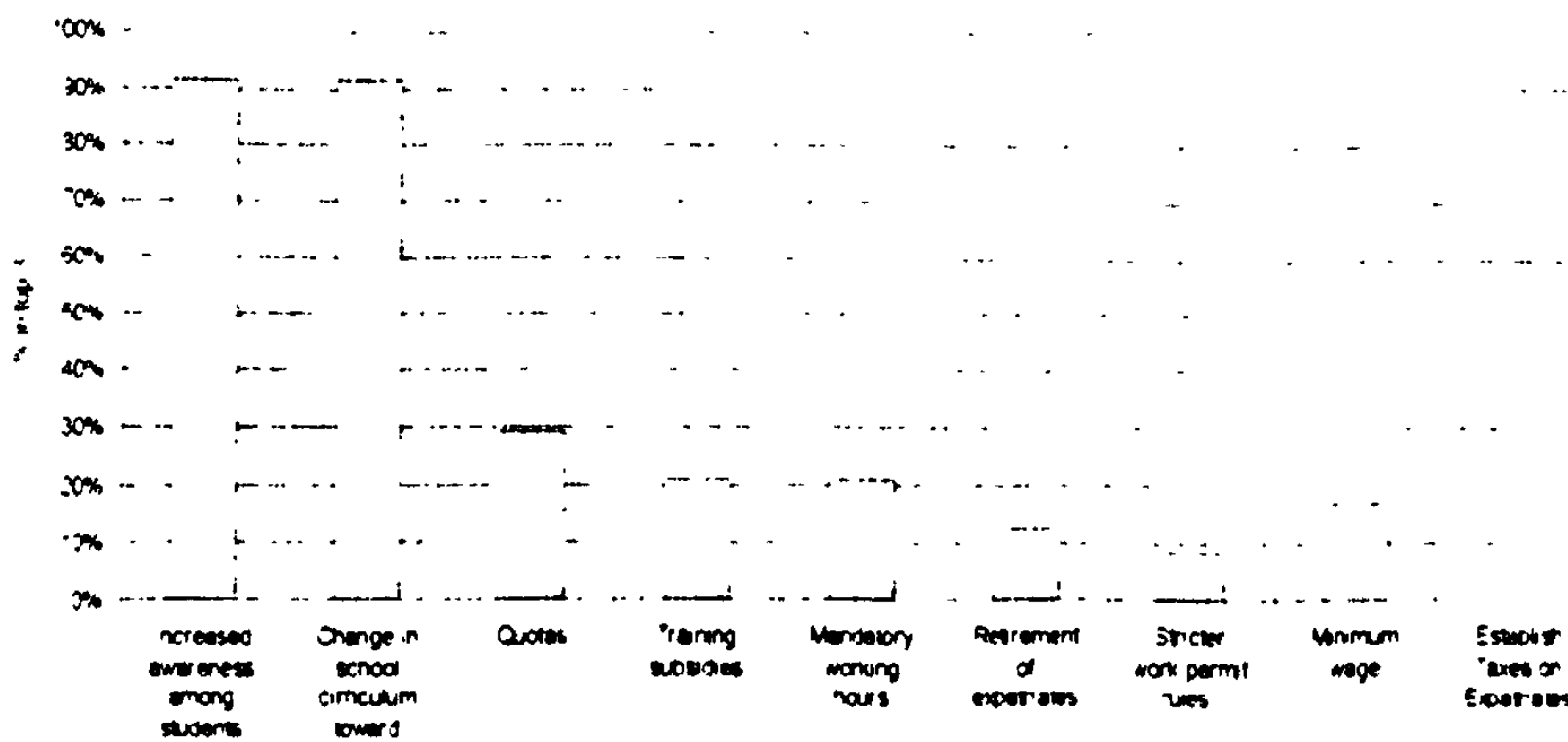


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V. Emiratisation (Continued)

- Q.5: In your opinion, how can the above be eliminated?

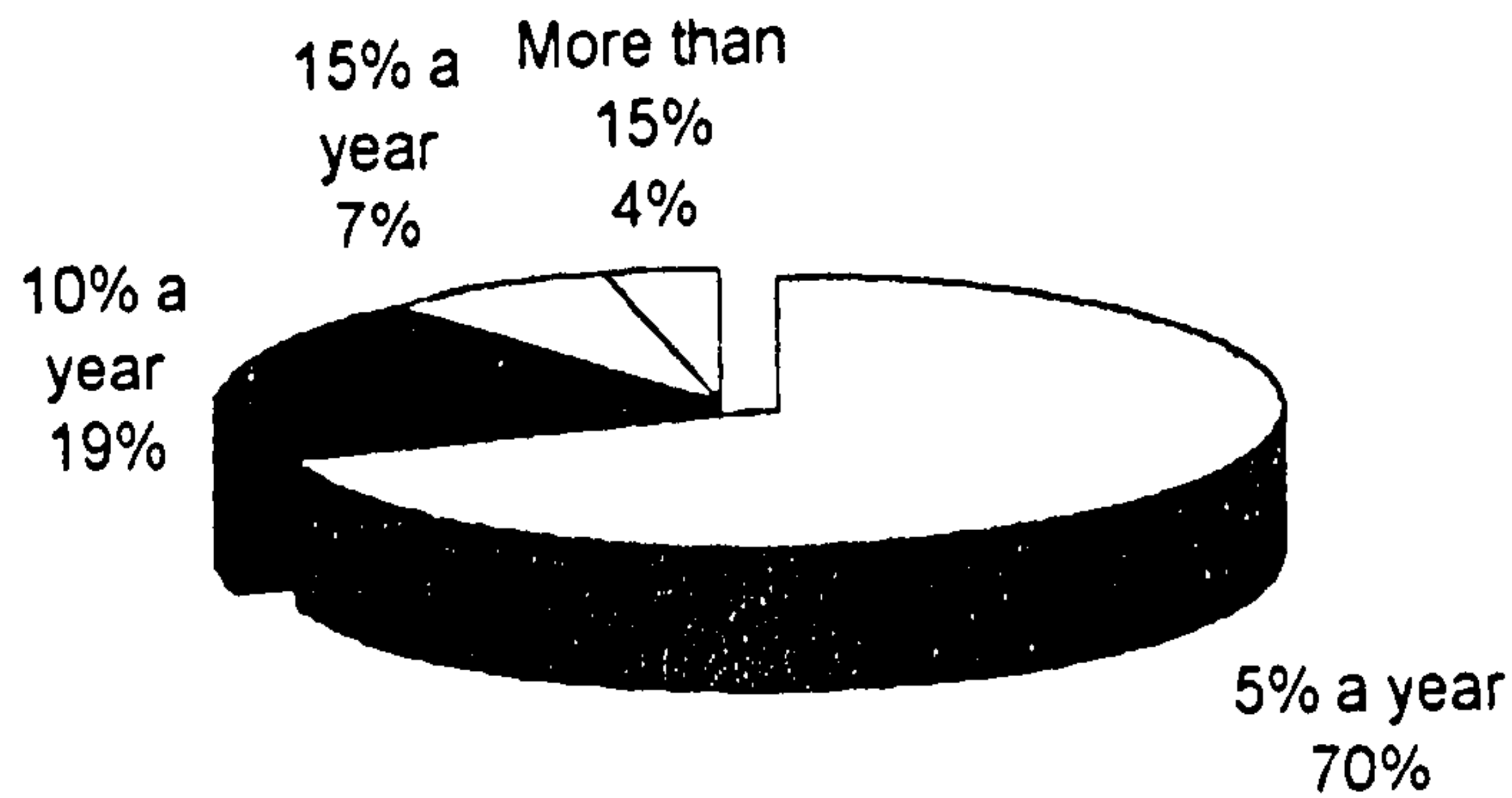


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V. Emiratisation (Continued)

- Q.6: If the government adopts a quota (percentage) what is a manageable rate?

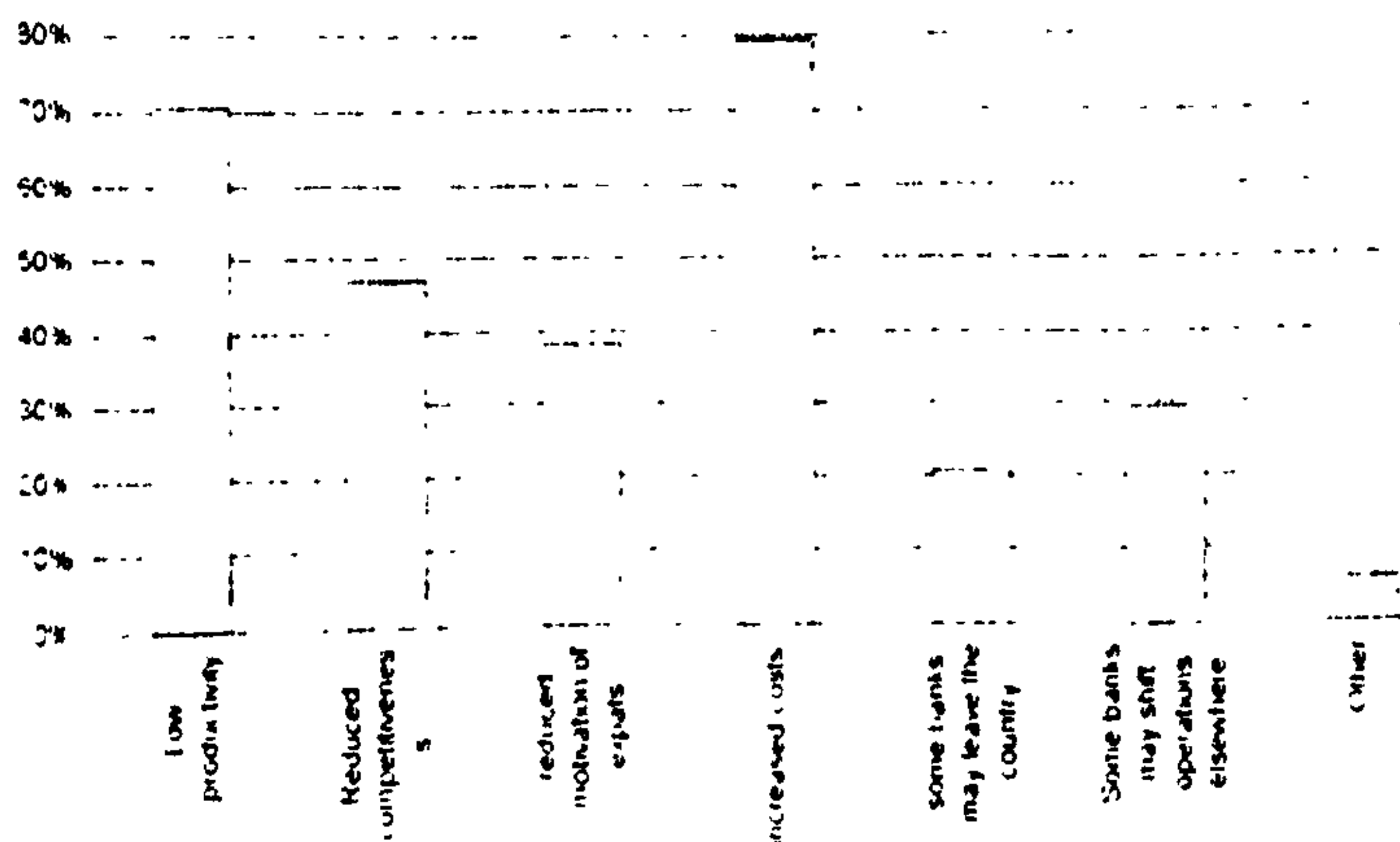


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V. Emiratisation (Continued)

- Q.7: If the government adopts a rate that is deemed too high, what are the implications of such action?

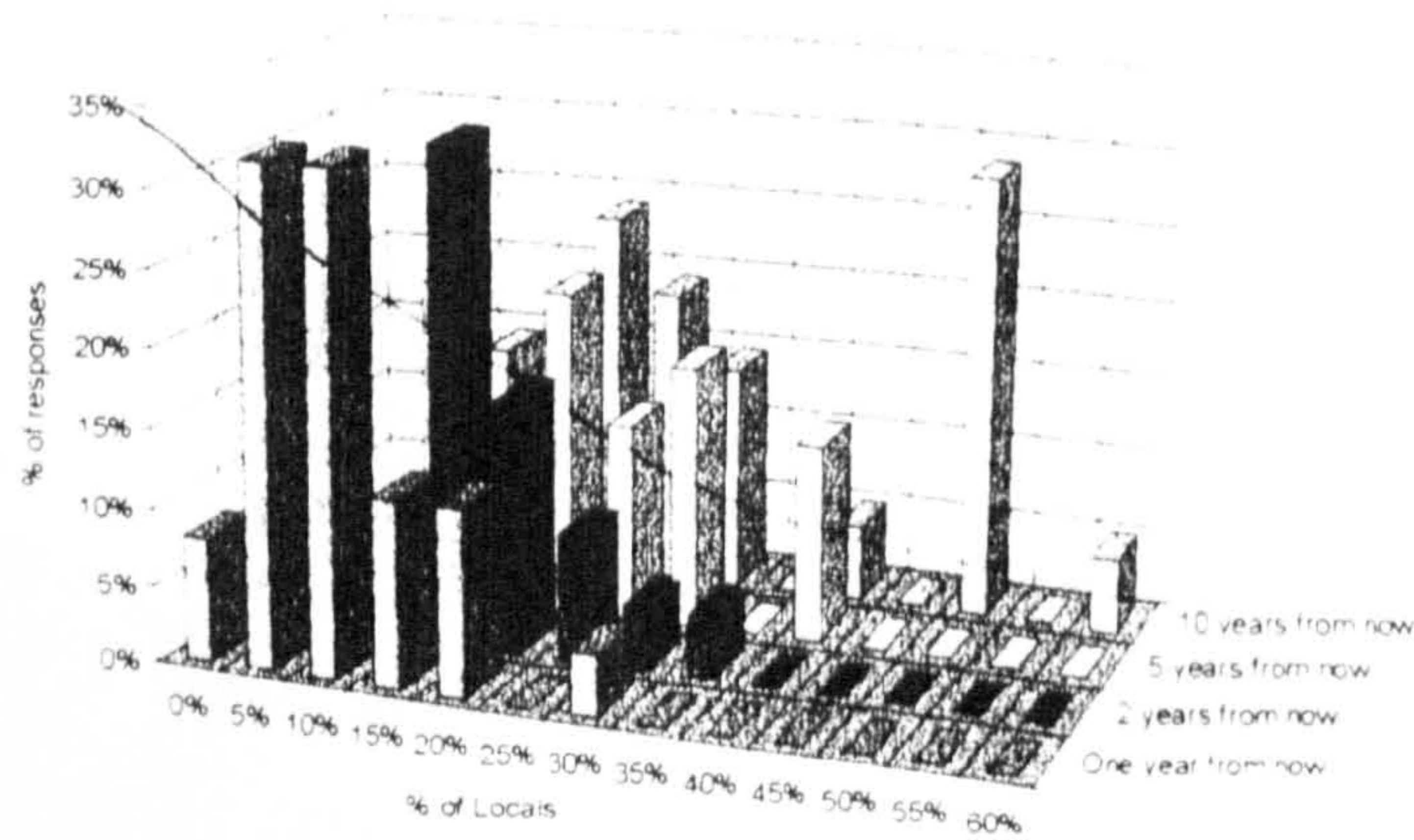


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V. Emiratisation (Continued)

- Q.8: What is your current strategy for employing UAE Nationals?



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