



**NOTTINGHAM BUSINESS SCHOOL**

**Workforce Localisation and Business Competitiveness in the Gulf  
Countries: Case Study of a Multinational Bank in the United Arab Emirates**

**By**

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A thesis submitted in partial fulfilment of the requirements for the degree of  
Doctor of Business Administration at Nottingham Trent University, United  
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## **Declaration**

I confirm that this study is my own work, I have not presented anyone else's work as my own, and I have given full and appropriate acknowledgement where reference has been made to the work of others.

Faten Hani

October 2021

## **Dedication**

This study is dedicated to my parents who worked long hours at multiple jobs simultaneously to ensure that their children received the best possible education.

I would particularly like to mention my mother who constantly sought out cultural and educational events and book fairs and would drive for miles so that we could attend them in order to help us learn and to expose us to the richness of life, which instilled a love of learning in me.

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Finally, this paper is dedicated to everyone who believes in the abilities and potential of others and to those who nurture, support and empower the development of talent.

## **Abbreviations**

FDI	Foreign Direct Investment
MNCs	Multinational Corporations
GCC	Gulf Cooperation Council
RBV	Resource-Based View
VRIN	Valuable, Rare, Inimitable and Non-Substitutable framework
SHRM	Strategic Human Resources Management

## **Abstract**

Companies in the United Arab Emirates (UAE) must employ a specific percentage of Emirati nationals in certain positions and industries. This is referred to as Emiratisation, and studies have shown that firms in the UAE face challenges in meeting this legal obligation. Emiratisation laws provided the researcher with a unique opportunity to study this complex phenomenon in a real-life situation, as it forces companies to hire Emirati nationals, thereby requiring them to acquire new resources. This thesis aims to examine Emiratisation through the lens of the resource-based view (RBV) of strategy, which seems appropriate because companies use resources to produce business outcomes. The thesis investigates how Emirati nationals can be seen as a tangible resource that companies can utilise and explores the extent to which human resource management strategies can be seen as intangible resources that firms can use to address some of the challenges of Emiratisation. The main aim of this thesis is to study a multinational bank in the UAE as a case study of a multinational corporation (MNC) that must hire, develop and train nationals for specific or specialised roles in order to gain insight into the motivation, rationale, perceived benefits and challenges of doing so. The thesis is designed to answer three primary questions by discovering why and how the case study organisation is implementing Emiratisation:

1. How might an RBV of strategy help an organisation pursue Emiratisation?
2. What are the barriers to and facilitators of following an RBV of strategy in this context?
3. Which human resource (HR) policies and practices might help to overcome the challenges identified, and how do MNCs address the challenges of Emiratisation?

In designing the thesis, the researcher reviewed the extant literature to help develop an initial conceptual framework to illustrate the connections between the themes in the literature. The data were collected from primary sources. Semi-structured interviews were conducted with 35 participants working in roles relating to setting and implementing localisation strategies and practices. This thesis concluded that by implementing an RBV in which Emirati employees are managed as an internal resource/asset to the firm, it is possible to achieve a better understanding of Emiratisation. The MNC used for the case study faces numerous challenges in implementing Emiratisation and utilising Emirati employees in an effective manner to enable them to contribute to business outcomes. First, Emiratis represent a small percentage of the population. Second, new Emirati recruits often lack the required skills for the job. Finally, it is difficult to retain highly skilled Emiratis, as they are extremely attractive to other companies in the UAE.

The main contribution of this study to the literature can be summarised as clarifying the different paths that Penrose's original work took in rethinking managers as masters and re-bundling resources in a way that meets the needs of the corporation while simultaneously adapting to reality (Penrose 1959). It also illustrates how the RBV can be used to analyse a company's use of its tangible assets (HR) and intangible assets (HR processes) to overcome the challenges created by the introduction of a national localisation policy. The case study will help to demonstrate how an MNC can overcome the challenges created by the localisation policy in this unique part of the world by using HR policies and processes in areas such as sourcing, training, employee integration and retention. The results of the current study showed that the level of compensation is equal, there are no differences in the training programmes or promotions offered and there is no difference in the policies related to awarding bonuses between local employees and expatriates. In order to validate the findings of

the current research, future research projects could use mixed-method qualitative and quantitative analyses to support a multiplicity of empirical analyses.

**Keywords:** Emiratisation, Resource-Based View, Strategic Human Resource Management, Workforce Localisation.

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## **Chapter 1: Introduction**

### **1.1 Introduction**

This study addresses the relationship between national government policies and the business strategies of multinational corporations. In 1980, the United Arab Emirates (UAE) passed its labour law in which Emiratisation was officially launched as a government mandate. This Emiratisation law evolved over the years that followed and has two key components. The primary component focuses on the employment of nationals in both the public and private sectors by setting quotas for recruiting nationals in specific sectors and jobs. The secondary component places restrictions on the recruitment of expatriates (expats), such as visa limitations. By its very definition, Emiratisation is related to the culture of the country, specifically the Arabic culture and more specifically the Arabian Gulf culture. This adds an additional layer of complexity to the problem, as very little research exists on how cultural understanding, or the lack thereof, could potentially influence the performance of organisations in the UAE.

Emiratisation creates uncertainties for multinational corporations (MNCs) that have been operating in the UAE for many years and also requires MNCs to allocate significant resources to meet its legal requirements. At present, the literature on Emiratisation is focused on the quota policy and the challenges arising from it (Kaabi and Sandhu 2018; Almarashda and Sarpin 2020; Sarker and Rahman 2020). In contrast, this study investigates Emiratisation from the perspective of the resource-based view (RBV), approaching workforce localisation issues and taking account of the economic, social and cultural context of Emiratisation. The RBV will inform this interpretivist thesis that is designed to explain the significance and meaning of key stakeholders within the organisation. It will also explore the challenges associated with

the Emiratisation process as discussed by various researchers (Godwin 2006; Aljanahi 2016; Palik 2018).

This research project focuses on two aspects: first, the importance of Emiratisation and second, the issues that hinder the process. However, unlike Nason and Wiklund (2018), this study uses a qualitative approach, which will give the researcher a better understanding of the potential interconnectedness of these two aspects, which will be this research's contribution to the literature. While the RBV focuses on the nature of the resources, versatility focuses on how different resources can be combined or bundled to meet specific business needs or economic situations. In this research, the resources that are being studied are human resources (HRs), i.e., the workforce of the organisation. Doran, Gomes and Dahab (2010) define resource bundling as the practice of bringing together various resources to achieve a specific goal. Organisations can often be referred to as bundles of HR, as different people work towards common objectives (Simon, Gove, and Hitt 2008). One way to view the relationship between these two components using the RBV is to view the employees as the resources; the manager bundles the resources using the processes, which are another resource and are considered to be versatile. Another pertinent factor introduced in the literature is the importance of flexibility in times of uncertainty (Szymaniec-Mlicka 2014). The Emiratisation law creates uncertainty for MNCs, and therefore, the effective bundling of the relevant resources is especially pertinent. MNCs originate from different countries and may offer employment opportunities to people from their home countries. However, they must also adhere to Emiratisation laws that require a certain percentage of the workforce to be UAE natives (Hamade 2016). Therefore, it becomes essential for MNCs to adopt resource-bundling practices to ensure that their staff consists of both UAE nationals and expatriates in proportions that are acceptable under the Emiratisation law. This study focuses on developing an analytical framework based

on the RBV and evaluating it in terms of implementing Emiratisation in a way that meets both the government's requirements and the needs of the MNCs. To achieve this goal, a detailed qualitative case study was designed to explore an MNC that approached Emiratisation as a strategic human resources management (SHRM) issue.

## 1.2 Background and study context

Over the last couple of decades, the UAE has witnessed increased economic growth, and efforts have been made to develop and diversify its sources of income while increasing its worldwide competitiveness, including establishing sustainable national income sources (Center for International and Regional Studies 2011; Hvidt 2013). Efforts have also been made to attract foreign direct investment (FDI), resulting in many MNCs establishing their regional head offices in the UAE, including Unilever, HSBC, Standard Chartered, Shell and PricewaterhouseCoopers (Dubai Chamber of Commerce 2017). Guyader and Piscicelli (2019) indicated that diversification in business brings numerous benefits, such as reducing risks.

However, in the early years of this diversification, i.e., the 70s, 80s and 90s, too few Emirati nationals possessed the skills needed by these companies (Raji 2019). Consequently, MNCs in the UAE needed to employ expats to provide the required skills to run their companies efficiently (Rajan and Pandita 2019), and critical positions in these companies were primarily occupied by expats (Tahir 2020). In addition, even for non-critical positions, MNCs have often recruited expats to fulfil their staffing requirements, resulting in a significant influx of workers from abroad and creating economic and social issues in the UAE labour market (Prasad and Yang 2002; Al-Ali, Shee and Foley 2008; Alom, Patwary, and Khan, 2019; Tahir and Savara 2019). According to various official and unofficial sources, the expat population represents about 91% of the UAE's labour force (Federal Competitiveness and Statistics Authority 2020),<sup>1</sup> and while there are more than five million jobs in the UAE, the unemployment rate of UAE nationals is approximately 14% (United Arab Emirates

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<sup>1</sup> **Note:** Regarding statistics relating to the Gulf Cooperation Council (GCC), it is difficult to obtain reliable empirical information or statistical data for the region, particularly for the UAE. The statistics presented here have been obtained from various sources and span several years.

National Bureau of Statistics 2017). The Minister of Labour of the UAE stated that in February 2010, less than 0.5% of the country's private sector employees were Emirati nationals (Melly 2010). Therefore, while many jobs are available, there is a high unemployment rate amongst nationals, with the majority of higher-paying positions being awarded to expats. As a result, MNCs are providing minimal benefit to local citizens with respect to employment and advancement (Haak-Saheem and Brewster 2017; Palik 2018).

Since 2000, the UAE, like other GCC countries, has established various economic policies to promote the employment of its citizens, which are referred to as localisation or nationalisation programmes and include quotas relating to the education and training of nationals, levies on foreign labour and employment targets or quotas for recruiting UAE nationals (Al-Lamki 2000; Kapiszewski 2000; Economic Development Board 2004; Al Murshidia and Al Riyamib 2020). In the UAE, these policies are known by the collective term Emiratisation, which includes all the programmes and initiatives of the government and other organisations that aim to increase the employment of Emirati nationals in both the public and private sectors (Godwin 2006; Waxin et al. 2018).

Companies have responded to this policy in various ways. Some have responded by recruiting Emirati nationals to fill the quota, and others have viewed it as a business strategy issue and translated it into human resource management (HRM) strategies, practices and processes (Al Murshidia and Al Riyamib 2020). In a similar manner, other GCC countries have established localisation or nationalisation programmes (Al-Lamki 2000; Kapiszewski 2000; Economic Development Board 2004; Mellahi 2007; Rees, Mamman and Bin Braik 2007; Al-Ali, Shee and Foley 2008; Forstenlechner et al. 2012; Al-Waqfi and Forstenlechner 2014; Waxin et al. 2018; Shaw 2021).

In the UAE, organisations are categorised into three groups based on the size of their workforce. Organisations in the first group have a staff complement of 1,000+ employees and a quota of 4% of Emirati nationals, the second group have 500+ employees and a quota of 2.5%, and the third group have 250+ employees and a quota of 0.5%. These categories show that there is an ongoing dialogue between the government and MNCs. This thesis aims to study and define the nature of this dialogue between the government and the private sector, which has not been studied before. Therefore, this is an original contribution to the literature and adds new information to the body of knowledge.

### **1.3 Importance of the thesis**

This study addresses the topic of Emiratisation by focusing on barriers, such as problems with motivation, rather than examining it from a strategic perspective and exploring how the RBV can be vital for organisations wanting to secure a competitive advantage. In addition, this study explores workforce localisation in one specific context and considers the complex social, cultural and economic factors that facilitate Emiratisation in light of the close coordination between government policy makers and financial institutions.

The case study focuses on the successful implementation of workforce localisation in a financial MNC, which will provide a deeper understanding of the localisation process. More specifically, it focuses on resource bundling of HR. The in-depth study of one MNC, using a case study approach, will provide insight into the factors that contributed to the successful implementation of Emiratisation, and its potential benefits for the MNC.

Therefore, this study aims to develop a meaningful understanding of the Emiratisation law and how firms can adopt it effectively. The understanding gained from this study will contribute in the following ways:

- It will explore the potential benefits and liabilities of an MNC's versatility in a real-life setting during times of uncertainty, specifically the uncertainty created by the Emiratisation law.
- The insights gained from this study may provide researchers with a framework for a deeper understanding of the relationship between the RBV and Emiratisation, will elaborate on the potential impact of the RBV and the versatility of companies in terms of the implementation of Emiratisation

policies and will clarify some of the confounding factors relating to the RBV and Emiratisation.

- It will provide HR practitioners with ideas, guidelines and potential frameworks for dealing with the workforce challenges created by Emiratisation or other similar localisation laws that are currently implemented in various countries.

Although the focus of the case study is on the UAE, the findings may be applicable to other GCC countries and perhaps even some Middle Eastern countries.

#### **1.4 Statement of the problem**

Although workforce localisation through the Emiratisation programme started in the 1990s, it had little effect in terms of the employment of nationals in the private sector. According to Al-Waqfi and Forstenlechner (2014), localisation of the workforce through Emiratisation achieved very little success. The majority of previous studies on Emiratisation have either highlighted the barriers to or weaknesses of workforce nationalisation in the UAE and other GCC countries (Al-Lamki 1998; Mellahi 2007; Rees, Mamman and Bin Braik 2007; Al-Ali, Shee and Foley 2008; Forstenlechner et al. 2012; Al-Waqfi and Forstenlechner 2014; Waxin et al. 2018) or discussed the potential benefits that citizens can bring to MNCs and how cultural influences may shape business practices and organisational outcomes. In addition, studies relating to localisation tend to group all GCC countries together and study localisation as if it is the same in each of these countries. This is problematic because in the UAE, for example, the quotas only apply to the financial sector and are 4% for banks, 5% for insurance companies and 2% for trade companies (United Arab Emirates Ministry of Human Resources and Emiratisation 2020), while in Oman, at least 50% of all jobs must be held by Omanis. There are also demographic differences between GCC countries in terms of the ratio of expats to locals, and each country has its own unique workforce issues and influences. Therefore, each country implements its own policies and practices.

## **1.5 Aims and objectives**

The main aim of this thesis is to study a multinational bank in the UAE that must hire, develop and train Emirati nationals for specific or specialised roles to gain insight into the motivation, rationale and perceived benefits of this process.

To achieve the main objective of the thesis, the following subobjectives must be achieved, which aim to:

- explore how MNCs are able to adhere to these policies and maintain high levels of organisational performance
- uncover how MNCs use a range of resources, including SHRM practices, to supply, train, develop and retain the national workforce
- uncover the most important barriers to and facilitators of the RBV of strategy in this context and reveal how MNCs deal with the challenges of Emiratisation
- identify the most important HR development policies and practices that may help to overcome these challenges.

## **1.6 Thesis questions**

This study is designed to answer three primary questions, and by doing so, it will provide solutions that other companies can use to overcome the challenges associated with Emiratisation:

1. How might an RBV of strategy help an organisation pursue Emiratisation?
2. What are the barriers to and facilitators of following an RBV of strategy in this context?
3. What HR policies and practices might help to overcome the challenges of Emiratisation, and how do MNCs address these challenges?

## **1.7 Method**

This study uses one case study to explore its approach to workforce localisation in order to identify practices and policies that could be used in other contexts and increase the understanding of the relationship between the UAE government and the private sector. This objective can be achieved by exploring the impact of government policies on the hiring practices of private companies. The case study on the strategic implementation of the RBV of workforce localisation in a financial MNC will provide a deeper understanding of the localisation process that may be applied more generally to other business environments.

This study is designed to discover how and why the case study organisation is implementing Emiratisation by asking those who are responsible for developing and implementing this strategy, i.e., the managers. The design of this study will primarily be based on a literature review, which will aid the development of an initial conceptual framework that will illustrate the interconnectedness of the themes in the literature. Data for the thesis will be collected from primary sources and semi-structured interviews with stakeholders involved in Emiratisation practices in the case study organisation. Then, the data will be analysed. A total of 35 participants in roles relating to setting and implementing localisation strategies and practices were selected to be interviewed.

## **1.8 Structure of the thesis**

Chapter 1 (Introduction) provides a brief background on the subject and the motivation behind the thesis, presents the main ideas relating to the thesis, explains the main aims and the objectives of the study and outlines the research questions.

Chapter 2 (Literature Review) critically reviews the literature relating to the RBV of strategy. The research questions outlined in Chapter 1 are guided by this literature review. The chapter also examines how the RBV is used as a lens through which the organisation's HR strategy is examined and evaluated. Special emphasis is placed on the review of literature in connection with the applicability of the RBV to the banking sector. Emiratisation is then contextualised in terms of the UAE's banking sector, which leads to the development of a proposed conceptual framework underpinned by the theory of the RBV. The case study is then used to apply this theoretical framework to analyse Emiratisation in the banking sector of the UAE.

Chapter 3 (Research Methodology and Methods) presents and describes the study methodology, which is shaped by the RBV's emphasis on empirical studies of real-life problems and applies the case study method to find answers to the main research questions. It outlines the philosophical position, research methodology, methods, sampling, data analysis and ethical considerations.

Chapter 4 (Results, Analysis and Discussion) outlines the responses of the 35 participants in the study to the 22 questions asked by the researcher in face-to-face interviews and presents and critically analyses the results of the study.

Chapter 5 (Conclusion, Limitations and Further Study) discusses the theoretical and practical implications of these findings and how they can be implemented, provides an overview of the research findings, highlights the original contribution of this work to the body of knowledge, gives recommendations based on how the MNC in the case

study responds to Emiratisation by applying HRM strategies and suggests directions for future research.

## **1.9 Summary**

This chapter explained the main aims and objectives of the study, outlined the research questions, provided a brief background of the issues addressed in the thesis and outlined the importance of and motivation for the thesis. In addition, it introduced the methodology that the researcher will use to achieve the goals of the study, which primarily focuses on a case study of an MNC in the banking sector, using face-to-face interviews with key personnel.

## **Chapter 2: Literature Review**

### **2.1 Introduction**

This chapter examines the relevant literature to identify a theoretical framework with which to analyse and answer the research questions. Given that the research questions focus on how and why UAE MNCs implement their Emiratisation strategy, this chapter focuses on the RBV of that strategy. In order to create this theoretical framework, it is necessary to analyse the extant literature to identify the gaps in the body of knowledge that need further exploration, and the research questions will be identified and formalised based on these gaps. This chapter examines how the concepts related to the RBV are utilised in the context of HRM in recruiting and developing the national workforce to reduce the need to rely on expats. Particular emphasis is placed on the literature review, which relates to the applicability of the RBV to the banking sector. The research problem relating to Emiratisation will be placed in the context of the banking sector in the UAE, which will result in the development of the proposed conceptual framework underpinned by the RBV. This study uses a case study of an MNC to apply the theoretical framework in order to analyse the implementation of Emiratisation in the MNC.

Therefore, this chapter is divided into two sections, which are followed by a conclusion. The first section provides an overview of the RBV, and the second section provides the conceptual framework for the thesis.

Given that the chosen case study examines Emiratisation in an MNC in the banking sector, this section has three components. The first subsection is an overview of the literature relating to the RBV and SHRM in the banking sector, the second closely examines the context of financial services in the UAE and the third provides an overview of Emiratisation. This study focuses on the cultural contributions of employees in the banking sector, which makes it particularly interesting. This aspect

is interesting because different employees contribute differently to the business. Their background may play a role in influencing how they contribute to the firm's business outcomes. It also clearly identifies the areas that are most significantly impacted by Emiratisation, i.e., firm performance, and provides details on the specific performance measures that were used.

## 2.2 The Resource Based View

The RBV is believed to have emerged in the 90s, when it was known as the resource advantage theory. In 1991, in a document entitled 'Firm resources and sustained competitive advantage', Barney was believed to have provided the first creative representation of the RBV approach (Barney 1991). In more recent years the conceptual assumptions of the RBV have become prevalent in strategic planning at the organisational level (Aragón-Correa and Sharma 2003; Shaw 2021). Although the term RBV was attributed to Barney in 1991, many authors believe that it originated earlier, either through the work of Wernerfelt in 1984 or even earlier through the book entitled *the theory of the growth of the firm* (Penrose 1959b), which set out the main principles of organisational work that would certainly later affect the contemporary, resource-based theory of agency (Cabrera-Moya and Reyes 2018).

Strategic management has seen the creation of new theories of the firm over the past few decades, among which the RBV of the firm has emerged as one of the more influential concepts through which to understand organisational activities and their competitive strategies. The RBV is centrally focused on the resources and capabilities controlled by a firm that underlie persistent performance differences between firms (Peteraf and Barney 2003; Miller 2019). This internal perspective of the RBV is in distinct contrast to models such as the industrial organisational paradigm, which has an external focus and emphasises the industries and markets in which firms operate.

The concept of the RBV was welcomed by scholars at the outset, as it served their main interest in the internal resources of companies, such as knowledge or organisational processes, which are the assets and strengths that are controlled by a company, enabling it to plan and implement strategies that improve its efficiency (Barney 1991; Nwachukwu and Chladkova 2019). Resources are important factors in establishing and maintaining a competitive advantage, as they allow a company to

exploit opportunities or counterbalance threats from competitors. The resources must be unique among and resistant to duplication by a company's competitors and must not be substitutable (Barney 1991; Florea et al. 2020). The theory of the RBV is based on two assumptions:

1. There are systemic differences between firms within a certain industry with respect to the resources they control, i.e., they are heterogeneous.
2. Heterogeneity should be maintained by stabilising the resources across firms (also known as resource immobility).

## 2.3 Principles of the RBV model

According to the theory of the RBV, if a firm has resources that are valuable (V), rare (R), inimitable (I) and organised (O; VRIO), the firm is considered to have a competitive advantage and will enjoy sustainable growth (Barney 1991; Dobbs 2013). This argument is supported by the fact that a firm should look to its own resources rather than the competitive environment when searching for competitive advantage. The assumptions and concepts of the RBV can be explained through its conceptual model, the VRIN and the VRIO framework.

### 2.3.1 The RBV conceptual model

In this model, the internal resources of a firm are considered to play a pivotal role in helping the organisation achieve better performance. These resources are divided into tangible and intangible resources, and they must be both heterogeneous and immobile (Donnellan and Rutledge 2019). A schematic representation of the RBV model is presented in Figure 1.

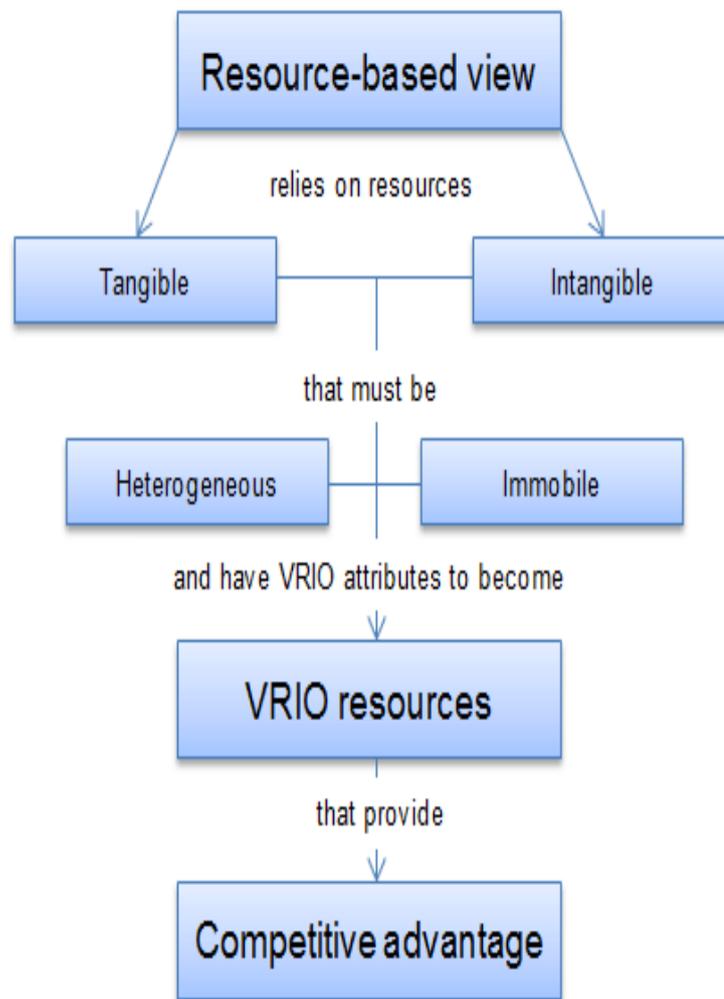
**Tangible resources** are assets of a physical nature, such as land, buildings, machinery and capital, which provide very little competitive advantage, as they can be easily acquired by rival companies (Donnellan and Rutledge 2019).

**Intangible resources** are non-physical assets that cannot be bought, such as a brand, trademark and intellectual property. They are the main source of sustainable competitive advantage and stay within the firm (Teece 2012).

The RBV model is based on two assumptions:

1. Heterogeneous resources, which require skills, capabilities and other resources to be different from those found in other firms, and this is the basis for achieving a competitive advantage by using different bundles of resources (McMillan 2017).

2. Immobility, which means that the assets cannot be transferred from one firm to another, such as brands and intellectual properties (Dobbs, 2013).



**Figure 1:** A schematic representation of the RBV model

### 2.3.2 The valuable, rare, inimitable and non-substitutable (VRIN) framework

A VRIN analysis is a technique for evaluating a company's resources and competitive situation. When the resources of a company are identified, it is easier to understand its weaknesses and competitive advantage.

Barney (1991) developed a strategic analysis tool to help organisations discover and maintain the resources and capabilities necessary for a long-term competitive advantage. Using this approach, a company's resources must have four attributes to allow it to achieve competitive advantage (Florea et al. 2020):

- **Value:** This is the extent to which a resource enables the firm to exploit market opportunities or reduce market threats. From the perspective of this characteristic, there is no advantage for a firm to possess a resource that offers no market value (Lockett, Thompson and Morgenstern 2009; Madhani 2010; Nason and Wiklund 2018). This value can be financial, but it may also go beyond financial value to improve the brand, increase knowledge or allow the company to contribute to the community in nonfinancial ways (Bowman and Ambrosini 2003; Florea et al. 2020).
- **Rarity:** This is the extent to which the resource is in limited supply and the ease with which it can be obtained by current and potential competitors (Madhani 2010). Firms that possess the same resources are unlikely to have any distinguishable competitive advantage owing to the likelihood of them executing the same strategy and obtaining the same outcomes (Barney 1991; Newbert 2008; Florea et al. 2020). A study by Modarress, Ansari and Lockwood (2013) relied on distributed government records, individual interviews with public authorities and private sector leaders, and a literature review to show that many factors contribute significantly to the disparity between the reality of Emiratisation and its envisioned outcomes.
- **Inimitability:** This is the extent to which the resource is difficult to imitate owing to practical or legal barriers. For example, a certain resource might be difficult to imitate owing to practical barriers, such as the subtle or complicated nature of the resource that makes it difficult to understand, or the unique skillsets that are required to create and develop competitive products (Miller and Shamsie 1996; Florea et al. 2020). It is also possible for legal barriers to increase the inimitability of a resource as a result of intellectual property rights, such as patents and copyright, which make it illegal for competitors to use the

same resource. The more difficult it is to imitate the resource, the more likely it is to create a competitive advantage for the organisation.

- **Non-substitutability:** This is the extent to which it is possible to find an alternative for a resource in order to erode the competitive advantage provided by this resource. For example, a management team would not be considered a critical resource if a competing organisation could achieve the same result by using an alternative planning system or having a skilled CEO (Barney 1991). Therefore, a resource with readily available alternatives is unlikely to provide any real competitive value (Miller and Shamsie 1996; Florea et al. 2020).

To illustrate how these characteristics can be used to analyse resources, it is possible to consider cultural understanding and cultural connections as intangible assets that can be useful for a firm in achieving its desired outcomes. In the context of the financial services industry in the UAE, cultural understanding would have substantial value, as understanding customers' backgrounds and financial habits, the structure of the government and the environment in which the bank operates can assist the bank in creating tailored solutions to gain customers' trust and increase its market share in the local market. This resource may not necessarily be inimitable or rare, but it certainly has value that can contribute to the outcomes of the company.

In addition to these VRIN characteristics, an additional characteristic was identified from the early work of Penrose (1959a), which is the versatility of a resource. Versatility relates to the extent to which a resource that is used for one purpose can be redeployed for new and more productive applications (Nason and Wiklund 2018). Some resources can only be used in a narrow range of potential circumstances while others offer a wide variety of applications and can be more easily adapted for use in new situations. Penrose (1955, p. 539) writes.:

“It becomes clear that the flexibility and versatility of [the firm’s] own resources are the important factors governing the possibilities of its expansion. So long as there are profitable production opportunities open anywhere in the economy, a firm can take advantage of them if its resources are versatile.”

Accordingly, versatile resources grant the firm more strategic actions and opportunities while less versatile resources offer a limited scope for exploitation to gain a competitive advantage. Nason and Wilkund note that versatile resources provide the means to exploit opportunities when they are recognized, confer the flexibility to adapt to evolving environmental conditions, and enable the pursuit of Schumpeterian resource combinations. Resource versatility stems from the range of potential services that a resource provides and thus incorporates not only generic and tradable resources that can be exchanged between firms but also idiosyncratic assets that can be redeployed by a specific firm into new arenas (2018).

The versatility of resources provides a response to some of the critiques of the VRIN framework that raise concerns over the fact that the theory did not address how an organisation can create valuable resources or how existing resources can be refreshed in changing environments (Ambrosini and Bowman 2009; Mitrega et al. 2021). As illustrated, versatility is a key characteristic for a resource to possess if it is to contribute to achieving an organisation’s outcomes, as it will enable that organisation to repurpose, redeploy and re-bundle the same resources in new and creative ways.

The extent to which the firm can take advantage of the versatility of its resources depends on its ability to re-bundle them in creative ways. Given that a firm’s bundling of its resources is primarily carried out by managers, it is important to consider the literature that examines the relationships between managers’ roles and organisational outcomes. According to Penrose (1959a, p. 35), there are two types of managers: managers with ‘managerial’ capabilities and managers with ‘entrepreneurial’

capabilities. In the context of human capital, which is the focus of this thesis, managers with managerial capabilities are technical in nature and largely process-oriented (Lockett, Thompson and Morgenstern 2009; Radnejad and Vredenburg 2019), and entrepreneurial capabilities involve re-bundling resources to maximise how effectively employees fit with the strategic needs of the company, so these capabilities are essentially creative in nature. These entrepreneurial capabilities emphasise the importance of the role that managers play in contributing to an organisation's sustained competitive advantage (Lockett, Thompson, and Morgenstern 2009; Miller 2019).

### 2.3.3 A Critique of RBV

As discussed earlier, RBV is not without its criticism and a number of scholars, such as Barney, Ketchen, & Wright (2011) and Boxall (1996), have written about various potential shortcomings of the RBV. Most prominently, Kraaijenbrink, Spender, and Groen (2010) identified eight categories under which criticisms to RBV can be grouped, namely: that RBV has no managerial implications, that RBV implies infinite regress, that RBV's applicability is too limited, that a sustained competitive advantage is not achievable, that RBV is not a theory of the firm, that VRIN is neither necessary or sufficient for a sustained competitive advantage, that the value of a resource is too indeterminate to provide for useful theory, and finally that the definition of resource is unworkable. This thesis contributes to addressing some of these criticisms in line with the suggestions and recommendations by Kraaijenbrink et al. (2010) by demonstrating that the resources and capabilities of the organisation can be developed (i.e. trained) and bundled in a manner that helps achieve business outcomes. This addresses the need to provide a distinction between the "building, acquiring, and possessing (which includes resources and capabilities) versus the processing of developing that capacity." The thesis also contributes to addressing these criticisms by identifying new types and characteristics of resources to help refine the understanding of the meaning of

resources from a unique and not commonly explored in the literature relating to RBV. The thesis also explores the role of the manager in bundling and re-bundling the available resources in a way that contributes to business outcomes which can help broaden the understanding of the role of the manager in RBV. As originally stipulated by Penrose on the importance of the role of the managers and the resources bundling in achieving competitive advantage; concepts which were not much applied in real life situations, which this study does.

## 2.4 Penrose's theory

In 1959, Edith Penrose published a book entitled *the theory of the growth of the firm*. It offered durable principles governing the growth of a firm and the most efficient growth rate for a firm. In fact, it proposed a 'resource approach', paying great attention to the concept of the 'resource-base' of a firm (Penrose 1959b). Lockett, Thompson, and Morgenstern (2009) believed that Penrose went beyond the theory of the process of firm growth and also provided a theory of the effective management of a firm's resources, productive opportunities and diversification strategy. To be more precise, Penrose provided the explanatory logic required to unravel the causal links between resources, capabilities and competitive advantage, which contributed to the resource-based theory (RBT) of competitive advantage (Madhani, 2010).

Kozlenkova, Samaha and Palmatier (2014) anticipated that the RBT would continue to evolve, leading to an increase in the strength and generalisability of the theory. Hitt, KaiXu and Carnes (2016) noted that the RBT is becoming increasingly common in operations management research. These authors have contributed significantly to multiple fields related to RBV, RBT, organisational outcomes and competitive advantage, creating key arguments regarding the interconnectedness of resources and productive opportunities and the profitable growth of organisations:

1. Economic value creation: Penrose (1959a) believed that a firm could create economic value by the effective and innovative management of the resources that it owns or controls (Mahoney and Pandian 1992). Penrose made a distinction between productive resources and productive services (Loasby 2002; Almeida and Pessali 2017). Given the same bundle of resources, the services that the bundle renders will typically be different depending on the idiosyncratic deployment of those resources. Intra-industry heterogeneity due to the creative deployment of resources nurtures

differences in productive opportunities and financial performance (Penrose 1959b).

2. The resource–opportunity link: Penrose (1959a) identified the link between the available resources and opportunities for growth and innovation (Samantha 2018). The ways in which managers interact with each other and with the resources of a firm can have a crucial impact on unique productive opportunities. Managers function as a catalyst in the conversion of a firm’s resources into its capabilities and new product applications.
3. The rate and direction of firm growth: Penrose (1959a) explained the forces that determine the rate and direction of a firm’s growth (Diin Firti et al. 2018). The rate of growth over any particular period is determined by the availability of top managerial and technical talent, which serves as a bottleneck for the rate of growth, and the direction of growth is determined by the organisation’s current knowledge base and its underutilised resources. Penrose not only insists on the importance of these factors but also argues that ignoring these factors will result in inefficiencies and a loss of competitive advantage.

Penrose provides a comprehensive explanation of the link between resources and firm-level performance (Penrose 1959b; Alvarez et al. 2020). The choices that lead to an optimal growth pattern have direct consequences for economic and business outcomes of the organization.

#### **2.4.1 Penrose’s contribution to sustaining competitive advantage**

Penrose (1959a) pays considerable attention to the competitive forces and possible loss of competitive advantage and emphasises the importance of continuously maintaining the existing capabilities and knowledge base to protect the firm’s competitive advantage (Di Petta et al. 2018). Penrose (pp. 136–137) emphasised the following:

In entering any new field, a firm must consider not only the rate of return it might expect on its new investment but also whether or not its resources are likely to be sufficient for the maintenance of the rate of investment that will be required to keep up with competitors' innovations and expansion in its existing fields as well as in the new one. Even when a firm enters a new field armed with a revolutionary innovation and is able to ward off competition with patent protection or other restrictive devices, it must expect that in time it will be overtaken if it fails to continue to develop its advantage.

In addition, in a recent study, it was found that for any organisation to accomplish its long- and short-term financial and business objectives, it needs to address high turnover rates and foster essential agreements with necessary stakeholders (Cloutier et al. 2015).

#### **2.4.2 Penrose's contribution to the knowledge of isolating mechanisms**

Penrose (1959a) contributed to research on isolating mechanisms in at least five areas. These include path dependencies in resource development, entrepreneurial vision of managers, firm-specific knowledge possessed by managers, the firm's idiosyncratic capacity to learn and to diversify, and the shared team-specific experience of managers.

##### **2.4.2.1 Path dependence in resource development**

The bundle of resources available within a firm at any particular time defines the potential services it can offer and expanding these bundles will change productivity accordingly. Penrose (1959b) argues that 'the resources with which a particular firm is accustomed to working will shape the productive services its management is capable of rendering' (p. 5) and also writes:

The services that resources will yield depend on the capacities of the men using them, but the development of the capacities of men is partly shaped by the resources men deal with. The two together create the special productive opportunity of a particular firm (pp. 78–79).

Therefore, according to Penrose, a firm that continuously invests in renewing its capabilities through new combinations of resources will sustain its competitive advantage.

#### **2.4.2.2 Firm-specific knowledge possessed by managers**

Penrose explains that a manager's experiences with their firm's resources can be crucial to understanding its unique production opportunities. Such experience-based knowledge is exclusive, as it cannot be transferred easily to new managers or bought on the market.

#### **2.4.2.3 Shared team-specific experience of managers**

Penrose explains that the shared firm-specific experience of the top management team produces valuable knowledge relating to the habits, strengths and weaknesses of the team members, and without this knowledge:

- managers cannot function well as a team
- managers are less willing to make irreversible investment decisions because of uncertainty
- managers find it difficult to seize opportunities and effectively implement the business strategy because of process issues stemming from a lack of knowledge and confidence in each other's abilities.

Penrose argues that

an administrative group [management team] is something more than a collection of individuals; it is a collection of individuals who have had

experience in working together, for only in this way can ‘teamwork’ be developed. Existing managerial personnel provide services that cannot be provided by personnel newly hired from outside the firm, not only because they make up the administrative organisation which cannot be expanded except by their own actions, but also because the experience they gain from working within the firm and with each other enables them to provide services that are uniquely valuable for the operations of the particular group with which they are associated (1959a, p. 46).

#### **2.4.2.4 Entrepreneurial vision of managers**

In a dynamic environment, managers can change both the productive services that can be offered by the resources under their control and the demand conditions that affect a firm’s productive opportunities. However, these abilities are not readily and equally available to all managers and all firms. Penrose argues that

in the process of growth, the imaginative effort, the sense of timing, and the instinctive recognition of what will catch on or how to make it catch on become of overwhelming importance. These services are not likely to be equally available to all firms (Diin Firti et al. 2018). For those that have them, however, a wider range of investment opportunities lies open than to firms with a less versatile type of enterprise (1959b, pp. 5, 31, 80).

An organisation can have an outstanding management team either through luck or an excellent development scheme that nurtures entrepreneurial skills in its employees. Barney (1986) agrees with Penrose who argues that the latter is more likely to sustain superior returns.

#### **2.4.2.5 A firm's idiosyncratic capacity to learn and diversify**

Penrose (1959b) explains that unused resources exist in every firm, and therefore, these resources are available for future growth and can influence the direction and scope of the firm's activities. Firms with a unique knowledgebase can diversify in directions that utilise the competencies of their unutilised or underutilised resources. In other words, many of the largest firms in the economy are able to diversify and expand as a result of their high degree of competence and technical knowledge in specialised areas. Therefore, a firm's unique capacity to learn and diversify controls its diversification path and functions as an isolating mechanism because without similar knowledge and entrepreneurial insight, rival companies are unable to successfully imitate its diversification strategy.

This overview of the isolating mechanisms suggests that Penrose (1959b) made significant contributions to identifying and explaining the isolating mechanisms that result in sustained economic returns.

Penrose's resource approach deals with efficiency, economic profit, competitive advantage and profitable growth, which are the cornerstones of the RBV of strategic management. Much of the extant literature contains evidence explaining the importance of Penrose's theory and how it has been instrumental to the ongoing development of the RBV (Teece 1982; Wernerfelt 1984b; Kor and Mahoney 2000). In their detailed analysis and in support of Penrose's theory, Kor and Mahoney showed that this classic theory contributes indirectly and directly to the knowledge of an endogenous creation of competitive advantage with path-dependent and firm-specific processes of firm growth and diversification, and the process by which firms can sustain competitive advantage (2004).

### **2.4.3 Resource recombination**

According to Penrose (1959b), resources are rarely valuable in isolation. Therefore, a firm's performance, and hence their sustained competitive advantage (SCA), cannot be attributed to a single resource and considering combinations of resources may be more appropriate. Firms may be able to create value by integrating complementary (Harrison et al. 1991; Han and Tong 2020), linked (Dierickx and Cool 1989; Lin et al. 2020) or co-specialised (Lippman and Rumelt 2003) resources. Complementarity, relatedness and co-specialisation are terms that refer to how combinations of resources can create value. The concept of resource combination (and recombination) lies at the heart of the capability literature. A capacity is defined as a company's ability to execute a productive activity owing to the simultaneous deployment of resources and production variables (Teece et al. 1997; Lin et al. 2020). Literature relating to these dynamics should be considered a supplement to the RBV (Wang and Ahmed 2007; Ambrosini and Bowman 2009; Almeida and Pessali 2017).

Penrose (1959b) claimed that in addition to the influence of resource consumption, a manager's ability to integrate resources to generate productive services impacts a firm's capabilities. The productive services created using a particular bundle of resources are unlikely to exhaust the entire potential of those resources. Therefore, there is always the opportunity for expansion. Managers may opt to recombine the available resources to fulfil an anticipated demand based on innovation and changes in consumer preferences. As a result, growth prospects are restricted by management's ability to identify opportunities, willingness to act on them and ability to capitalise on them using existing resources (Penrose 1959a). An organisation's expansion entails identifying new market possibilities and adapting and utilising current resources to take advantage of these opportunities.

Sirmon, Gove, and Hitt (2008) provide a more in-depth understanding of resource recombination, focusing on its nature and impact on capacities and distinguish between acts of stabilising, enhancing and pioneering. Stabilisation entails making small, incremental enhancements to current capabilities by modifying existing resources, which may be a viable option for sustaining an existing competitive advantage in the face of minimal environmental uncertainty (Lin et al. 2020). Enriching entails extending and expanding the current skillset through learning or adding supplementary resources. Pioneering is a more sophisticated resource recombination process that involves ‘the integration of totally new resources that were recently purchased... and added to the firm’s resource portfolio’ (Sirmon, Gove, and Hitt, 2008, p. 282) and requires creativity and exploratory learning in order to develop unique skills.

Managers who can recombine their resources in various ways may be able to generate new outputs for the company. Consider the example of a landlord of a pub who also operates a pet shop (Lockett, Thompson and Morgenstern 2009). The manager decides to purchase a huge snake (which they may sell, if necessary) to lure customers into the pet store. The pet store is open from 9 a.m. to 5 p.m. from Monday to Saturday, and outside of these hours, the snake brings no value to the pet store. The manager begins to consider how they may make better use of this resource, as the snake is underutilised. The manager gets the brilliant idea of allowing one of the bar tenders to use the snake to perform as an exotic dancer in the pub in the evenings and on Sundays. Through this resource recombination, the pub manager has expanded their business to include entertainment.

#### **2.4.4 Resource creation and decay**

In her attempts to model the growth process in businesses, Penrose (1959a) was the first to address the topic of resource generation. She claimed that companies build surplus capacity in their resource base by developing resources via their productive

operations. Excess capacity in a resource base provides the foundation for strong development, and over time, the firm's actions will result in the creation of resources, resulting in resources that are closely connected with the firm's previous actions, i.e., the firm's resource base will be route dependent. Although Penrose pointed out that resources may be generated through market competition, the subject of resource generation has received little attention (Bowman and Collier 2006; Zahra 2021).

Dierickx and Cool sought to outline the growth and decay processes impacting intangible assets, which are the core of the RBV (see Esho and Verhoef 2020). Barney (1991) examined the effects of company heterogeneity for certain sets of resources on the growth and decay processes; Diaz-Moriana (2019) and Dierickx and Cool (1989) looked at the causes of growth and decay. Dierickx and Cool (1989) theorised those key resources are accumulated rather than bought in strategic factor markets because factor markets are inadequate for intangible assets (Esho and Verhoef 2020). They also suggested that the immobility of a resource position is related to the features of the asset accumulation process. Their language has been used extensively, and their asset accumulation typology may be stated as follows: The marginal cost of particular asset accumulation decreases as the size of the current relevant asset base increases (Esho and Verhoef 2020), which is particularly evident if activities such as research and development (R&D) show increasing returns (at least locally) with apparent benefits to existing research-intensive firms.

The observed propensity of asset accumulation costs to grow within a certain time interval is referred to as time compression diseconomies. The more a company tries to decrease the time horizon of asset creation, the more expensive the process will be, *ceteris paribus*. R&D is an excellent example of a situation in which there is a well-established trade-off between time and expense, i.e., as the time to solve a problem decreases, the cost of the solution increases.

As defined by Barney (1991), causal ambiguity refers to the difficulty that outsiders – and possibly even insiders – have in identifying the specific variables that contribute to a firm’s competitive advantage.

According to the principle of asset interconnectivity, the cost of adding an increment of resource A to the firm’s stock may be related to the current stock level of resource barney and Cool (1989) showed that it is possible for the product development costs of a manufacturer to decrease as a result of input from its customer service department.

Asset erosion refers to the loss of a company’s stock of intangible assets due to depletion, obsolescence or competitor innovation, which affects the company both independently and as a result of the conduct of its competitors and can be compared to the depreciation of tangible assets. In effect, the company is a collection of resources of which the value is constantly changing.

Dierickx and Cool’s (1989) study bears striking similarities to Barney’s (1986) bad news message, i.e., if resource markets are flawless, the cost of acquiring resources will be approximately equivalent to the value of those resources after they are used to execute product market strategies. Therefore, in the absence of resource market inefficiencies, an SCA would be difficult to achieve if a business were to obtain and use resources in the same manner as before. Denrell et al. (2003) outlined two situations in which an SCA may be possible, which is consistent with Dierickx and Cool’s (1989) findings. First, the organisation could be lucky and acquire resources for a fraction of their true market value due to a seller’s ignorance. Second, the organisation could own or have access to additional unique resources that aren’t available to other businesses, which would add to the value of those resources. Thompson and Wissink (2016) attempted to explain through the use of labour market segmentation theory how the current epoch of free market capitalism in the ‘minority state of the United Arab Emirates (UAE) has socially left out its residents and made

some fundamental discoveries, including the various foundational and primary boundaries that have hampered the fruitful execution of government policies in both the public and private sectors.

This subsection will provide an overview of the RBV of the firm, which is a strategy for achieving competitive advantage that emerged during the 80s and 90s as a result of the works of academics and businesspeople, such as Birger Wernerfelt, Prahalad and Hamel, and Spender and Grant.

The core idea of the theory is that instead of considering the competitive business environment to discover a niche in the market, gain a competitive advantage or mitigate threats, an organisation should look within at the resources and potential it already possesses. RBV theorists see the firm as a bundle of internal resources that can be used to produce certain outcomes, such as obtaining a sustainable competitive advantage (Lippman and Rumelt 1982; Prahalad and Hamel 1990; Grant 1991; Barney, Wright and Ketchen 2001), increasing growth (Penrose 1959b; Nason and Wiklund 2018) or improving efficiency (Teece 2012; Nason and Wiklund 2018). The intellectual origins of the RBV are attributable to Penrose (1959b) who argues that the firm is a bundle of productive resources that can be combined in different ways to create goods to sell, and this combination of resources is what makes the firm unique (Hansen, Perry, and Reese, 2004). This theory has also been used to argue that a firm's bundle of resources is a critical source of competitive advantage and explains the difference in performance between firms (Hoopes, Madsen, and Walker, 2003). Consequently, it has been argued that a firm gains profit or rent (economic gains) only when other firms are unable to imitate its resources, and the ability of others to substitute resources makes the resources less rare and valuable, rendering them less relevant in a competitive market (Barney 1991; Miller and Shamsie 1996).

Older literature in the field of the RBV did not refer to it as a theory but rather as a view or paradigm. However, more recent work, such as the meta-analysis carried out by Crook et al. (2008) and Nason and Wiklund (2018), indicate that the RBV can be used as a theoretical framework.

It is worth noting that the RBV has received criticism. Critics of the RBV argue that it suffers from the issue of tautology by attributing the generation of competitive advantage to the possession of resources that hold value and are capable of generating business outcomes (Lockett, Thompson, and Morgenstern 2009). They argue that this is repetitive and does not help an organisation analyse its resources and their contributions to business outcomes. However, as will be discussed below, proponents of the RBV have identified specific characteristics that can be assessed to determine how available resources contribute to generating a competitive advantage for the organisation (Barney 1991; Miller 2019), and the importance of the role of the managers in bundling resources can be used to further analyse resources and their relationships to business outcomes.

Wernerfelt (1984a) argues that there are no restrictions on what can be considered a resource and suggests that a resource is anything that creates a strength or weakness for a firm, which includes physical, human and organisational resources. Other RBV literature offers numerous ways in which to analyse and classify resources. For example, resources can provide an organisation with a competitive advantage and could be classified as tangible or intangible (Barney 1991; Miller and Shamsie 1996; Madhani 2010; Miller 2019), as assets, i.e., things an organisation owns, or as skills and capabilities, i.e., things an organisation does (Hall 1992; Hall 1993).

Tangible resources are easy to understand and include financial and physical assets (Grant 1991) but can also encompass equipment, technology, location and access to raw materials. Intangible resources are the most relevant to this study and include non-

physical resources, such as organisational assets (Barney 1991; Fernandez et al. 2009), human capital resources and reputational assets (Roberts and Dowling 2002), skills or capabilities and intellectual property (Hall 1992).

The resource-based view (RBV) suggests that competitive advantages arise due to possessing strategic resources. However, RBV is relatively silent about the actions managers could use to create or capitalise on a resource-based advantage (D'Oria, Crook and Ketchen 2021, p. 1383).

As mentioned in Section 2.3.2, Barney (1991) contributed further to this understanding of resources by identifying four characteristics that can be used to assess a resource: value, rarity, inimitability and non-substitutability.

Miller et al (2021) and Nason and Wiklund (2018) examined the various origins of the resource-based theories and conducted a meta-analysis on the developmental implications of each of these theories. The studies confirmed that the central principles of the RBV were related to resources that met the VRIN criteria, but Penrose's theory focuses on resource diversity. The studies concluded that versatile resources are associated with high levels of organisational growth, but VRIN resources are not.

It is critical to examine the role of managers in shaping and implementing HRM and business strategies to affect business outcomes. Therefore, for the case study in this thesis, managers were interviewed in order to obtain their in-depth views on the phenomena being studied, with the objective of providing a rich narrative of the actual implementation of Emiratisation in the organisation. Understanding the role of managers in a real-life setting will contribute to the literature on the RBV, as the literature reviewed suggested studying the study the role of managers in Emiratisation as an avenue for future research (Lockett, Thompson, and Morgenstern 2009).

A concept closely related to the versatility characteristic suggested by Penrose is that of dynamic capabilities which suggests that the success of a firm is largely driven by its ability to adapt to changing environments to achieve a competitive advantage (Helfat and Peteraf 2003; Wójcik 2015), ‘the firm’s ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments’ (Teece, Pisano and Shuen 1997, p. 1289) or ‘the capacity of an organisation to purposefully create, extend or modify its resources’ (Helfat et al. 2003, p. 100). Hooley et al. (1998, p. 99) explained that these capabilities are ‘[c]omplex bundles of skills and collective learning exercised through organisational processes that ensure superior coordination of functional activities’, while Winter (2000, p. 983) describes them as the ‘[h]igh-level routine (or collection of routines) that, together with its implementing input flows, confers upon an organisation’s management a set of decision options for producing significant outputs’. Given that the characteristic of versatility examines the ability to re-bundle and repurpose the firm’s resources in creative ways, it directly contributes to the success of the firm by dynamically adapting to changes in the environment. The dynamic capability approach not only complements the organisation’s ability to obtain a competitive advantage but also acknowledges the role of the organisation’s top management in shaping its strategic direction and evolution (Rindova and Kotha 2007; Ambrosini and Bowman 2009). Teece (2017) identified three abilities, i.e., ‘sense’, ‘seize’ and ‘transform’, that an organisation needs to possess in order to succeed (see Table 1).

**Table 1: Abilities key to organisational success: sensing, seizing and transforming**

	Sensing	Seizing	Transforming
Creating value	Finding opportunities and threats, identifying	Investment discipline, commitment to research	Achieving recombination,

	avenues for research and development, open innovation and conceptualising new customer needs and new business models	and development, building competencies and achieving new combinations	pivoting as required and reinventing the business in response to new opportunities
Capturing value	Positioning for the first mover and other advantages, determining desirable entry timing and organising the required complementary assets	Intellectual property qualification and enforcement, implementing business models, leveraging complementary assets and investments or co-investing in production facilities	Managing threats, honing the business model, developing new complements and managing the business ecosystem

**Source:** Cited in Wójcik (2015) and based on Katkalo, Pitelis and Teece (2010)

Therefore, it is not sufficient for the organisation to obtain resources that possess VRIN characteristics, the resources need to be versatile, and the firm needs to have the dynamic capabilities to reconfigure the resources over time. This section discussed the resources of a firm, characteristics of those resources, roles of managers and dynamic capabilities of firms in light of the RBV. The next section will discuss SHRM as an RBV-based strategy.

## **2.5 RBV and SHRM**

As this study attempts to answer the questions of why and how organisations in the UAE fulfil their legal obligations to employ Emirati nationals, this section explores this topic further by examining how SHRM can be used alongside the RBV. SHRM assumes that business strategies can only be realised through the actions, behaviours and attitudes of employees, and certain HR processes produce unique sets of responses from employees. These assumptions coupled with the earlier discussion of tangible and intangible resources illustrate that the RBV and SHRM are closely linked. From one perspective, employees can be seen as a tangible asset of the organisation that is capable of creating business outcomes such as growth, sustainability, competitive advantage or efficiency and can be quantified in terms of numbers and qualifications. However, more importantly, the way in which these employees are managed using SHRM practices can be viewed as an intangible resource that can also create business outcomes.

The RBV acknowledges that certain tangible resources are not productive on their own. Therefore, it is the ability to deploy and use these resources in an efficient and effective manner that truly generates value and drives business outcomes (Armstrong and Brown 2019). Consequently, the importance of SHRM in unlocking the value of employees as a valuable resource from the perspective of the RBV should not be understated, which explains the popularity of the RBV in the development of HR and the rationale for empirical research into SHRM (Armstrong and Brown 2019). Al Kaabi (2016) conducted a study to understand the level of fulfilment felt by UAE nationals employed in the private sector to identify HRM practices and methodologies to attract and retain Emirati nationals. The study employed a blended approach of talking with employees and experts to investigate the current status of Emiratisation in the private sector and identified a relationship between the dependent variable

(‘continuance intentions’) and the independent variables (pay, benefits and advancement opportunities), and sociocultural effects were found to have a significant and undesirable relationship with the dependent variable.

In competitive and changing markets, achieving desired business outcomes using HR requires organisations to acquire certain skills relating to working with people and forming partnerships or collaborations, and HR should be considered a key resource (Pfeffer 1994; Macke and Genari 2019). The emphasis on people as strategically important to a firm’s success has contributed to the interaction between and convergence of strategy and HRM.

As mentioned earlier, Nason and Wiklund (2018) showed that general knowledge is both versatile and valuable. By extension, a learning organisation (Fiol and Lyles 1985; Fisher and White 2000; Chang, Wang and Hawamdeh 2019) whose goal it is to systematically increase the level of knowledge within the organisation (Grant 1991; Argote and Ingram 2000) will increase this valuable resource. The leadership of an organisation (Norburn and Birley 1988; Thomas 1988; Finkelstein and Hambrick 1996; Schneider and Smith 2004; Chang, Wang and Hawamdeh 2019) forms part of the framework of organisational culture, as it defines the organisational culture. The influence of these concepts on SHRM are explored further below.

HR practices are the primary means by which organisations attempt to influence and shape the skills, attitudes and behaviour of their employees to enable them to perform their work to achieve the objectives of the organisation (Martinsons 1995; Collins and Clark 2003; Armstrong and Brown 2019). Prior literature has investigated the link between HR practices and organisational outcomes through productivity, flexibility and financial performance (MacDuffie 1995; Delery and Doty 1996; Youndt et al. 1996; Ichniowski, Shaw, and Prenzushi, 1997; Pfeffer 1998; Mendelson and Pillai 1999; Collins and Clark 2003; Armstrong and Brown 2019). However, the

understanding of the relationship between HR practices and organisational outcomes needs to be extended to encompass innovative performance (Laursen and Foss 2003; Armstrong and Brown 2019). Chen and Huang (2009) studied HR practices and the innovative performance of organisations by considering the mediating role of knowledge management capacity. Strategic HR practices can be conducive to promoting innovative activities, as they may allow organisations to discover and utilise knowledge and expertise from within (Scarbrough 2003). This has become increasingly important owing to the desire of organisations to utilise HR practices to obtain a competitive advantage in the rapidly changing knowledge-based economy (Tannenbaum and Bruno 1994). Therefore, scholars have examined the adoption of HR practices and its effects on organisational outcomes, such as productivity, efficiency (MacDuffie 1995; Youndt et al., 1996; Ichniowski, Shaw, and Prensushi, 1997) and financial performance (Delery and Doty 1996; Pfeffer 1998; Mendelson and Pillai 1999; Collins and Clark 2003). Some other scholars, such as Tannenbaum and Bruno (1994), have also explored the relationships between organisational and environmental factors and the use of innovative human resource practices.

Under the RBV, a business outcome, such as sustained competitive advantage, exists only when other firms are incapable of duplicating the benefits of this competitive advantage (Lippman and Rumelt 1982; Chen and Wang 2020). Therefore, a competitive advantage is not considered to be sustainable until competitors have ceased all efforts to duplicate the advantage. By applying these concepts to HR and making HR a key resource, SHRM (staff, strategies and processes) becomes a valuable internal resource that is difficult to replace or imitate. As not all individuals possess the same capacity to conform to an organisation's elements, such as the corporate culture and business know-how and technologies, the unique mix of employees created by the recruitment of individuals with specific business knowledge, skills and training,

and their ability to adopt the corporate culture cannot be imitated by competitors. Therefore, employees that have worth or value in one organisation or situation may not hold the same worth or value in others (Wright, McMahan and McWilliams 1994; Dolan, Belout, and Balkin, 1999).

Some literature on the RBV argues that even though traditional sources of competitive advantage, such as natural resources, modern technology and economic conditions, may generate substantial value, these resources are becoming easier to mimic (Becker and Gerhart 1996). However, intangible resources, such as effective SHRM, can generate more sustainable business outcomes (Lado and Wilson 1994; Pfeffer 1994; Wright, McMahan and McWilliams 1994; Wright, Nyberg and Ployhart 2018). Therefore, HR are not only a vital resource to organisations from an RBV perspective, but they may be one of the most important resources in the knowledge-based economy for organisations that aspire to achieve sustainable outcomes. In addition, the complexities associated with, and the sophistication of effective HR strategies and practices result in SHRM fulfilling the non-substitutability characteristic of the RBV (Huselid 1995; Huselid, Jackson, and Schuler, 1997) because it is difficult for competitors to determine how HR methods are designed and applied to create value. Competitors would need to understand how various system components communicate and interact in order to replicate the outcomes, which is more complex than just replicating a product or service.

Having explained the value of HR to the development of organisation-specific outcomes, it is important to understand how organisations can take advantage of this potential resource. This investigation centres on SHRM, which includes the integration of generic HR functions, i.e., selection, evaluation, development, promotion and retention (Tichy, Fombrum, and Devanna, 1982; Macke and Genari 2019). Managers can use HR practices, such as advancement, selection, development, retention and

compensation systems to hire, train and preserve high-quality staff. Therefore, an organisation that develops good HRM strategies can recruit, select, develop and retain the highest quality employees (Wright, McMahan and McWilliams 1994; Macke and Genari 2019).

HRM strategies, processes and practices influence employees' abilities to perform according to the objectives set by the organisation and therefore contribute to the organisation's growth and competitiveness and other business outcomes. Hiring processes that provide a sizeable pool of qualified applicants paired with good selection and recruitment processes will significantly influence the quality and type of capabilities that new employees bring to an organisation. Providing the right orientation, training and development can further determine the advancement of employees and positively contribute to organisational success. As Boxall (1996, p. 66) explains, 'by tapping the services of and cultivating [a] gifted team and synergising their contributions within the information package of the organisation, HRM might lay the basis for sustained competitive advantage'.

As stated earlier, without an understanding of the HR function of an organisation, it is difficult to replicate. If a competitor were to copy some of the organisation's services or even recruit a few of its top executives, it would still be difficult to create similar value, as the system is composed of a set of specific capabilities that are spread between a group of people, strategies, processes and other resources within the organisation. In addition, these HR strategies are pathway dependent and contain plans that have been built and have evolved over time. Therefore, they cannot simply be obtained or copied by competitors. Duplicating socially sophisticated aspects, such as interpersonal relationships and knowledge, is not an easy task.

The RBV-based SHRM theory argues that HR strategies may contribute towards generating sustainable business outcomes by combining the right workforce with the

appropriate HR strategies, processes and practices that generate value and contribute to the organisation's performance goals (Barney 1991 Wright and MacMahan 1992, Macke and Genari 2019).

When considering the bundling aspect of the RBV and its relationship with SHRM, the role of the HR manager is vital to effectively deploying HR as a key resource. The main objective of the HRM function is obtaining, training, developing and retaining the best human capital to meet the needs of the company, with reference to job descriptions and business goals, via robust, suitable HR strategies that support the organisational strategies and objectives. Resources available to the manager (the bundler of resources) include HR, the budget, physical space and processes and procedures for recruiting, training, rewarding and retaining staff. The various ways in which these can be bundled are vital for the success of the manager and contribute to the desired business outcomes.

### **Employee retention**

Kossivi, Xu and Kalgora (2016) focused on auditing the discoveries of past research in order to determine the factors influencing worker retention and thoroughly explored advancement opportunities, remuneration, work–life balance, management and the board, the workplace, social help, independence, preparation and improvement opportunities. The results of the study revealed that further research was required to understand this complex area of HRM.

Davis (2013) investigated the experiences and opinions of 20 customer service agents with respect to turnover. Data were gathered by meeting the subjects and the data were analysed using the van Kaam technique to code, group and cluster the data into significant topics. Ten topics emerged from the study that could aid retention procedures and thus decrease employee turnover.

Khalid and Nawab (2018) found a connection between types of representative support (consultative, worker union and worker director) and staff retention and salary by considering four types of representative investment, worker retention and compensation strategies in two significant areas of Pakistan. It was found that employee participation had a significant impact on retention in the two areas and that the relationship between the type of representation and employee retention was moderated by the remuneration.

Bode, Singh and Rogan (2015) used data from approximately 10,000 people in a global administration referral firm and presented observational proof of the positive impact on retention of employee investment in a corporate drive with the objective of improving relationships between employees, which confirmed a positive correlation between improving employee relationships and staff retention.

In another study of 100 employees of Telenor in the telecommunications industry, the relationship between training and employee retention was investigated. The results showed a positive relationship between employees being given the opportunity to participate in training and employee retention for both males and females (Hassan et al. 2013).

Ibrahim (2015) aimed to discover the determinants of retention of UAE nationals in Islamic banks in the UAE by analysing the adequacy of the retention policies of these banks. Three Islamic banks (Dubai Islamic Bank, Noor Islamic Bank and Sharjah Islamic Bank) participated in the research, which showed that the factors influencing employee retention were occupational satisfaction, commitment, appraisal, salary, training opportunities, teamwork, communication and work–life balance.

### **2.5.1 RBV and SHRM in the banking sector**

Notwithstanding the measurement difficulties at an empirical level arising from the difficulty of observing the intangible independent variables of the RBV, a review of the strategic management literature indicates a largely positive relationship between the intangible resources of the organisation, performance and competitive advantage (Armstrong and Shimizu 2007; Liu, Liu, and Hu, 2010; Armstrong and Brown 2019). Liu et al. (2010) noted that four approaches were developed by researchers in this field to measure banking resources: direct assessment by counting outputs; indirect assessment via observable attributes; direct assessment conducted by managers, customers and/or experts; and indirect assessment through inductive case studies. Lockett and Thompson (2001) argued that using the case study approach is well-suited to studying intangible resources to gain insights into the RBV, as it provides clues that allow researchers to make deductions about unobservable resources in certain situations (Liu, Liu, and Hu, 2010).

Mitki, Herstein, and Jaffe, (2007) conducted in-depth interviews with employees at a top-tier Israeli banking firm to determine the way in which a new corporate identity was designed and implemented in order to identify the effective learning mechanisms that should be used to design a valuable corporate banking identity because a good learning environment can generate competitive advantage that is inimitable. Blazevic and Lievens (2004) and Mitki et al. (2007) found that designing an effective learning mechanism based on internal stakeholder participation is important for the assimilation of a new corporate identity. Once assimilated, such learning mechanisms can increase profitability and improve worker and customer satisfaction. These findings are aligned with the earlier assertion that understanding the cultural environment can contribute to profitability in the banking sector.

Perez and Falcon (2004) used a seven-point Likert scale to analyse the value of HRs for competitive advantage and their influence on performance in the Spanish banking industry. Their results indicated that banks that combined their HR practices, such as personnel selection, performance appraisal and compensation policies, to create a strategic human capital pool were more profitable (operating margin  $\times$  net interest  $\div$  average assets), had higher levels of employee productivity (interannual average variation in the operating margin  $\div$  number of employees) and had a higher three-year turnover.

In a quantitative thesis, Richard (2000) analysed the impact of a culturally diverse workforce on organisational performance in the banking industry using a resource-based framework and examined the relationships between cultural (racial) diversity, business strategy and performance. The results showed that cultural diversity had a positive impact on performance, as measured by productivity, return on equity and market performance. These results were supported by Liu et al. (2010) who noted that this outcome was due to the positive influence of different individual cultural orientations within a group, i.e., culturally diverse groups tended to make better quality decisions (Pelled, Eisenherdt, and Xin, 1999). Richard (2000) also illustrated the importance of human capital as a strategic asset, which reflects the value of people and their role in driving business outcomes.

Donnellan and Rutledge (2019) used the RBV to conduct a qualitative case study of JPMorgan Chase & Co., a major international bank headquartered in the United States. The RBV was used to study how the bank aligned its resources with its overall organisational strategy of becoming the top nationally ranked commercial bank in the United States. The study revealed that JPMorgan Chase & Co. needed to implement strategic changes to its internal and external environment, using its resources and competencies in order to attain and maintain a competitive advantage. It did this by

conducting a resource inventory and listing the internal resources and skillsets of each employee, which provided senior management with information that allowed them to make decisions related to training, recruitment and strategy formulation for key projects and use the identified skillsets within each department (Donnellan and Rutledge 2019).

Sutanto and Sudarsono (2018) conducted a quantitative study to investigate how internal resources can create a competitive advantage for banks in Indonesia by using an RBV concept to identify the resources that influence competitiveness and applying regression analysis to the data from the top 10 Indonesian commercial banks. They measured competitiveness as an outcome of performance based on various profitability indices, such as return on assets and return on equity. The resources included in the study were the capital adequacy ratio, physical capital resources (branch network), organisational capital resources (brand value) and human capital resources (training ratio or training cost per employee). The results showed that brand value is significant in predicting competitiveness, but the training ratio is not. However, it is important to note that the cost of a training course is not necessarily a meaningful measure of its effectiveness or quality. Therefore, this measure may not fully reflect the value of training in increasing competitiveness, and qualitative studies, such as the present study, may be needed to investigate this issue further.

In summary, as can be seen from the brief overview provided in this section, a number of scholars have used the RBV and SHRM to examine organisational performance and competitive advantage in the banking industry. In general, the findings indicate that the RBV and SHRM contribute to improved employee and customer satisfaction, profitability and other business outcomes.

### **2.5.2 Banking context in the UAE**

To illustrate the banking context in the UAE, cultural understanding could be considered a versatile intangible resource, as the knowledge gained from one business product, e.g., in the retail financial sector, can be repurposed and re-bundled to create different business products, e.g., in the corporate financial sector.

The influx of expats is the combined result of the UAE government's attempts to invest oil money wisely and to diversify to decrease the country's reliance on oil (Prasad and Yang 2002; Al-Ali, Shee and Foley 2008; Forstenlechner et al. 2012; Al-Waqfi and Forstenlechner 2014; Kalyani and Chong 2018). This drive for diversification resulted in an increase in MNCs in the banking sector that needed to recruit expats because the primary skills of the majority of Emirati nationals were either related to trade or commerce, meaning that they did not have the necessary skills to work in these banks, except in low-level jobs. This created frustration, underemployment and unemployment among Emirati nationals. The same is true for other countries with a similar economic history.

The UAE banking industry has 46 actively operating banks, including local and international banks that provide financial services to the entire UAE (Punit et al, 2021), but foreign banks have a more important role in the economy than domestic ones (Awamleh, Evans, and Mahate, 2005) due to their significant contribution to diversification. According to some researchers, the financial services sector of the UAE is fragmented and needs to be united. However, it is still considered one of the strongest banking sectors globally (Basri 2020), providing a highly competitive environment for all banks (Basri 2020), and its overall performance plays a vital role in the growth of the UAE economy (Osmanovica et al. 2020), which is evidenced by the rapid growth in this sector over the past few years (Abdulrahman et al. 2020).

Some foreign banks have closed some of their branches in the UAE (Hashmi 2007), which has resulted in a gap that major local banks are eager to fill (Ahmad et al., 2020). It is important to note that foreign banks are not allowed to expand further without seeking special permission (Gray 2018), as they may only operate a maximum of eight affiliate branches countrywide, and as a result, they are unable to compete adequately with local banks (Apaydin 2018). Therefore, foreign banks have tended to avoid investing in the retail sector (Urban and Wójcik 2019) rather focusing on corporate investment, as it is more profitable because they are able to effectively compete with state banks in this market. As a result of the pressure created by legal restrictions and growing competition from local banks, it has become vital for banks to rely on the capabilities, knowledge, skills and experience of their employees and managers to excel in this market (Agarwal and Baltazar 2019).

As many banks in the UAE are trying to diversify their income sources (Soto 2019), and the current situation reveals a need for change, research opportunities have been identified, such as the need to conduct a financial analysis of local and foreign banks (Kaul and Gupta 2019), as the banking industry contributes a significant amount of revenue to the national economy (Al-Talabani et al. 2019). The influx of foreign banks has influenced the growth of the industry in several ways (Qambar 2020). First, they increase the pool of qualified human capital to work in domestic banks (Neanidis 2019). Second, the interaction between the employees of the foreign banks and the local banks required for commercial partnerships sharpens the management skills in both types of banks (Muchibi 2019). The interactions between these employees exposes them to new challenges that help sharpen their skills. They can also share useful tips and ideas as well as experience and exposure, all of which contribute to this outcome. Finally, managers at some foreign banks may offer training on the basics of

the international banking industry to Emirati national employees (Adeleye, Debra, nd Nachum, 2019).

While foreign and local banks coexist in the UAE, local banks are generally not competitive due to their internal challenges, such as the competence and behaviour of the workforce, as expats possess higher levels of education, competence and work ethics (Warner and Moonesar 2019). Nationals working in UAE banks do not view work as being fulfilling, and they have high rates of absenteeism and turnover and lack dedication when compared with expats (Qambar 2020). A large percentage of UAE nationals who are employed or searching for a job lack the job-related competencies, general know-how, English language skills and specialist knowledge that are required by their positions (Abdulla 2009; Hannawi and Al Salmi 2018). Therefore, the UAE is characterised by its heavy dependence on foreign labour, high levels of national unemployment, developing education system, gender imbalance in the workforce and the underrepresentation of Emirati nationals in the private sector (Hannawi and Al Salmi 2018). In addition, an investigation by Albloushi (2015) presented an assessment of the intrinsic motivation of Emirati jobseekers to participate in the specialised/professional labour force in the private sector that fosters certain actions to improve the drive to look for a job. The subjective technique used consisted of polls of employed and unemployed Emiratis and interviews with non-Emirati managers, including structured, semi-structured and unstructured questions. The study revealed that organisations with high levels of workforce nationalisation are more able to create working conditions and adapt HR approaches to suit Emirati employees.

Banking is the fourth most important sector (out of 16) in the UAE and plays a significant role in the UAE economy (United Arab Emirates Banks Federation 2021). Therefore, the assessment of the impact of Emiratisation on HR practices is significant.

### **2.5.3 Non-native employees and gender-based differences**

Harrison and Michailova (2012) investigated the experiences of non-native females working in the UAE. Based on an overview of 86 females from Australia, New Zealand, the UK and the USA and interviews with 26 of these women, they found that western women are able to effectively conform to life and work in the UAE in spite of significant social differences between their nations of origin and the UAE. The study identified the ways in which working by means of expatriation in the UAE impacted MNCs and non-native women who choose to live and work in the UAE.

Bashir (2012) explored retention of non-natives by examining the impact of supporting employees in adapting to the new cultural environment. The study included 54 factors on a five-point Likert scale and was distributed to 900 academic and regulatory staff at 12 higher colleges of technology in five emirates using the internal email system. The results revealed a positive connection between managers helping non-native employees adapt to cultural differences in various areas, including work, general and social interactions, and employee retention.

Al-Waqfi and Al-Faki (2015) aimed to fill a gap in the research by analysing gender-based differences for local and foreign employees in the GCC region and collected information from the 2,007 cross-sectional Dubai labour market questionnaires, which were completed by a sample of employees. The results revealed gender-based differences and imbalances in the labour market in the UAE. However, the results were somewhat confounded by the fact that the gender gap varies between local and foreign employees.

#### **2.5.4 Emiratisation**

The present study uses a case study to investigate how organisations in the UAE implement Emiratisation. This section will explore the extant literature relating to Emiratisation in general and the financial services sector more specifically.

Unemployment among UAE nationals is increasing, with the unemployment rate as high as 11.6% in the capital Emirate of Abu Dhabi (Daleure 2017), which is especially problematic because Emirati nationals only make up 20% of the total population (Qambar 2020), and the country relies heavily on expat employees in both the public and private sectors across all skills and educational levels (Babar 2020). According to Qambar (2020), nationals generally receive better treatment than expat employees in the workplace, but expats make up 72.6% and 98.7% of the workforce in the public and private sector, respectively (Ardemagni 2016).

The literature on Emiratisation attributes the current situation to numerous factors. Niblock (2004) argued that the UAE used oil revenues to hide unemployment levels by placing Emirati nationals in civil service jobs regardless of their skills or productivity, and Mansour (2008) argued that the low percentage of nationals in the private sector can be attributed to the fact that when compared with the public sector, the private sector offers significantly worse employment conditions to nationals, including remuneration and job security. Al-Ali, Shee, and Foley (2008) argued that nationals in the UAE face recruitment challenges due to their lack of sufficient education and skill levels. Aljanahi (2016) analysed the current Emiratisation process by investigating obstacles by evaluating business-related newspapers distributed in the country and focused on the difficulties relating to Emiratisation guidelines, pay and working hours, which have hindered the process.

In addition, one study explored the connection between financial events and the rate of unemployment of Emiratis and showed that even though the Emirati population is

less than 20% of the total population and there are plenty of jobs available, various issues exist that prevent Emiratis (particularly young adults) from securing work in the private sector (Daleure, Daleure and Krishnan 2016).

### **2.5.5 Areas of work and nationalisation**

Yaghi and Yaghi (2014) investigated the quality of working life (QWL) of 450 Emirati employees in the public and private sector, and univariate and multivariate analyses showed that their perceived QWL was above average. Four components were found to be instrumental in increasing the QWL, i.e., administrative methodology, prestige, salary and benefits, and advancement opportunities.

Rutledge and Alkaabi (2017) studied the levels of work fulfilment of UAE nationals employed in the private and quasi-private sector by interviewing 653 nationals working in industrial firms using a hands-on satisfaction survey and evaluating the effect of salary, inconsistencies (in terms of failure to employ people based on merit) and cultural differences in seeking non-traditional employment. In terms of continuance intention, the study revealed a strong correlation with salary and benefits and a significant negative correlation with sociocultural impacts.

Ryan (2016) stated that Emiratisation endeavours were not successful and investigated value issues and proposed suggestions for addressing conflicting values to aid Emiratisation initiatives. Randeree (2012) adopted a hybrid exploratory–constructivist strategy and reported that participation and nationalisation structures are required in GCC nations, concluding that to achieve the objective of nationalising the workforce across all the GCC nations, attention needs to be paid to schooling, the exchange of information between non-natives and natives, the ways in which to empower residents in the private sector and gender issues.

Mohammad (2013) studied many aspects of Emiratisation, including the lack of momentum, the barriers and its effect on talented and incompetent employees, and reported that it had not been widely implemented because of impediments linked with shortcomings in government authority and administrative issues in both the public and private sectors. First, a qualitative analysis through semi-structured interviews with pioneers (top administrators) from the general population and the private sector and a quantitative analysis of information from Emirati nationals were conducted, focusing on the barriers to Emiratisation, and the results showed that in general, Emiratis lacked the required abilities to be able to work, especially in the private sector, and did not fully understand Emiratisation. Second, institutes of higher education, such as colleges and universities, were studied, and the results showed that these organisations were not involved in the implementation of Emiratisation. Third, the government of the UAE was examined, and the results revealed that the government had not created an information or database relating to the unemployment rate or the percentage of Emirati nationals with the skills required to work in the private sector. Finally, the study revealed that innovators in the private and public sectors were not meaningfully engaged in preparing Emiratis for employment and executing Emiratisation, which has severely hindered the process of assimilating Emiratis into the workforce. Askary, Kukunuru and Pech (2014) explored the extent to which employees are dedicated to their jobs across three sectors of the economy, i.e., general public, semi-public and private, in the Emirates of Abu Dhabi and Dubai and found that employees in the private sector exhibited a high degree of work fulfilment.

The UAE government has acknowledged that those challenges need to be addressed through long-term national HR strategies that address the socio-demographic inequalities in the labour market (Qambar 2020), such as training and developing the skills of the national workforce to meet the requirements of available jobs. The UAE

government has also recognised that the long-term development needs of the country cannot be outsourced indefinitely to expats and must be fulfilled by expanding the national labour force (Qambar 2020).

Kaabi and Sandhu (2018) assessed the need for ability advancement for Emirati nationals to prepare them for and engage them in Emiratisation. The study used a quantitative methodology to identify an approach to Emiratisation that will overcome numerous difficulties, and the results revealed the need to seek and foster capacities and abilities as critical factors for successful Emiratisation in the Emirate of Abu Dhabi and the need for administrative support for consultancy to guide the administration, economic situations and government arrangements in securing the transmission of innovation and financing to improve the accessibility of Emiratisation.

The UAE government developed the Emiratisation policy to employ nationals in a meaningful and efficient manner in the public and private sectors (Daleure 2016). This policy has been in place for more than two decades and good results can be seen in the public sector. However, the private sector is still lagging behind, with nationals only representing 0.34% of the private sector workforce (Daleure 2017).

The introduction of Emiratisation has created a degree of uncertainty for organisations in the UAE that are required to implement Emiratisation. At the organisational level, Emiratisation is an HR-related strategy that requires the integration of national employees into the corporate culture and management of their training and development. From the perspective of the RBV, Emiratis represent a resource that can be bundled and re-bundled by HR managers to achieve business outcomes.

### **2.5.6 Emiratisation strategy**

Al Marzouqi (2012) studied Emiratis' opinions of working in the hospitality industry and explored Emiratisation in terms of factors that could facilitate or impede the

process. It was found that specialists in the UAE have significant difficulties with respect to Emiratisation and its execution, the advancement of Emiratis and the position of nationals in the hospitality industry.

Al Qubaisi (2012) aimed to make a significant contribution to the information base relating to human assets in the UAE by investigating obstacles to productive employment and evaluating how Emiratisation can be updated to encompass new, high-development sectors. The results revealed that the fundamental obstacle to Emiratisation is the lack of abilities in the labour market and the small percentage of Emirati nationals entering the labour market after graduation.

Toledo (2013) aimed to identify the difficulties in implementing Emiratisation and investigate the conditions under which it may promote the best interests of local specialists in the private sector. The hypothetical models supported the assertion that Emiratisation will make progress in the short term for firms working in somewhat informal business sectors. In the medium term, an increase in the ability for specialists to work remotely may increase employment opportunities for nationals.

This section provided an overview of the RBV, examined how it relates to SHRM and considered the financial services sector to understand how the RBV can be used to evaluate the application of Emiratisation as an RBV SHRM-based strategy. The next section will outline the conceptual framework of the thesis.

## **2.6 The conceptual framework**

The conceptual framework of this study is based on Penrose's view of the firm as a collection of resources that can be bundled and re-bundled to achieve business outcomes (Nason and Wiklund 2018). From this perspective, it can be argued that MNCs in the financial services sector in the UAE consist of bundles of resources capable of achieving business outcomes. As argued earlier, resources include tangible and intangible resources, such as HRs, knowledge and know-how (Crook et al. 2008). Therefore, national and expat employees are resources and can be analysed using VRIN characteristics (Barney 1991; Barney 2001). More importantly, these national HRs, and their knowledge and know-how, can be examined using the versatility characteristic that considers the extent to which they can be reused for new purposes to understand the role that these HRs play in the firm.

This study explores the extent to which MNCs in the UAE can consider UAE nationals as a key resource capable of achieving business outcomes and the perceptions of line managers, HR managers and managers responsible for implementing Emiratisation in MNCs in order to understand the extent to which they believe nationals may add value to the business.

Oltra, Bonache and Brewster (2013) discussed the advantages of different methodologies for MNCs and distinguished some expatriation practices that are effective and reasonable, as per the non-perceptual equity guidelines.

As discussed above, the literature focuses on the important role of managers, especially managers with entrepreneurial capabilities who are creative and able to identify opportunities created by resources, in bundling and extracting value from the available resources (Lockett, Thompson, and Morgenstern, 2009). From this perspective, the role of HR managers is vital in training, developing and motivating national employees in a manner that is aligned with the objectives of the company and bundling and re-

bundling them as a key resource to help achieve organisational outcomes. Richardson and Thompson assert that a strategy's effectiveness depends on combining vertical or external fit with horizontal or internal fit (1999) and argue that a company is more likely to succeed if it has a collection of HR practices that are closely aligned with its competitive strategy and emphasise the need to bundle or create and implement many HR strategies in tandem so that they are connected and complement and reinforce one another. This is the horizontal integration process referred to above and is often known as the adoption of a configurational mode (Delery and Doty 1996) or the use of complementarities.

Dyer and Reeves (1995) argue that the rationale of bundling resources is clear. As it makes sense to have procedures that focus on at improving the ability and motivation of employees, because employee performance is a result of the combination of both. There are a variety of approaches for employees to learn essential abilities, such as careful selection and training, and a variety of incentives to boost motivation, such as financial and nonfinancial rewards. Dyer and Reeves (1995) studied various models describing HR practices that build a relationship between HRM and company success and discovered that participation, careful selection, thorough training and contingent remuneration appeared in most of the models.

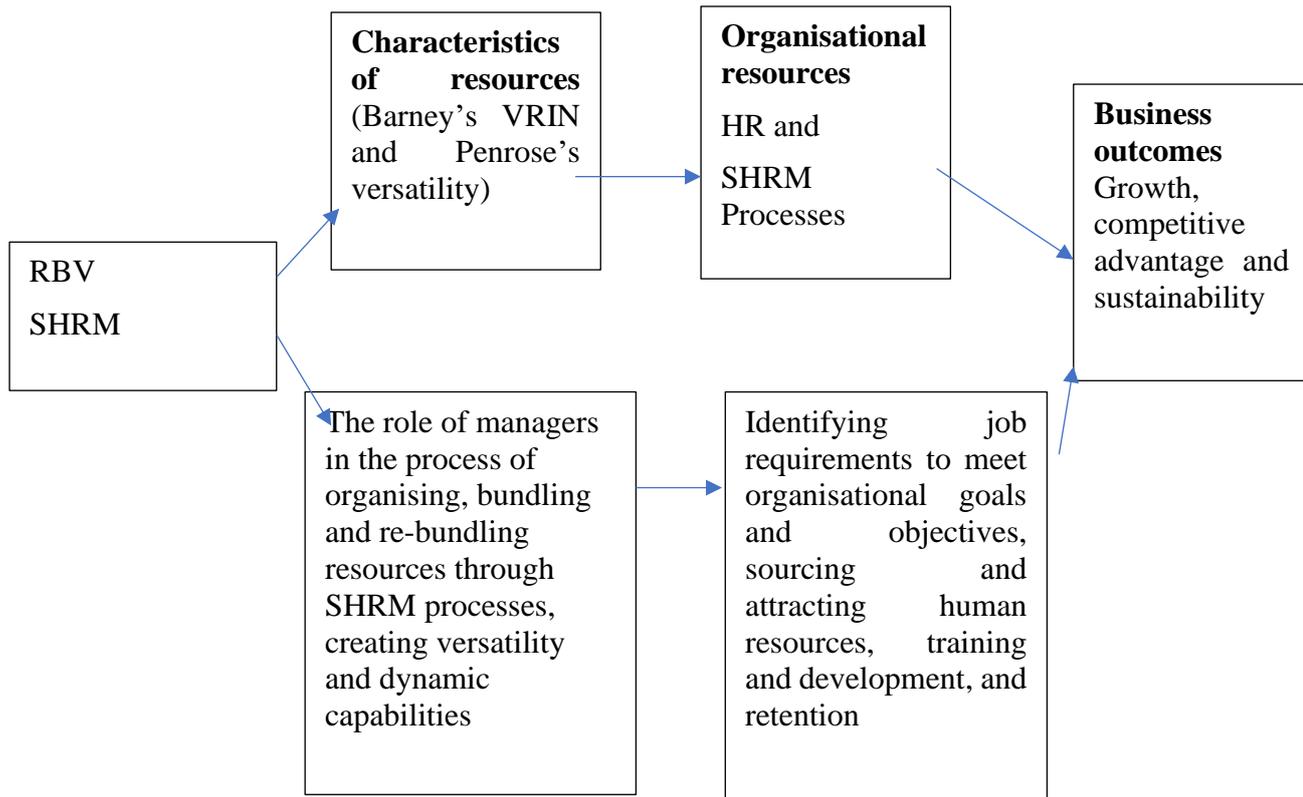
Bundling is used to establish coherence, which is one of the four 'meanings' of SHRM (Hendry and Pettigrew 1986). When a mutually reinforcing set of HR policies and practices has been created, it contributes to the achievement of the organisation's objectives of matching resources to organisational requirements, increasing performance and quality and attaining a competitive advantage. The idea of SHRM includes the practice of bundling HR initiatives (horizontal integration or fit), is holistic in the sense that it is concerned with the company as a whole and addresses what must be done for the business to accomplish its strategic objectives and is not

concerned with stand-alone programmes and approaches or the haphazard growth of HR practices.

MNCs in the UAE are operating in a constantly changing business and legal environment, and Emiratisation is an example of an important legal change that they need to adapt and respond to. As discussed above, the literature on dynamic capabilities can also help in understanding how an MNC might be equipped to respond to this change. This study will examine how SHRM processes can be seen from the RBV as an important resource to help an MNC produce business outcomes when bundled or combined in a unique way with the HRs (national and expatriate) available to the organisation and a mechanism by which managers can dynamically bundle and re-bundle resources to transform them into key resources capable of generating business outcomes. Therefore, RBV is a suitable theoretical underpinning for this study that provides a framework for unpacking and understanding Emiratisation in the UAE banking sector by exploring one organisation using the case study approach and critically evaluating the perceptions of its approach to Emiratisation through the lens of the RBV. In addition to the theoretical contribution that this thesis makes to the literature, it also makes a methodological contribution by utilising the case study method in the financial sector in an under-researched region.

Figure 2 illustrates this conceptual framework, which is designed to answer the following research questions:

1. How might an RBV of strategy help the organisation in pursuing Emiratisation?
2. What are the barriers to and facilitators of following an RBV of strategy in this context?
3. Which HR policies and practices might help to overcome the challenges of Emiratisation, and how do MNCs address these challenges?



**Figure 2:** This framework uses the RBV theory to consider national employees and the SHRM processes as resources, where these resources can be bundled and re-bundled by managers to achieve business outcomes, as explained above.

## **2.7 Summary**

This chapter provided the background and theoretical foundation for the research by reviewing the literature relating to the RBV and how it relates to SHRM. The literature examining the financial services sector from an RBV perspective was also reviewed. The research problem relating to Emiratisation in the banking sector in the UAE was then contextualised, leading to the development of a proposed conceptual framework underpinned by the RBV. The chapter argued that the RBV is an appropriate theoretical mechanism for analysing Emiratisation in the financial services sector of the UAE because it views national employees as potential resources for HR managers to bundle and re-bundle to generate business outcomes that are beneficial to the firm. Therefore, the chapter outlined the research questions that the study aims to answer, which consider Emiratisation from the RBV perspective, identify challenges relating to the implementation of Emiratisation, and examine HR policies that could overcome some of these challenges. The next chapter will outline the case study methodology.

## **Chapter 3: Research Methodology and Methods**

### **3.1 Introduction**

Studies in the RBV literature, especially those dealing with workforce localisation, highlight the need to develop research that deals with the complexity of managing internal company resources in real-life situations, including intangible internal assets that are provided by an integrated, effective workforce, such as the individual skills of employees.

This research applies the concepts of the RBV to a case study to investigate Emiratisation and will consider the role of managers (see Chapter 2) in ensuring that companies remain profitable while implementing Emiratisation. The research issues must be addressed both in theory and practice in order to increase the understanding of the full complexity of such a strategy and provide guidelines for its successful implementation in the real world, both in the UAE/GCC regions and globally, paying particular attention to the government–private sector relationship that is necessary to ensure the success of this programme.

Emiratisation has created a climate of economic uncertainty for firms operating in these markets, requiring them to develop strategies to adapt to changes and achieve business outcomes. Emiratisation requires companies to employ a certain percentage of locals to meet the government’s quota. However, these Emirati nationals may not have the required skillset for the available jobs. Therefore, managers must also design training and development strategies to equip them with the skills needed to perform their assigned roles. The practices of MNCs and their relationship to competitiveness and sustainability are the main focus of this study.

Therefore, a qualitative research methodology was chosen because it is especially useful for research in which the social context plays an important role in collecting and

interpreting the data and adds a level of complexity to the study. The organisation selected for the case study is a multinational financial organisation that has successfully implemented Emiratisation.

The MNC was chosen for the following reasons:

1. It has been implementing the Emiratisation strategy for more than 20 years, even before this policy was introduced by the government.
2. It has won the Emiratisation award every year since its inception (approximately 18 years).
3. It employs the highest percentage of nationals of any private sector MNC.

Therefore, this organisation is an ideal case for this thesis.

This chapter outlines the design of this research project, addresses how the methodology and methods were selected to achieve the aims of the research and answer the research questions, and explains why the case study method was selected and how it was implemented. This chapter describes how the data collection process was informed by the conceptual framework from Chapter 2 and designed to answer the research questions. The methodology will be outlined in detail, including how the interview questions were developed and how the data were collected and analysed. Special attention is given to the role of the researcher in the qualitative study and the importance of reflexivity.

### **3.2 Methodology**

As discussed in Chapter 1, private organisations have responded to Emiratisation in one of two ways: focusing only on a small portion of the policy, i.e., the quota system, or addressing the whole intent of the law, including training nationals for higher-level jobs. As argued in Chapter 2, the latter is more aligned with the government intent, more substantial and more beneficial to the organisation.

The purpose of the case study is to explore why and how MNCs would choose the more comprehensive approach. Although many MNCs use the comprehensive approach, focusing on one organisation provides an opportunity for an in-depth study of the motives for and methods of implementing Emiratisation. The organisation that was studied has won the Emiratisation award every year since the introduction of the award approximately 18 years ago and therefore is a perfect example of the successful implementation of this policy.

To ensure that the interview questions are aligned with the research questions, a set of sub-questions have been developed, and each one focuses on a key concept that needs to be explored. Questions that focus on a specific aspect of the problem were also developed as needed. The research project was guided by three main research questions:

1. How might an RBV of strategy help the organisation pursue Emiratisation?
2. What are the barriers to and facilitators of following an RBV of strategy in this context?
3. What HR policies and practices might help to overcome the challenges of Emiratisation, and how do MNCs address these challenges?

### **3.2.1 Rationale for choosing the case study approach**

According to Benbasat, Goldstein and Mead (1987) no single research methodology is intrinsically better than any other methodology. Given the richness and complexity of the world, a methodology best suited to the problem under consideration and the objectives of the researcher should be selected. This research aims to answer questions about Emiratisation practices and processes and the motives of the MNC, which are complex due to the nature of the organisational structure and circumstances and require in-depth study. As it deals primarily with the interaction of people and organisations in a cultural framework, the participants' perceptions and interpretations are important. The interpretivist approach – 'the idea that reality is socially constructed rather than objectively determined' (Easterby-Smith, Thorpe and Lowe 1991, p. 24) – is considered to be most suited to this thesis, which attempts to 'understand people's socially constructed realities' (Fisher 2010, p. 13).

Saunders et al. (2009), Fisher (2010) and Savin-Baden and Major (2013) define interpretivism as being governed by an epistemological position that advocates the need to understand the differences between humans in their roles as social actors. It looks for 'culturally derived and historically situated interpretations of the social life-world' (Crotty 1998, p. 67). Interpretivists believe that the subjective interpretation of reality can provide answers or knowledge, regard each situation as complex and unique and combine a set of circumstances and individuals and how they are socially constructed to study reality and understand the motives, actions and intentions of the individuals involved (Saunders et al. 2009).

As argued by Remenvi et al. (see Saunders et al. 2009), the researcher was interested in how managers interpreted and perceived Emiratisation and its implementation, practices and processes, i.e., their perceptions of reality. A case

study is a qualitative methodology that is especially suited for complex situations. Each case has clearly defined boundaries and a triggering event, i.e., a situation that triggered the interest in the case. In this situation the boundary is defined as the selected MNC, and the triggering event is the implementation of Emiratisation law.

The case study methodology was adopted because it fits the objectives of the research, i.e., to explore the motives for and practices of Emiratisation in a particular organisation. The following section briefly describes the case study strategy and justifies the use of this methodology for the thesis. For this thesis, the case study method has been adapted to the requirements of the RBV-based SHMR practices of internal organisation resources taking into account the real-world complexity, which cannot be captured by quotas or any other quantitative methods.

### **3.3 Case study method**

Saunders et al. (2003) noted that case studies can help to answer the questions why, what and how and provide an analysis of processes and their context, including how the process and context influence each other. As Saunders mentioned, a case study is designed to help researchers to gain an in-depth understanding of a phenomenon. Consistent with Saunders's definition, the focus of this case study is to gain an in-depth understanding of how one MNC turned a potentially burdensome law into a positive and fiscally profitable experience for both the company and the government. The goal is to identify the key lessons learned that can be applied to a broader context. Robson (2002) and Creswell and Plano Clark (2011) stated that case study methods use multiple sources of information. For this thesis, multiple sources of information were used, including primary data sources (interviews and observations) to try to capture all the relevant information and construct an objective narrative. To ensure that all relevant viewpoints were considered, the sampling method selected representatives of key stakeholders, including current and previous employees of the organisation, nationals and expats, HR personnel and line managers, and representatives from the relevant government authorities.

Case studies are useful in various contexts, e.g., some authors support the idea that a single case study is appropriate if it represents a critical (i.e., extreme, unique or revelatory) case (Yin 1994b) or if the case is of particular interest because it illustrates a specific feature or process (Silverman 2005). As the present study aims to collect people's views about a phenomenon that is contemporary and poorly documented but is of concern at a national level, it is useful to employ such an approach. Single case studies allow researchers to conduct an in-depth study of a phenomenon to provide a detailed understanding and description (Walshman 1995), and they allow the researcher to focus on a specific example, as in the present thesis.

Yin (2003) recommended three factors to consider when deciding if a case study is the appropriate approach. First, it is important to consider the type of research question, i.e., the why, what and how questions. Second, it is necessary to assess how much control the researcher has over actual behaviours or events. Third, it is vital to know to what degree the study focuses on contemporary issues or requires an in-context study (Benbasat, Goldstein and Mead 1987; Yin 1994b). Since this study is looking at questions relating why, what and how, the case study approach was selected as the best way to explore individuals' perceptions, which meets Yin's first criterion. With respect to the second criterion, the researcher has no control over the Emiratisation practices of the MNC. Finally, this case study focuses on a contemporary phenomenon in a real-life context, which fulfils Yin's third criterion.

In addition, according to Eisenhardt (1989, p. 534) in a single case study, 'the focus is on understanding the dynamics present in single setting'. This study explores the perceptions of the leaders of the MNC with regards to Emiratisation, and the case study methodology facilitates the study of the dynamics between motives, plans and processes, and the individuals involved.

Like all other methodologies, the case study strategy, particularly the single case study, has been criticised. Hamel, Dufour and Fortin (1993, p. 23) stated that 'the case study has been faulted for...its lack of representativeness'.

Representativeness is very important if the goal of the study is to generalise to a larger population. However, this is not the goal of this research. The goal of this research is to gain a deeper understanding of a specific phenomenon. As mentioned earlier, the purpose of this research is to understand the practices of a specific organisation. Therefore, a case study approach is considered appropriate.

One of the key concerns when conducting a qualitative interpretive study is related to the evaluation measures, i.e., whether the results can be trusted (Golden-Biddle and

Locke 1993), which is a valid concern. However, as noted by Eisenhardt (1989), although a common stereotype of case studies is that researchers find what they want to find, the opposite may, in fact, be true. Realities that conflict with expectations ‘unfreeze’ thinking and allow for the development of new lines of inquiry.

The ideas and variables discovered by the case study can inform the development of surveys and other instruments that will enable us to collect valid data that lends itself to quantitative analysis and generalisation. Therefore, the qualitative case study approach is used as a preliminary but necessary step towards quantitative research. Another concern is the value that the findings offer and who benefits from this. The aim of this study is to provide insights about motives for and practices of Emiratisation that will add to the body of academic knowledge and benefit practitioners and decisionmakers. It is hoped that this research will provide insights and learning opportunities for other organisations.

### **3.3.1 Implementation of the case study method**

As the objective of this research is to study the effective implementation of the Emiratisation policy in the case study organisation, the discussion above supports the view that a case study strategy is most suitable for this thesis. In addition, Lockett, Thompson and Morgenstern (2009) suggested that an in-depth case study can aid in gaining an understanding of how the RBV works in real life:

Management researchers may need to become more diligent in their search for suitable instruments to overcome the endogeneity problem in commonly employed variables. These improvements in quantitative investigation will hopefully be accompanied by insightful case study work (p. 25).

In designing the thesis, the literature review (see Chapter 2) helped develop an initial conceptual framework to show how the themes in the literature are connected. This

was used to make decisions on which data to collect, the interview targets, the plans and the questions to ask. Data were collected from primary and secondary sources, and semi-structured interviews were conducted. The respondents were primarily direct stakeholders in Emiratisation practices at the case study organisation. After data collection, the data were analysed and discussed, details of which are provided in the following sections of this chapter. At every stage the researcher reflected on and reviewed the process.

### **3.4 Evaluation and authenticity**

The key concerns when conducting a qualitative interpretive study are related to evaluation measures, which ensure that the results can be trusted (Golden-Biddle and Locke 1993), and the value that the findings offer and to whom. The aim of this case study is to provide insights about the motives for and practices of Emiratisation, which will add to the understanding of the RBV and Penrose's theory of versatility and will benefit practitioners and decisionmakers. It is hoped that this research into an organisation that has a long track record of successfully implementing Emiratisation will provide insights and learning opportunities for other organisations.

The subjective nature of interpretive research requires alternative evaluation measures to be found to ensure validity and reliability, which are inherent in quantitative research (Neuman 2006; Easterby-Smith et al. 2008).

Authenticity is critical to this research (Golden-Biddle and Locke 1993) and is achieved when the account that is rendered makes sense (Huberman and Miles 1994). An authentic account comes across to the reader as genuine, and it reflects the researcher's connection with the people studied (Klein and Myers 1999), which is the product of both the analysis and the narrative style. In the present case, it can be achieved by using rich descriptions when processing and analysing the interviews and findings and illustrating how the researcher's experiences contribute to the interpretation. The researcher aims to stay true to the research process, strategy and planned protocols while attempting to present the information shared by the participants and that emerged from the case study in a genuine manner by writing reflectively, employing a narrative style, including quotations, communicating how the interpretation will be developed and discussing the ways in which the researcher's experience, gender, nationality, work experience and age contribute to the interpretation (Golden-Biddle and Locke 1993).

### **3.5 The role of the researcher**

#### **3.5.1 Researcher bias**

As mentioned by Malterud (2001),

a researcher's background and position will affect what they choose to investigate, the angle of investigation, the methods judged most adequate for this purpose, the findings considered most appropriate, and the framing and communication of conclusions (p. 483–484).

As an expat, the researcher needed to overlook the fact that Emiratisation may disadvantage expat workers because it focuses on promoting employment for nationals, which may result in limited job opportunities for expats. She ensured that she maintained high levels of professionalism and that her research was impartial and not influenced by her own views on Emiratisation by using direct quotes from the interviews to represent the views and perceptions of the participants.

The researcher believes that in the case study organisation, the Emiratisation programme is a valuable and beneficial proposition that responds to the national Emiratisation policy. The belief that using HR strategies would help with business competitiveness and continuity has inevitably shaped the research design and direction. However, being aware of her own beliefs and to minimise any possible bias, the researcher was cautious not to reflect her own beliefs in the research process and interviews. She was also aware that this belief and the insight gained through experience would provide a different angle on the effective implementation of the Emiratisation policy and not just the barriers to it, thereby providing a richer and more developed understanding of this complex phenomenon (Malterud 2001).

The danger of being influenced by one's bias is especially great for qualitative researchers, as they have no objective reference point. To counteract or mitigate this

problem, qualitative researchers purposefully monitor their own beliefs, judgements and practices during the research process and how these may influence the research. This principle is called reflexivity, which is defined as an attitude of systematically attending to the context of knowledge construction. This is often the result of action by the researcher at every step of the process and is a continuous process of reflecting on their values (Parahoo 2000), including recognising, examining and understanding how their ‘social background, location, and assumptions affect their research practice’ (Hesse-Biber 2007, p. 17).

To promote reflexivity in this research, the researcher kept two journals: one for taking notes and records of the interviews and the other for reflections (Guba and Lincoln 1994), i.e., recording and noting reactions, possible influence or biases. This journal was referred to when conducting the analysis of the interviews to ensure that the interpretation was not influenced by the researcher’s own beliefs, interests or perspectives. The reflective notes were reviewed while transcribing the interviews, after each of the interviews, during the analysis process and while writing the thesis.

With regards to reflexivity, the researcher noticed that some of the expat participants felt more relaxed sharing their views on the challenges relating to Emiratisation, and some of the Emirati nationals, especially those in more junior positions, took a somewhat defensive stand, perhaps thinking that the research would present a negative perspective of Emiratis in the workplace.

It was interesting to notice that the younger participants and those in more junior positions, both expats and nationals, had a somewhat defensive and aggressive attitude while answering the questions or expressing their views. However, it is also noteworthy that the respondents were open and responsive during the interviews. Perhaps being a female researcher and an HR and finance practitioner helped in relating to the participants and establishing an understanding between the researcher

and the participants. It is possible that the fact that the researcher is an expat caused some interviewees to be more open and some to be more reserved in their responses. The majority of the participants were females, and perhaps, being a female researcher helped in relating to other females working in the same industry.

### **3.5.2 Background of the researcher**

The researcher is an expat who was living in the UAE at the time of the study but no longer works for the case study MNC or the UAE government and therefore is an independent academic with no vested interests. At the time, the researcher had more than 20 years' experience working on workforce and capacity-building strategies. The researcher was alert to any possible personal biases, e.g., a belief in the positive impact of Emiratisation, and was careful to ensure that questions were structured to elicit the views of participants and to use narratives and quotes when analysing and interpreting responses. This was done in an effort to meet the evaluative criteria of Golden-Biddle and Locke (1993), i.e., authenticity, plausibility and criticality.

Authenticity refers to being genuine about field experience by being physically present at the study site. To achieve this, the researcher conducted extensive research to ensure the credibility of the research findings. The concept of plausibility refers to the researcher's ability to use text to connect with the readers' worldview. This concept was achieved by writing clearly and coherently and providing relevant examples to elaborate on the message. Criticality stimulates readers to reconsider ideas and beliefs that they initially took for granted, which the researcher attempted to do by providing in-depth information on subjects the readers had previously only considered superficially. Maintaining authenticity is critical to this research (Golden-Biddle and Locke 1993).

During the research process, reflexivity refers to the evaluation of one's own views, judgements and behaviours to understand how they may impact the research. If

positionality is concerned with what one knows and believes, reflexivity is concerned with what one does with that information. Reflexivity entails challenging one's own assumptions that are taken for granted. In essence, it is bringing attention to the researcher rather than brushing her or him under the rug and claiming that she or he has no impact or influence. It necessitates transparency and the understanding that the researcher is a participant in the study (Finlay 2002). As an expat, the researcher needed to ensure that her status did not affect her judgement during the research.

The researcher is an expat who believes in the Emiratisation strategy and programme, participated in the development and implementation of it, worked in different organisations and is currently working on implementing Emiratisation or workforce localisation. Emiratisation aims to give priority to Emirati employees over expats. Being an expat, the researcher may have had a negative attitude toward Emiratisation. However, this was not the case. Being a professional, the researcher recognised the importance of Emiratisation and did not let her position as an expat cloud her judgement. She was supportive of the project and understood the benefits that it brings to locals.

In addition, she was aware of the size of the investment in training and developing staff and the differences between personnel management and had witnessed the positive effect that the hiring and training of nationals had on the organisation. The information collected over this period was instrumental, as it provided insight into the benefits of these practices and how organisations can capitalise on them. Her exposure to these practices allowed her to better observe and understand the process, which put her in a position to report her findings professionally.

In addition to the data collected from the participants, the researcher found it helpful to record her own reflections and observations over the course of the research by digitally recording (whenever possible) and transcribing the interviews and

maintaining two journals, i.e., a research and a personal journal. The collection and comparison of this additional data enhances the quality of the research (Knafl and Breitmayer 1989a).

## **3.6 Participants**

### **3.6.1 Sample and selection of participants**

In line with the research objectives and case study methodology defined in section 3.3, the researcher adopted a purposive sampling approach to answer the questions relating to Emiratisation in a multinational bank. Purposive sampling allows researchers to selectively choose an expert sample that is representative of the population based on sound judgement (Palinkas et al. 2015; Etikan, Musa and Alkassim 2016) The purposive sampling method is effective when limited numbers of respondents from the target population are used as the primary data source due to the nature of the research aims and objectives or the research design (Etikan, Musa and Alkassim 2016).

This technique is a non-random, non-probability sampling technique that allows the researcher to deliberately choose study participants based on the qualities they possess or their experience with or knowledge on the subject matter being investigated (Palinkas et al. 2015; Etikan, Musa and Alkassim 2016). The nature of this qualitative research lends itself to purposive sampling. The research topic provides a specific basis on which to select individuals with the relevant experience and/or knowledge. The participants' availability and willingness to participate are also selection criteria.

For this study, purposive sampling was used to better answer the research questions. Managers who are responsible for and involved in the planning and implementation of Emiratisation in the MNC were selected as participants, such as HR, line and branch managers with varying levels of seniority and length of service, including expats, nationals, males and females. Both current and previous employees were included in the study to ensure that impartial views were collected. The participant's role in the organisation in relation to Emiratisation was the main selection criteria.

A total of 42 participants were selected for the interviews. Of these, 35 were interviewed, six did not respond to the interview request and one did not wish to participate.

The next section provides a detailed history of the participants. In order to preserve confidentiality and in line with previous studies, the participants were assigned a number (1–35) preceded by the letter P (P-1, P-2 ... P-35). The participants’ responses from Chapter 4 will be included in italics and parentheses to distinguish their answers from the citations.

### 3.6.2 Participants’ data

Table 2 shows the demographics of the respondents. Of the 35 participants, 42% (n = 15) were expats, 58% (n = 20) were Emirati, 37% (n = 13) were male and 63% (n = 22) were female. Of the four work categories chosen, 20% (n = 7) were senior expats, 22% (n = 4) were mid-level expats, 42% (n = 15) were senior locals and 14% (n = 5) were mid-level locals.

Of the 35 participants interviewed, 22 were able to articulate their responses exceptionally well. The quotes in the data analysis section are primarily from the responses of these participants, but the responses of the other participants were also taken into account in the analysis.

**Table 2:** Participants’ demographics

No.	Position		Nationality		Gender		Length of service	
	Senior	Mid-level	National	Expat	Male	Female	Less than 10 years	More than 10 years
1	x		x			x	x	
2	x		x			x	x	
3	x		x			x	x	
4	x		x			x	x	

5	x		x			x		x
6	x		x			x		x
7	x			x		x		x
8	x			x		x		x
9	x			x		x		x
10	x			x		x		x
11	x			x		x		x
12	x			x		x		x
13	x			x		x		x
14		x		x		x	x	
15		x		x		x	x	
16		x		x		x		x
17		x		x		x		x
18		x	x			x	x	
19		x	x			x	x	
20		x	x			x	x	
21		x	x			x	x	
22		x	x			x	x	
23	x		x		x			x
24	x		x		x			x
25	x		x		x			x
26	x		x		x			x
27	x		x		x			x
28	x		x		x			x
29	x		x		x		x	
30	x		x		x		x	
31	x		x		x		x	
32		x		x	x		x	
33		x		x	x		x	
34		x		x	x		x	
35		x		x	x		x	

### **3.7 Data collection methods**

There are several sources available for data collection in research, including primary data, such as observations, interviews, experiments, discussions, such as archived documents and historical transactions and questionnaires (Saunders et al. 2009). Case studies typically combine data collected from multiple sources, such as interviews, observations, questionnaires and document and text analyses (Hamel 1993; Yin 1994b).

Considering the aim of this research and its questions relating to Emiratisation motives, processes and practices, the interview method was selected as the primary means of data collection. According to Yin (1994) and Kvale and Brinkmann (2009), interviews are an essential means of collecting data when conducting a case study, and they are the primary source of data for an interpretive case study because they are a tool by which the researcher can obtain participants' views and interpretations of events.

Kvale (1983) defines the qualitative research interview as 'an interview whose purpose is to gather descriptions of the life-world of the interviewee with respect to interpretation of the meaning of the described phenomena' (p. 174), and the interviews may be unstructured or semi-structured.

The main task in interviewing is to understand what the interviewees mean (Kvale 1996a; Wengraf 2001a) by asking probing questions related to their responses. In semi-structured interviews, planned questions are posed and notes on additional elements (e.g., body language) contribute to the interpretation of the answers. As the goal of this research was to explore the perceived barriers to and facilitators of taking an RBV of HR strategy in order to comply with the Emiratisation policy, the interview method was selected.

Kvale (1996b) describes three different types of interviews: structured, semi-structured and unstructured. To fit the purpose of this research, focused and in-depth semi-structured interviews with a combination of closed- and open-ended questions were used as the primary method of data collection. The closed-ended questions were used to focus the participants on the topic and pave the way for more challenging questions, and the open-ended questions allowed for a descriptive narrative and the collection of rich data to provide an in-depth view of events in the organisation. This method allowed for flexibility within each interview. The open-ended questions prompted participants to express their views and provide in-depth insights, allowing the researcher to collect in-depth information to answer the research questions.

### **3.7.1 Development of the interview questions**

The interview questions were derived from the main research questions:

- 1 How might an RBV of strategy help the organisation in pursuing Emiratisation?
- 2 What are the barriers to and facilitators of following an RBV of strategy in this context?
- 3 Which HR policies and practices might help to overcome the challenges of Emiratisation, and how do MNCs address these challenges?

The interview question design was informed by two main sources: the literature relating to the RBV, HR strategies and Emiratisation and the personal work experience of the researcher relating to HR and Emiratisation.

An interview guide was developed to ensure process and protocol consistency when conducting the interviews (see Appendix 2). The interview questions were developed based on the literature review and the conceptual framework and were linked to the research questions. The guide was tested using a pilot study with HR practitioners (as

this study relates to HR-related strategies and practices) in which interviews were conducted using the initial guide and interview questions, which helped to refine the set of questions further before conducting the interviews with the targeted interviewees.

### **3.7.2 Key components of the interview guide**

All of the interviews started with an informal section, which included greetings, followed by formal introductions, in which the participants were informed of the nature of the research, their ethical rights and the voluntary nature of participation, including their right to end the interview at any time. The consent form, which included a participant information sheet (see Appendix 1), was then introduced and signed, and each participant was informed that if they decided not to participate in the study at the end of the interview, the consent form would be immediately cancelled. All participants were assured of their anonymity and confidentiality. An ethical approval for the study was obtained from the university.

### **3.7.3 Interview question design**

The interview questions consisted primarily of open-ended questions to capture the views and perceptions of the participants and encourage free-flowing conversation. Some closed-ended questions were used to focus the participants on the content and prompt or probe answers, e.g., question 19 asks participants if they think that Emiratization is important for the MNC and then probes further by asking, ‘What are your views?’

The interview questions were ordered by perceived sensitivity, with simpler, less sensitive questions at the beginning, followed by more sensitive questions. The aim of this design was to gain the confidence of the respondent and build up the conversation incrementally. Therefore, the interviews questions started from the simplest aspects,

with some closed-ended questions, and the participants were slowly eased into the more sensitive or complex questions, e.g., the first part addresses the research question about the motives for Emiratisation, and the follow-up helps to explore its relationship to the performance of the MNC, i.e., competitiveness and sustainability. This question was placed towards the end of the list of questions because it is the most politically sensitive question. The researcher thought that by that point in the interview, sufficient rapport would have been built for the interviewee to be comfortable answering this question. All interviews were conducted in English. At the end of each interview, the participant was thanked for the answers they provided and their time and contribution.

All of the interviews took place on the premises of the MNC in private, quiet meeting rooms that the researcher was given access to. The participants gave permission for the interviews to be recorded using a digital recorder. All of the recordings were downloaded and saved in secure files. The interviews lasted between 40 minutes and one and a half hours.

#### **3.7.4 Organisation of and rationale for the questions**

This section outlines the organisation of the interview questions and their relationship with the research questions and themes. The interview questions focused on six core themes. The first set of questions related to the Emiratisation policy, with a total of six questions in two groups. The first group dealt with the general aspects of implementing Emiratisation in the organisation, such as its perceived importance (Q19), the challenges the organisation faced in implementing the programme (Q18), the interviewee's definition of a successful Emiratisation programme (Q1) and the programme's perceived effectiveness (Q2). The second group dealt with more specific aspects of the law, namely the quota system (Q9) and the appropriate placement of nationals in positions of responsibility (Q10).

#### **3.7.4.1 Questions related to the implementation of Emiratisation**

Q1: In your opinion and view, what defines the success of the Emiratisation programme in your organisation?

Q2: Do you think that your Emiratisation programme is effective? Why?

Q9: Is there any quota for employing local nationals? Has your organisation been able to reach this quota in the last few years? What challenges (if any) do you face due to this? What are your views on this?

Q10: Are there any jobs mandated solely for local citizens? If yes, what are they? What are your views about this?

Q18: Did you face any challenges? What challenges did you face in implementing the Emiratisation process? How do you deal with or overcome these challenges?

Q19: Do you think that Emiratisation is important for your organisation's business? What are your views on this?

The second set of questions focused on specific areas relating to HR strategies that may have been affected by the implementation of the Emiratisation programme, such as compensation (Q4), promotion (Q6), bonuses (Q8) and training (Q5)

#### **3.7.4.2 Questions related to differences in treatment between expats and nationals**

Q4: Without affecting confidentiality, can you indicate whether the compensation level (including annual performance-linked bonuses) is different for local citizens and others?

- Q5: Is there any difference in the training programmes for local citizens and others? Have you had to develop specific training programmes for local citizens, for instance in writing or business skills?
- Q6: On average, is there any difference in the pace of promotion of local citizens and others? If yes, can you indicate the average number of years for each category?
- Q8: Is there any system of granting bonuses to employees? If yes, is it different for national citizens and expatriates?

### **3.7.5 Potential benefits of employing nationals**

The first two sets of questions focused on the perceptions of or reactions to the Emiratisation programme, its implementation and its perceived success or lack thereof. The next section focuses specifically on the potential benefits that nationals may bring to the organisation. This focus explores the key assertion of this dissertation that the cultural knowledge of nationals adds a valuable resource to the organisation. Questions 7, 11 and 17 are directly related to the key belief that versatility adds to the resources of an organisation, thereby increasing its flexibility. In addition, if there is any indication of differences in the training offered to nationals, and this training is targeted at specific skillsets that ensure nationals are valuable assets for the company, then the responses to question 5 may add additional information to this section.

#### **3.7.5.1 Questions related to the key belief that versatility adds to the resources of an organisation**

- Q7: Do you think, or have you noticed, that locals perform better in some roles? If yes, what are these roles?
- Q11: Do you think employing local citizens helps improve the local business?

Q17: What approach has the organisation adopted to implement the talent localisation strategy?

In the above sections, the focus has been on the Emiratisation programme and the integration of an increasing number of nationals into the organisation and the corporate culture. Whenever there are different cultural groups working together, it changes the organisational climate. The next set of questions focuses on the effects of these cultural changes and how the MNC tried to adapt to them. In this set of questions, nationals are viewed as an example of a much larger population, i.e., a subset of the culture that differs from the main culture of the MNC, which increases the potential usefulness of the findings and makes it easier for the participants, as they do not need to worry about accurately attributing an effect to a given group, which may be difficult to do in practice.

The questions were clustered into three subthemes: the challenges of managing a multicultural organisation in terms of effectively managing employee relations in terms of HR functions (Q12) and the characteristics of employees (13), the effects on management (Q16) and management decision-making (Q15) in the company, and the effect on the process of socialisation in the company (Q14). Together, these relate to the challenges of and potential solutions to working within a multicultural setting.

#### **3.7.5.2 Questions related to differences in treatment between different nationalities**

Q12: What is your experience with handling employees of different nationalities, including local citizens? For example, would you say you faced any challenges in implementing any of the HR practices with local citizens as opposed to expatriates? In particular, I would like to know more about the following processes:

- i. selection and recruitment
- ii. learning and development
- iii. career development
- iv. performance management

Q13: What are the cultural, social, behavioural and language issues that you had to handle due to the different nationalities of employees?

Q14: Do the employees tend to form informal groups based on their nationalities? If yes, is it beneficial or detrimental to the organisation, e.g., better bonding across different departments and hence cohesive units and service to clients or the other way around?

Q15: Did the bank have to change any of its policies or procedures due to differences in the nationalities of employees?

Q16: How do you manage the employees' diversity?

### **3.7.6 Retention of employees**

All of the above questions focused on hiring and effectively integrating nationals into the organisation, but this is in vain if these employees cannot be retained, which is the focus of question 3.

Q3: What are the major reasons for an employee leaving the organisation, and how different are they for local citizens and expatriates?

### **3.7.7 Perceived impact of this project**

The last set of questions shifts the focus and does not relate directly to the core of the dissertation but considers the perceived usefulness of the proposed work. The goal of these three questions is to provide a framework for the focus of Chapter 5. In qualitative data, a large amount of information is available and knowing which parts

are most valuable to the individual in the field (Q20), organisations (Q21) and policy makers (Q22) helps to decide where to place the emphasis in the discussion section.

#### **3.7.7.1 Questions that do not relate directly to the core of the dissertation**

Q20: How would/could this study have an impact on you as a person or professional in your field?

Q21: What impact would/may this study have on the organisation?

Q22: What impact would/may this study have on policy makers?

As detailed above, the development and design of the interview questions was influenced by the two-prong approach of Penrose's original work, the RBV and versatility, and these were also applied to the examination of other sources, such as documents and observations. Indeed, the empirical method in this study was focused on the discovery, analysis and discussion of those variables that will lead to the most coherent and comprehensive narrative description of the participants' view of the world as regards workforce localisation.

### **3.8 The case study organisation: a multinational financial organisation in the emirates**

The case study MNC is one of the world's largest financial services organisations, and its presence in the UAE dates back to before the formation of the UAE in 1971 ([MNC] 2016). As discussed earlier, the long-term commitment of this MNC to the development and training of nationals, as reflected in winning the Emiratisation award every year since the introduction of the award more than 18 years ago, make this MNC the ideal case for this study.

The commitment to the versatility of resources is highlighted in the MNC's strategic report, where the firm's commitment to training and developing their employees, as well as their commitment to diversity and inclusion, is related to their commitment to reflecting the communities that they serve (MNC 2018). The value of investing in employees as valuable resources is emphasised by Armstrong-Stassen and Ursel (2009) who stated that the ultimate goal of the organisation is achieved by its employees, who are its most valuable resources, and it is therefore important for the organisation to develop good HRM strategies and practices that are aligned with its business objectives (Armstrong 2009; Armstrong and Brown 2019). This study investigates the link between the MNC's HR strategy and business strategy, which is achieved through the HR system and practices, which are explored in this thesis.

Furthermore, the MNC's annual reports from the last five years were reviewed. These reports include information about the MNC's vision, objectives, business goals, financial goals and performance.

During the interviews, the researcher kept two types of personal journals: one to note down answers from the participants and another for noting self-thoughts, reflections, observations of body language or anything else of interest. This was done to ensure that the participants' exact words and views were used because the researcher feared

that something may be missed during the audio recording process. The other notes were used to remind the researcher of the interview itself, interviewee reactions to certain matters, body language and anything else that may represent data that could contribute to the research. These notes were reviewed after each of the interviews, while transcribing the interviews, during the analysis process and while writing the thesis.

### **3.9 Data analysis**

First, the researcher read each of the interviews. Second, she listened to each recording and transcribed the information for ease of reference. Third, the Nigel King (2004) method was used for coding (Nag and Gioia, 2012), which meant grouping first-order concepts and then creating second-order themes that led to aggregate dimensions. This provided a systematic approach to the data analysis. Fourth, similarities in the participants' views or answers were colour coded in the transcripts themselves, and these were subsequently transferred into an Excel spreadsheet detailing each question–answer pair for each participant and linking it to the first-order concept, second-order theme and the aggregate dimension. In general, interviewees do not always agree with each other or say things the same way, and each different form of expressing a similar idea adds new insight. For example, some participants said that there is a difference in the pay structure between nationals and expatriates while others said that the same compensation structure is applied to everyone. These different facets were analysed in subsequent stages of the analysis.

The researcher reviewed her interpretation of the data for coherence and completeness while taking notes during the interview process. Later, while transcribing the interviews and during the coding, classification and segmentation stages, decisions were made about placing details into a theme or several themes. The schematic representation of this classification is included in the table in Appendix 3, which shows the connection between the research questions, interview questions, answers, themes and conceptual framework.

The role of the researcher in the interpretation and analysis of the data and her reflections on the participants' behaviours, actions and views, as recorded in the journals, are important.

Expert bias, which occurs when what the interviewee says is different from what they are observed to be doing, was taken into account in order to ensure that the researcher's interpretations reflected the full complexity of the participants' views of the world.

The researcher was careful to represent all of the views expressed for each question by ensuring that each view relating to a specific matter was quoted and included in the analysis. Cultural relativity is critical in this context, as the researcher is a member of the same community and culture as the participants, introducing the possibility that her interpretation through the lens of a shared culture may influence the objectivity and reliability of the findings.

In an attempt to minimise subjectivity in this qualitative research, direct quotes from the interviews have been used as far as possible to represent the exact narratives provided by the participants. However, some participants were more eloquent than others, and therefore quotes from these expressive and eloquent participants, which answer the research questions and are aligned with the themes that emerged from the interviews were selected to be presented, as they contributed to the interpretation of the data. The influence of the researcher was taken into account using the principle of reflexivity.

The coding template for this research was developed through a multi-step process. Firstly, themes that correspond to the questions explained in the methodology were identified and on which the interview questions were based. Secondly, after conducting the interviews, these interviews were transcribed and analysed thoroughly using the approach of Nigel King (2004). Thirdly, the data was coded by identifying the parts of the transcript that are relevant to the research questions (as detailed in the appendix on the coding sample). The coding was done manually by reviewing the transcripts and highlighting themes that emerged from the responses and corresponded to the questions of the thesis. This same process was followed in regard to each research question to help interpret and write up the findings after carrying some quality and reflexivity check to ensure that the analysis is not distorted by own bias. The following table illustrates the steps taken for the coding process, followed by the coding template.

## Steps of coding template

Steps	Application
1. Become familiar with the accounts to be analyzed.	Read through the data set
2. Carry out preliminary coding of the data.	Coded interviewees answers using quotes that could be directly included
3. Organize the emerging themes into meaningful clusters. 4. Define an initial coding template.	<ul style="list-style-type: none"> <li>• Created excel spreadsheet with the different responses by interview question.</li> <li>• Identified key concepts from related interview questions and synthesized information.</li> <li>• Organized interview questions by research questions and repeated the synthesis process at a higher level of analysis</li> <li>• Identified implications in terms of RBV and implications for MNC's</li> </ul>
5. Apply the initial template to further data and modify as necessary.	<ul style="list-style-type: none"> <li>• Applied the template to the interviews and made modifications in the template as needed and noted differences in perception.</li> </ul> <p>For example the perception about compensation levels, where some interviewees thought that was different for Nationals and Expats, and some thought that they were the same.</p>
6. Finalize the template and apply it to the full data set.	<ul style="list-style-type: none"> <li>• All the data provided were coded. There were little to no data that were not coded.</li> </ul>

## Themes of coding template

It started out with a focus on training it seemed to be the answer to the challenge of Emiratization. However, the data analysis indicated that there were other related

challenges which needed to be addressed in order to make Emiratization both beneficial to the employees and the MNC. These challenges were primarily in the area of recruitment and retention. Another theme that emerged was the natural assets (values) that the Emiratis brought to the MNC's, namely interpersonal skills and cultural understanding. Finally, the theme of differences in cultural values and perceptions also emerged.

### Training

- Areas of training
  - Language skills
  - Technical skills
  - Leadership skills
  
- Delivery of training
  - Types of training programmes
  - Levels of training programmes

### Recruitment

- Identifying the right candidates
- Developing procedures of attracting these candidates
- Changing procedures to meet change of increased competition
  - Participating in local career fairs
  - Collaboration with Universities and Colleges
  - Nationals career plans

### Retention

- Career opportunities
- Benefits
- Compensation
- Changing procedures to meet change of increased competition
  - Bonus
  - Pension
  - Shares options
  - Fast track development

### Emirati's assets (values)

- Interpersonal skills
- Interpersonal relationships
- Cultural aspects – cultural understanding

#### Cultural differences

- Perception of work commitment
- Differences in priorities (work life balance and corporate ethos)
- Differences in what is valued
- Differences in perception of “fairness”

#### RBV

- Penrose’s bundling of resources and the managers’ role
- Barney’s et al – nature and characteristics of the asset or resources
- Internal
- External

### **3.10 Ethical considerations**

Kakabadse, Kakabadse and Kouzmin (2002) identified four basic principles and rules of ethics when conducting research that involves human participants: autonomy, non-maleficence, beneficence and justice. Autonomy involves respecting and safeguarding people and protecting them from abuse and harm. Non-maleficence is an obligation on researchers to not inflict harm or cause risk. Beneficence is an obligation to maximise benefits and minimise harm. Justice involves treating people well and supporting fairness and equal opportunities. The adherence to and maintenance of these principles form a sound ethical basis for collecting data (Kakabadse, Kakabadse and Kouzmin 2002).

During the course of this research, anonymity and confidentiality were assured both prior to interview and throughout the process: pseudonyms were used, participants were given an explanation of the academic purpose of the research and the researcher obtained written consent from each participant. The combined effect was to build a level of trust that facilitated the researcher in obtaining the participants' perspectives and other data about Emiratisation practices at the MNC. In addition, the researcher obtained approval from the Nottingham Trent University ethics committee prior to conducting interviews and collecting data. As a final measure, the collected data were stored digitally in encrypted, password-protected documents.

Access to the case study MNC was obtained by contacting the office of the CEO in the UAE telephonically and asking for an appointment. The other participants were members of the senior management. They were contacted, the nature of the research and its objectives were explained and they were given assurances of anonymity.

### **3.11 Summary**

As discussed above, the selected MNC is committed to Emiratisation, and it is possible to analyse this organisation's philosophical approach and financial allocation of resources using an RBV approach to SHRM. The chosen MNC is an appropriate setting for the case study approach, given this two-prong focus, which is aligned with focus of this study. This is especially pertinent in light of a meta-analysis that indicated that the most salient features are versatility and value, as defined by the RBV (Nason and Wiklund 2018). In addition, the study showed that versatility encourages firm growth and values firm performance, which are both pertinent to generating business outcomes.

This chapter included a justification for the use of the case study method and how it was implemented to provide an in-depth view and narrative of the managers' perspectives of Emiratisation in the UAE. The analytical method was also presented, including the data that were collected and how they were analysed, the design of the questions, the selection of participants, an overview of the role of the researcher and the ethical considerations.

The next chapter provides an analysis and discussion of the data collected from the interviews.

## **Chapter 4: Results, Analysis and Discussion**

### **4.1 Introduction**

The objective of this chapter is to present and analyse the findings of the study. These findings will then be discussed in the context of the research questions, which focus on understanding the implementation of Emiratisation from the perspective of the RBV, pinpointing the facilitators and challenges of Emiratisation from the RBV and SHRM perspectives and identifying SHRM practices that can contribute to overcoming these challenges. Each section is further divided into the themes that were identified from the responses.

## **4.2 Emiratisation from the perspective of the RBV**

Gaining an understanding of Emiratisation from the perspective of the RBV can be initially undertaken by examining various themes, i.e., the nature of the obligations of organisations in terms of Emiratisation and the role it can play in achieving business goals. This section will examine what the successful implementation of Emiratisation looks like in the case study MNC, which will be followed by unpacking the themes of Emiratisation from an RBV perspective.

### **4.2.1 The RBV and Emiratisation**

The legal and moral obligations of Emiratisation do not come without a cost to businesses attempting to comply with the law, which include difficulties in finding qualified Emiratis as a result of the small number of nationals with the skills needed to fill the available positions, training locals once they have been recruited and retaining them in a very competitive job market.

This section attempts to examine Emiratisation through the lens of the RBV in light of the data collected from the case study MNC. RBV theorists see the firm as a bundle of internal resources that can be used to produce certain outcomes, such as obtaining a sustainable competitive advantage (Lippman and Rumelt 1982; Prahalad and Hamel 1990; Grant 1991; Barney, Wright and Ketchen 2001), increasing growth (Penrose 1959b; Nason and Wiklund 2018) and improving efficiency (Teece 2012; Nason and Wiklund 2018). This section will analyse Emirati nationals as a resource available to the MNC and consider the view that Emiratisation is not merely a legal or moral obligation but may also be an opportunity for the firm to bundle and re-bundle resources to generate business outcomes in a way that demonstrates its ability to tap into valuable resources that can help it achieve its business goals and objectives, including sustainability, competitiveness and growth.

For example, from a sustainability perspective, it is critical for firms in the UAE to employ locals to ensure the sustainability of business because expats are typically at the mercy of government immigration policy, which specifically discourages immigrants from putting down roots in the UAE. Without a supportive immigration environment, there is always a risk that expat employees may need to move to another role or country. P-3, a senior national manager, stated, *'If the business has to survive, it is necessary to have a strong base of local talent to choose from to lead the organisation into the future'*.

From the point of view of competitive advantage, P-12 said, *'Employing Emiratis certainly makes government authorities recognise us as [complying] and it raises the public stakes of our bank. Also, in terms of day-to-day business...because business is built on trust and relationships, we find it easier to get deals done when the local staff get assigned to work with local business and in the UAE. As you know, all of the companies outside the free-zone areas are owned or co-owned by locals.*

Furthermore, the sustainability and competitive advantage that can be obtained through Emiratisation provides the firm with the potential to achieve growth and further develop its business outcomes.

As previously explored in Chapter 2, there is no limit to what can be considered a resource, and therefore, resources can be physical, human or organisational (Wernerfelt 1984b) or tangible or intangible (Barney 1991; Miller and Shamsie 1996; Madhani 2010; Miller 2019). They can be classified as assets, i.e., things that the organisation owns, or skills or capabilities, i.e., things that the organisation does (Hall 1992; Hall 1993). Therefore, the HRs (national employees) and the processes for managing them as resources can both be considered resources of the firm.

Barney (1991) contributed further to this understanding of resources by identifying four characteristics that can be used to assess them: (1) value, (2) rarity, (3) inimitability and (4) non-substitutability (the VRIN model).

Value considers the extent to which a resource enables the firm to exploit market opportunities or reduce market threats. From this perspective, the majority of interviewees stated that Emiratis bring value to the MNC owing to their natural skills and cultural background. For example, when asked about the contribution of Emiratis to the local business, one of the participants, P-20 responded by saying, *'The definitive answer is that it has shown a direct positive impact to our business, especially in areas where there is direct customer management required. This is because of three main reasons. They have a long-term/permanent view towards the organisation and country. They are much better connected in the society. They have very good customer management skills'*.

The participants agreed that Emiratis excel in interpersonal skills. A senior expat manager noted some of the capabilities that Emiratis possess that are advantageous to the firm, including *'higher abilities in the areas of interpersonal skills and [thinking] with logical reasoning. Both of these give them...great leverage to attain great results in internal and external customer relationship management, especially in the distribution network, due to the ability of taking [on] challenging situations more easily on a daily basis'*.

These interpersonal skills make Emiratis capable in certain jobs, as P-5 stated, *'Local employees, of course, do far better in roles where the job responsibility requires them to interact with local customers because they are able to communicate with local customers better'*. This was echoed by P-24 who said that Emiratis performed better *'in PR jobs, events management and HR; some of them really excel in business development and customer relations'*. This supports the RBV perspective that

emphasises the value of internal resources in contributing to business outcomes, such as sustainability.

These skills enable the case study MNC to utilise Emiratis to achieve certain outcomes relating to the business, as P-1 also commented, *'It is crucial for us to understand the best ways of conducting business in the UAE. It is sensible for us to meet the expectations of government on Emiratisation. It is much more interesting and positive to have a diverse workforce'*.

P-12 also stated, *'Recruiting Emirati nationals is part of the process of adapting to the local environment'*, which can help the organisation *'find new methods to manage and minimise most of the local constraints, aiming to be successful'* (P-17). P-19 also noted, *'Our local staff help with the relationship management with the local people. Everybody is related to [each]...other, so it helps when they know each other because they then trust each other, and if they trust our staff, then they trust our bank, and trust is one key element for our business success'*. P-22 expanded on this further, stating that recruiting Emirati nationals *'makes government authorities recognise us as doing so and it raises the public stakes of our bank. Also, in terms of the day-to-day business, because here everyone is related to [each]...other, and it is generally a small community, and because business is built on trust and relationships, we find it easier to get deals done when local staff work with local business. In the UAE, as you know, all of the companies outside the free-zone areas are owned or co-owned by locals'*.

The natural cultural understanding that Emiratis possess of their own environment and their connections in the country have value to the firm, especially in regard to areas such as business development and government relationships that directly contribute to business outcomes. The VRIN model can help us assess Emirati nationals and Emiratisation as resources that the firm can use to contribute to business outcomes.

Value considers the extent to which a resource enables the firm to exploit market opportunities or reduce market threats (Lockett, Thompson and Morgenstern 2009; Madhani 2010; Nason and Wiklund 2018). As illustrated above, most of the interviewees indicated that Emiratis have a direct positive impact on the business, especially in regard to direct customer relationships and partnerships. However, some interviewees believed that the quotas cause some challenges, such as finding enough suitable candidates to meet the quotas and attrition.

Rarity considers the extent to which a resource is in limited supply and the ease with which it can be obtained by current and potential competitors (Madhani 2020). As indicated in previous chapters, the percentage of Emirati nationals in the workforce is small when compared with the number of jobs available, and those who are educated and qualified are an even smaller percentage. Therefore, they can be considered a rare resource that is limited in supply.

Inimitability is the extent to which the resource is difficult to imitate due to practical or legal barriers (Miller and Shamsie 1996). The cultural context and social skills that Emiratis possess provide them with a competitive advantage over expatriate employees that is not easy to imitate.

Non-substitutability considers the extent to which organisations can replace a resource with an alternative to achieve the same results (Barney 1991). Although it is possible to replace an Emirati employee with an expat employee, in this context, the competitive advantage provided by Emiratis cannot easily be obtained through employing expats because of the unique cultural perspectives and communication skills that Emiratis possess. In addition, the law requires banks in the UAE to employ Emiratis in certain positions and in fixed quotas, which makes it difficult to substitute expats for Emiratis.

Accordingly, the VRIN model illustrates that Emirati nationals can be viewed as a resource capable of contributing to business outcomes, like any other resource, with valuable, rare, inimitable and non-substitutable characteristics.

In addition to the VRIN characteristics, a fifth characteristic was identified in the work of Penrose that looks at the versatility of a resource and the extent to which resources originally intended for a particular purpose can be redeployed for new and more productive applications (Nason and Wiklund 2018). In the context of Emiratisation, this can be observed in the SHRM practices that have been adapted and repurposed to manage the implementation of Emiratisation. For example, P-14 stated that the bank has *'been involved in developing a lot of special talent development programmes for local talent, as opposed to expats. Local employees are often selected for leadership development and fast-track development programmes, with a huge range of skill development, such as communication, management, leadership, conflict management, presentation and even specialised programmes, such as cross-cultural training, business English and media management. For the expat employees, we have focused on programmes that make them more effective in their current roles, and hence training programmes are often focused on technical skills. For local employees, we focus on developing them for future roles, and so development is focused on a wider range of skills'*.

P-29 also emphasised the importance of personalising and customising training and development programmes by saying, *'From inception, we have had [a] great focus on...customised training programmes, focusing on employee engagement, involving them in key projects, motivating [them] through special rewards programmes, empowering them and allowing them to grow in fields of interest to them'*.

Accordingly, the bank has repurposed its SHRM practices and personalised some of them to effectively implement Emiratisation in a manner that contributes to business outcomes, thus creating a versatile set of resources.

As stated in Chapter 2, the extent to which the firm can take advantage of the ‘versatility’ of resources depends on its ability to re-bundle these resources in creative ways (Penrose 1959b, p. 35). Therefore, the role of managers in taking advantage of these SHRM practices is important for the successful implementation of Emiratisation. The way in which they design and implement SHRM practices creates versatile resources that enable the development of nationals to perform their jobs. This is evident from the responses received from the interviewees, who were mostly in managerial positions and played a role in designing and implementing the Emiratisation policies.

As mentioned in Chapter 2, a concept closely related to the RBV and the characteristic of versatility is the concept of dynamic capabilities, which suggests that the success of a firm is largely driven by its ability to adapt to changing environments to secure value and achieve a competitive advantage (Helfat and Peteraf 2003; Wójcik 2015). The case study MNC was faced with a change in the legal environment through the introduction of a quota system for recruiting Emirati nationals in certain jobs. The MNC demonstrated its ability to dynamically adapt to this change by relying on its versatile resources, such as the SHRM practices and the role of the managers in optimally combining the resources, and effectively implement Emiratisation.

An understanding of Emiratisation through the lens of the theory of the RBV can help firms appreciate that Emiratis can be viewed as internal resources that can contribute to business outcomes and not merely recruit them as a result of a legal obligation. The processes by which Emiratis are sourced, developed and trained, retained and managed can be seen as another internal resource of the firm. If these resources are versatile,

i.e., customisable to the changing needs of the firm, they would be of great value to it and would more effectively contribute to business outcomes.

This section provided an overview of how Emiratisation can be viewed from the perspective of the RBV theory and the benefits this can provide to the case study MNC in pursuing Emiratisation. Therefore, Emiratisation can be seen as beneficial to the organisation rather than merely an external demand imposed on it. The next section will look at the challenges facing the MNC.

### **4.3 Implementation of Emiratisation**

#### **4.3.1 Defining successful Emiratisation**

Another theme that emerged from the responses that could help in better understanding Emiratisation is defining what the successful implementation of Emiratisation looks like to the case study MNC. The respondents had different opinions on the factors that contribute to this success, but the majority seemed to agree that it depends on collaborative efforts between Emiratis and the organisation. For example, P-17 stated, *'Organisations should locate local talent and recruit these individuals to serve in...various positions'*. In the same vein, P-3 noted, *'These individuals, once recruited, have to give their best efforts to ensure that they provide their best services to the company. This dedication shown by employees will convince the employers that nationals can handle the positions adequately, thus motivating them to recruit more locals. This action will contribute positively to Emiratisation'*.

In addition to recruitment services, organisations can do more for local employees by providing training for them. P-5 indicated, *'Meeting the Emiratisation quota in terms of numbers alone is not enough for these organisations. Instead, the organisation must also reinforce quality within the local employees. Having many employees who do not contribute positively to the organisation's growth will result in poor performances that could ultimately lead to the company's demise.... Therefore, organisations should offer training programmes to the employees, thus equipping them with the appropriate skills for completing the allocated tasks. Trained employees are more likely to display high competence levels in their respective areas, resulting in their overall growth'*.

P-8 mentioned the importance of making the local employees feel part of the organisation. This procedure involves learning their culture and related practices and adhering to them. Locals should not feel left out or as if they only got the job because the government requires the organisation to fill the positions. Such feelings may have

a negative impact on their contribution to the organisation. This participant called this practice a *'token hire'*.

Employees who feel like they are part of the organisation are more likely to give their best efforts, as they know that when the organisation profits, they also benefit. Therefore, it is critical to ensure that the organisation recognises the employees and makes them feel appreciated.

P-12 added a different dimension to this subject and said, *'MNCs need to have local employees because they could be instrumental in helping them approach local companies. He also states that 'the success of such projects requires the early recruitment of locals and taking them through the appropriate training programmes that will allow them to reach their full potential. This approach is advantageous because it enables organisations to meet the quota placed on local employees while ensuring that the company continuously records successful ventures'*.

The perception that locals may lose jobs to expats appears to be incorrect. In fact, rather than there being a risk to local employees of losing jobs to expats, it would appear that organisations that succeed in recruiting local employees need to have measures in place to ensure that they are able to retain them. For example, companies may hire locals and train them to develop their skills, and as a result, these employees become valuable assets, but the company cannot afford to take them for granted and assume that they will not leave. P-14 said, *'People often leave the bank for various reasons, mainly citing better opportunities'*, which could refer to better working conditions or higher pay. This was supported by P-26 responses. They also indicated that *'such opportunities are increased for nationals. When several nationals leave a particular organisation, their numbers could result in a drop below the minimum government quota requirement, resulting in a problem for the company'*. Therefore, the organisation has to work to ensure that they retain these employees by all means

necessary. These actions could involve raising their salaries or giving bonuses for meeting set targets. Such motivational factors could convince them to stay rather than looking for better opportunities elsewhere. P-5, believed that *'training and developing the nationals and skilling them to perform the jobs they are mandated with is a more suitable approach to Emiratisation'*. This was supported by P-12, both P-5 and P-12 are senior female managers.

Some organisations may be unwilling to give nationals a chance to work because they feel as if they do not have the required skills to propel the company to greater heights. Such companies may feel that training these individuals would cost money and consume valuable time. P-19 stated that *'this mentality is wrong. Instead, such companies should consider the act as an investment and learn to exercise patience. At the end of the training period, these individuals would have developed into top-priority assets for the company, thus giving them value. In contrast, hiring professional expatriates may be a significant risk because they will not show the same loyalty levels as those who started from the bottom and grew at the company'*. Having such loyal employees will decrease the rate of turnover of these employees. Consequently, it is unlikely that the number of local employees will drop below the quota.

Another aspect that facilitates the successful implementation of Emiratisation is employee teamwork. The presence of local employees makes it easier for new employees to adapt to the corporate environment, as being around other locals makes new employees feel less like foreigners, allowing them to express themselves more comfortably. P-1 stated that *'it is important for Emiratis to work with their team and peers to push for positive developments within the organisation. This teamwork could include welcoming new Emiratis and making them feel part of the team. This approach will encourage them to work well because their work environment is positive and will reflect on their performance'*.

Ibrahim (2015) agreed with this viewpoint by proposing that factors including occupational satisfaction, commitment, appraisal, salary, training opportunities, teamwork, communication and work–life balance all impacted Emirati employees' willingness to remain in their jobs.

To summarise, the majority of participants seemed to agree that the success of Emiratisation depends on the collaborative efforts of the Emiratis and the organisation. Organisations that succeed in recruiting local employees should have appropriate retention strategies in place. Teamwork between Emirati employees was another aspect that participants believed was vital to the successful implementation of Emiratisation.

#### **4.3.2 Reasons for the effectiveness of the Emiratisation programme**

Regarding the success of the Emiratisation programme, the responses can be grouped into four opinions, which were similar to each other. Of the 35 participants, 15 agreed that the success of the Emiratisation programme lies in the Emiratis, especially the most talented ones, taking responsibility for the success of the organisation and the employer developing local employees and paying more attention to their inherent talents. For example, P-6 said, *'The success of the programme lies in the Emirati nationals taking responsibility and strategic positions in the organisation, developing their career advancement and working with the team and their peers in building a positive culture'*. P-3 believed that *'the programme's success lies in the organisation's localising talent, allowing all employees to adapt to the local environment to find new ways to manage and reduce most of the local constraints aimed at success. Coordination of cultural differences with the organisation to avoid sensitivity among staff'*.

The importance of this is supported by other studies, which stated that the rate of growth at any particular time is determined by the availability of top managerial and

technical talent, which serves as a bottleneck for the rate of growth (Diin Firti et al. 2018).

Twelve participants confirmed that the success of settling nationals into new employment lies in eliminating the reasons they may have for moving to a different job, addressing the reasons why they left their previous jobs. For example, P-17 said, *‘The success of the programme lies in overcoming the various reasons for the national person leaving their job and pushing them to stick to their jobs. The employee usually leaves for a higher wage, better benefits or an expanded role. In addition, the other reasons are, of course, personal, such as the inability to get along with a manager or the education of their children and so on’*.

Four participants argued that the success of the Emiratisation programme lies in the ability of the organisation to integrate local employees into the culture of the organisation and its current personnel. For example, P-19 said, *‘The success of the programme lies in the ability to connect local people to the culture and people of the organisation, to engage them and to help them feel part of the organisation rather than a “token recruitment”’*. Only four of the participants believed that the success of the Emiratisation programme lies in focus, investment and patience. P-6 said, *‘The success of the Emiratisation programme lies in focus, investment and patience’*.

These two views are supported by Jones (2017) who wrote that the UAE’s leaders aim to develop their citizens into a population who are more modern, ready for globalisation and equipped for a post-petroleum time.

To summarise, the majority of participants in the current study agreed that the success of the Emiratisation programme lies in the Emirati citizens, especially the most talented nationals, taking responsibility for the institutions in which they work.

### 4.3.3 The effectiveness of the Emiratisation programme

With respect to effectiveness and the reasons for having the Emiratisation programme, the majority of respondents, (29 out of 35) confirmed the effectiveness of the Emiratisation programmes in their institutions, with varying rates of effectiveness and different reasons, plans, programmes and policies, including the lack of discrimination between employees, the implementation of curricula, the presence of a diverse employee base of various nationalities, caring for employees, investing in talent and an emphasis on the importance of training programmes.

Nine participants stated that the effectiveness of the Emiratisation programme was due to the lack of differentiation between employees. P-7 said, *'We did not differentiate between employees in areas of respect for the company's culture, but we appreciate that transferring skills was a priority for Emiratis'*.

Furthermore, four participants reported that the effectiveness of the Emiratisation programme was due to the implementation of different approaches within the framework of Emiratisation programmes. P-9 said, *'We have implemented two different approaches within the framework of Emiratisation programmes, each of which addresses different age groups'*. Liu, Liu, and Hu (2010) noted that six approaches were developed by researchers in this field and Dyer and Reeves (1995) stated that there are a variety of approaches for employees to learn essential abilities.

Eleven participants addressed the mixture of nationalities in the employee base. P-29 said, *'I think we do a very good job of having a diverse employee base of all nationalities. Similarly, our local employees help in managing relationships with the local people, and everyone is connected, so it helps when they know each other because they trust in each other'*.

In support of this view, Bashir (2012) explored how to retain non-natives by providing support and found a positive correlation between managers helping non-natives to adapt (in the workplace, in life in general and in their interpersonal interactions) and the ability of non-natives to adapt to cultural changes.

Seven participants confirmed that they care about their employees and training. P-21 said, *'It is also successful because we take care of our employees; we are among the good money payers in the market, invest in our employees and provide them with career development'*. Yaghi and Yaghi (2014) supported this finding by suggesting that components such as administrative methodology, pay and benefits are imperative to adding to the quality of an employee's work life.

However, four respondents indicated that the effectiveness of the implementation of Emiratisation programmes was limited by the difficulties in obtaining qualified or experienced local employees. P-15 said, *'The demand for qualified or experienced talent is always high, and retention rates are very low because of this'*. These divergent opinions are supported by Zeffane and Kemp (2019) who stated that the effectiveness of an Emiratisation strategy is not yet evident, as its success depends largely on many varying contingent factors.

To summarise, the majority of the respondents confirmed that the case MNC had achieved varying success in their Emiratisation programmes and cited various reasons for this success, including plans, programmes and policies.

#### **4.3.4 Challenges relating to the implementation of Emiratisation**

This section will examine some of the key barriers to the implementation of Emiratisation in the MNC from the perspective of the RBV, including sourcing employees, the lack of skill, the inclusion of the national workforce within the organisation and retention.

Viewing Emirati nationals as a resource capable of contributing to business outcomes creates a number of challenges for the firm. The first challenge is sourcing this resource. If the firm acknowledges the value that Emiratis can provide, it will attempt to find the most valuable resources, i.e., the most qualified nationals. However, there are numerous factors that contribute to the difficulty in locating this valuable resource.

As discussed earlier, the percentage of Emirati nationals in the available workforce is small, and the number of those who are qualified to fill the positions required by the MNC is even smaller. This was illustrated by P-18 who said, '*Finding experienced staff in a small market where there is high demand and a low supply, the cost was always high*'. This statement suggests that even though Emiratis are available, there are few with the required skillset. Therefore, it becomes challenging to acquire their services because several organisations will be attempting to recruit them with competitive offers. Even if the organisation is able to recruit these individuals, retaining them is another challenge as a result of this competition.

According to Jones (2017), encouraging the growth of local innovation by aiding the betterment of national talent empowers the nation. In addition, the UAE has strategic aims to reach a competitive economy supported by different innovative individuals.

Regarding the challenges faced by institutions in implementing Emiratisation, three respondents preferred not to mention them, but others were specific about them.

Of those who did respond, the responses were varied. Fifteen indicated that the lack of talent, national expertise and national certificates of higher education were the most important challenges that the institutions faced in implementing Emiratisation. P-2 said, '*We choose to search for local talent. Our work is based on international best practices and is based on providing these good international practices to the UAE. For this reason, most roles in our bank must have international experience. This is a challenge in hiring Emiratis at senior levels*'.

P-4 said, *'The challenge is to find and retain the right skilled local population'*, and P-15 noted, *'Good things and experience are hard to find because of the competition and also because the competition is hard to keep'*. This is a constant battle, which P-26 supported by saying, *'The challenge is to find high-quality local talent'*.

Al-Ali et al (2008) stated that nationals in the UAE face recruitment challenges due to their lack of sufficient education and skills. Aljanahi (2016) analysed the current Emiratisation procedure by investigating the challenges, with a focus on employees, and found that a lack of education and skills have hindered the enlistment of Emirati nationals.

Four participants stressed that achieving a gender balance is one of the most important challenges, and P-17 said, *'The challenge lies mainly in achieving the right balance between males and females who are citizens of the United Arab Emirates'*.

In support of this statement, Hannawi and Al Salmi (2018) found that the systems are still subject to essential development and a gender imbalance in the workforce and underrepresentation of Emirati nationals employed in the private sector still exists.

Six participants mentioned the challenge of competition between institutions, and P-22 said, *'Competition is fierce, and we always lose people because they simply get better offers'*. This perspective has been discussed in the context of resource-based models, and McMillan (2017) stated that resources of a firm differ, and this is the basis of achieving competitive advantage.

Seven participants addressed the challenge of the reluctance of some employees to join local training programmes and the requirement for specific training programmes. P-19 noted *'the resistance of some employees to accepting, training or working with local employees, and there are stereotypes about local work ethics, delay and commitment'*

*to work. We are also facing a challenge that we train and invest a lot in the locals, and then they leave for other jobs'.*

In summary, the majority of participants indicated that the lack of talent, national expertise and national certificates of higher education are the most important challenges that institutions face in implementing Emiratisation.

#### **4.3.5 The nature of the Emiratisation obligation**

Emiratisation is a legal obligation placed on businesses in the UAE. However, some organisations also view Emiratisation as a moral obligation that a firm should aspire to fulfilling out of its civic duty and desire to display good citizenship. For example, a senior expat manager (P-19) stated that the MNC is *'one of the oldest existing businesses in the UAE, and although we are a global business, we like to consider ourselves as an Emirati organisation as well, so it is important for us to have Emiratis working for us...You cannot build a business in the UAE without genuinely and authentically engaging with the local talent pool and building licence to operate'*. A female senior national manager (P-5) working in the case study MNC noted that it respects *'local laws and regulations, but we are not doing Emiratisation to meet the quota; this is something we believe in and have been doing for many years before there was a quota. We are one of the leading organisations in Emiratisation, even government organisations approach us for help and to learn from our practices in this area. We have always recruited and developed locals, and in fact, we do this wherever we are around the world, and as you know, we are everywhere'*. A senior expat manager (P-13) succinctly summarised the need to employ Emirati nationals by stating that their existence is *'critical. You can't build a business in the UAE without genuinely and authentically engaging with the local talent pool and building [a] licence to operate'*.

It is evident from the responses that the case study MNC views Emiratisation as an obligation that goes beyond the legal requirements to an ethical responsibility to hire locals in a way that *'meet[s] the expectations of government on Emiratisation'* said P-5. To achieve this objective, the case study MNC localised its corporate ethos and considered itself an 'Emirati' organisation that is doing business in its home country. This internalisation of Emiratisation by the MNC as a legal and ethical responsibility to hire locals can be understood as a means of building its licence to operate and extracting value from bundling the resources it possesses (both the SHRM practices and policies and the Emiratis themselves) to generate business outcomes, such as attracting productive employees, increasing profit or improving the image and reputation of the firm in a manner that further contributes to the creation of a sustainable competitive advantage. The role of managers in this process is vital, as they are responsible for bundling the resources to achieve the business objectives (Lockett, Thompson, and Morgenstern 2009; Miller 2019).

#### **4.3.6 Emiratisation as a competitive advantage**

In addition to the intangible benefits that Emiratisation can bring, the responses suggested that Emiratisation can offer critical benefits to the actual business of the organisation, especially when the HR policies and practices used to implement workforce localisation are strategically aligned with business outcomes. For example, P-1 stated, *'Employing local citizens always helps improve local businesses. Specifically, in our business, local citizens are particularly important in stakeholder engagement, partnership development, regulatory management and government relations'*. P-13 added, *'[Emiratisation] has shown a direct positive impact on our business, especially in areas where...direct customer management is required. This is because of three main reasons: [nationals] have a long-term/permanent view of the MNC and country. They are much better connected in the society. They have very good*

*customer management skills'. P-22 said, '[Employing local citizens] certainly makes government authorities recognise us as [complying], and it raises the public stakes of our bank. Also, in terms of day-to-day business, because business is built on trust and relationships, we find it easier to get deals done when the local staff get assigned to work with local business, and in the UAE, as you know, all of the companies outside the free-zone areas are owned or co-owned by locals'.*

Interviewees also expressed the importance of recruiting Emirati nationals to ensure the sustainability of the business. For example, P-17 stated, *'Expatriate employees typically are at the mercy of government immigration policy, which in the UAE specifically discourages immigrants from growing roots in the nation. Without a supportive immigration environment, it is always a risk that expatriate employees may move to another role or nation sooner or later. If the business has to survive, it is necessary to have a strong base of local talent to choose from to lead the organisation into the future'.*

The responses above illustrated that the case study MNC does not only see Emiratisation as an obligation, whether legal or moral, but as a tool that can be used by the business to enhance its competitiveness and sustainability. This supports the theory of the RBV found in the literature review, in which the role of the internal resources – HR in this case – are important for achieving business objectives and competitive advantage for the organisation. Responses were almost unanimous in support of the link between employing local citizens and improving the bottom line, and respondents mentioned areas such as stakeholder engagement (including government relations and regulatory management), customer management and workforce sustainability. It can also be inferred from the responses that using local employees in visible positions, such as customer and government relations, helps bring local culture to business operations, builds trust with the local community and opens

doors for meetings with other high-level Emiratis. This was succinctly summarised by P-9 who stated, *‘Private sector organisations should hire local talent, since it allows them to a) understand fully their local market and local market trends, b) build licence to operate in terms of local government and c) is a powerful way to do business development for government clients. Private sector organisations lack credibility if they have no local talent and haven’t made any effort to secure it. They will also likely get less traction when doing business development with government organisations. I see local talent as indispensable and a key investment for companies wanting to build long-term relationships in the UAE’.*

These findings align with the literature on the motives for workforce localisation in MNCs. The oft-cited reasons for MNCs to localise staff in their foreign subsidiaries are the disadvantages of employing expatriate staff. As the above statement by P-14 illustrates, one reason the case study MNC is localising the workforce is that expatriates do not have a clear route to citizenship in the UAE (unlike in other countries, such as the USA or Canada). Therefore, the MNC needs a strong local workforce from which to choose future leaders within the dictates of government policy.

The interview responses demonstrated that the company is looking to the local workforce to meet its future business needs and aspirations. These findings support existing evidence from the SHRM literature that companies (especially MNCs) reap benefits from the local knowledge of host-country nationals (Tan and Mahoney 2006; Widmier, Brouthers and Beamish 2008; Ando 2014). It can be posited that because business in the broader financial services sector in the UAE is still largely built on familial lines based on trust and relationships, the use of local staff makes it less challenging for the case study MNC to sign deals. Locals have the potential to access

certain scarce local resources through familial links that are not available to expats (Law et al. 2009; Schmidt and Sofka 2009).

Therefore, it is not surprising to find that the managers interviewed believed that Emiratisation enhances business outcomes for the firm through engaging with the local workforce to gain a competitive advantage. A strong national workforce, along with its already diverse staff with diverse perspectives, competencies and culture, will – when well-managed – impact on employee working relationships and lead to the generation of ideas that ultimately enhance productivity and shareholder value (Ellis and Keys 2013; Saxena 2014; Cho, Kim and Mor Barak 2017). This highlights the versatile nature (Nason and Wiklund 2018) of SHRM practices and policies that the case study MNC uses to manage and implement Emiratisation in a manner distinct from its treatment of other employees to address the unique challenges of recruiting, training and retaining Emirati nationals in a creative and dynamic manner that involves tailoring and customising these SHRM practices and policies to help the firm extract value from them to obtain a competitive advantage. This is especially evident from the responses received from the interviewees who were mostly managers who played a role in designing and implementing various aspects of Emiratisation.

#### **4.3.7 Emiratisation quotas**

The majority of the participants mentioned Emiratisation quotas that specify numbers of nationals who must be employed in specific jobs. The responses indicate that not only does the government have these quotas, but the case study MNC also has its own internally set quotas and has made this a core aspect of its business operations. This has resulted in creating processes and dedicated teams that ensure quotas are properly managed.

Commenting on the quota system, P-22, a senior expat manager, stated, *'The challenge of a quota system in general is that [many] organisations struggle to keep up with it,*

*and some even decide to ignore it. With us, we don't see it as a challenge because as I told you, we do it anyway. It just adds the stress of having a team ensuring that the quotas are managed properly'. This view of the company internalising their Emiratisation targets was supported by another senior expat manager (P-14) who acknowledged the challenge saying, 'There are [also] expectations set on us...by ourselves. [The] challenge [is] recruiting the right level of skills and experience'.*

Despite the MNC's whole-hearted and positive approach to Emiratisation, another factor that emerged clearly from the interviews was its inability to meet the targets. Most respondents reported that other businesses have been split equally in terms of their ability to meet Emiratisation targets. The biggest challenge to all businesses in meeting targets has been the retention of locals, and those that have not met the targets have also struggled to find qualified Emiratis. Generally, the key challenges are recruiting locals with the right skills and experience, improving the balance between male and female employees, and meeting the high (and sometimes unrealistic) expectations of local employees.

An example of a situation in which recruiting people with the right skills and experience is impacting business operations was given by P-4 who said, *'Considerable time and effort is spent on ensuring local citizens are taught the basics of the job. As a small branch, our aim was to make every employee fully productive as soon as he/she [was] employed, yet for local citizens, this will take a little longer, so this is a challenge'*. In addition, one interviewee emphasised the additional difficulty of addressing the gender dimension of the Emiratisation quota saying, *'Our first preference is to employ nationals; there is a minimum quota of 40% that has been allocated to the bank by the Central Bank, and we have almost attained this. The main challenge is not in finding Emiratis but in creating a better mix between male and female employees. The Emirati women are more interested [in working] in banking*

*roles [when] compared [with] men who prefer to work for entities like the army, mainly due to compensation benefits that the bank cannot compete with' (P-4).*

Positive aspects of the Emiratisation policy that came up in the interviews were the benefits to the MNC (and many businesses) of placing their local recruits in frontline roles, e.g., branch managers, public relations officers and government external relations, to deal with local government or citizens. This is a strategic business decision whereby the unique skillset of Emiratis, i.e., understanding the local language and culture, is leveraged for optimal stakeholder engagement. Participants agreed that this may lead to certain roles being reserved solely for Emiratis. In this context, P-12 a senior national manager, stated, *'Yes, there are jobs that are solely for citizens. For example, the branch manager of all outlets has to be an Emirati...this is important...[because of] the locals' skills in building relationships'*. P-8 added, *'Yes, [public relations positions], which are responsible for...government relations and coordinating with government bodies for...licences, visas and so on, are reserved for local citizens. We find it very helpful because [they] know their way around the government corridors quite well, and it facilitates our job'*.

However, the Emiratisation quota system was critiqued by another respondent, a senior national manager (P-11, as being short term and not good for the long-term sustainability of the business. She argued for an all-encompassing HR development programme in which local recruits are rotated among different departments to give them a wider understanding of the MNC's activities.

In this regard, P-21 said, *'Personally, I don't think we should delineate specific roles for locals. This would be counterproductive to sustainability. In fact, I believe that young local hires should be rotated [through] every department so that they get a feel for all aspects of the business. Targeted HR development programmes should then be created for each individual participant based on their specific interests and skills'*. It

can be concluded that respondents are aware of their organisation's commitment to Emiratisation quotas but feel that they are constrained in meeting them due to challenges relating to skills and experience, difficulties in recruiting a balance of men and women, and expectations of local hires. Although there may be roles designated for Emiratis, a suggestion was made to rotate local recruits between departments and create individually targeted HR development programmes, which would give recruits a more nuanced and better understanding of the MNC's activities and allow them to offer tailored solutions to customers or fuller responses to government if they were eventually placed in frontline positions.

This suggestion is supported by Banerjee (2016) who showed that Emiratis are much more likely to be influenced by intrinsic motivational factors than expats, including involvement in the decision-making processes. Involvement in decision-making implies a broad understanding of the MNC's business activities and processes, which is an envisaged aim of the rotation programme proposed above. Such a programme aligns with multiple HRM dimensions. For example, it enhances HR outcomes, such as commitment; behavioural outcomes, such as motivation; and organisational citizenship, and at the same time, it directly impacts performance, by increasing quality, productivity and innovation, and financial outcomes, such as profit and return on investment.

## 4.4 The share of employment of local citizens

### 4.4.1 Intangible benefits of Emiratisation

The need (acknowledged in the interviews) for the case study MNC to comply with host-country regulations as one of the primary motivations behind workforce localisation aligns with other work that explores the drivers for localisation (Lam, Yim and Schaubroeck 2004). Given that the high dependence on foreign labour has been recognised as a problem with long-term economic consequences for many GCC countries (including the UAE), government policies that aim to increase workforce participation have become important regulatory drivers and can be seen as a step towards a solution.

Even though the legal mandate requires companies to comply with host-country regulations or face sanctions and penalties, by choosing to consider itself an Emirati organisation, one could posit that the case study MNC is not seeing the institutional and regulatory context (governance structures and legal framework) as an impediment but something that can be leveraged to build its licence to operate. The evidence of this social licence can be seen in the following comment from a respondent (P-9): *‘We respect the local laws and regulations, but we are not doing Emiratisation to meet the quota; this is something we believe in and have been doing for many years before there was a quota. We are one of the leading organisations in Emiratisation. Even government organisations approach us for help and to learn from our practices in this area. We have always recruited and developed locals, and in fact, we do this wherever we are around the world, and as you know, we are everywhere’.*

Accordingly, the existence of local representation within the MNC has other intangible positive impacts that drive its desire to work towards achieving its Emiratisation obligation. For example, Emiratisation can have a positive impact on the reputation of the MNC and the legitimacy of its operations. A number of the quotes above indicate

that the MNC believes that having Emirati employees can improve its image and strengthen its brand by creating goodwill and improving relations with local government and other important constituencies.

*'If you look around you in the leading government or other organisations, you will find leaders who were, at some [point], employees of the MNC. Our staff get poached all the time because we invest a lot in them'* (P-1).

Studies have shown that the role of an HR manager in an MNC in the financial services sector in the UAE is vital in bundling and re-bundling national employees as a key resource that can help it achieve its business outcomes if these employees are trained, developed and motivated in a way that is aligned with its objectives (Lockett, Thompson, and Morgenstern 2009).

#### **4.4.2 The importance of Emiratisation for the MNC**

With regard to the importance of Emiratisation to the institution and the participants' viewpoints on what it represents, all the participants stressed its importance to the UAE, but their opinions differed on its importance to and benefits for institutions.

Four of the participants indicated that it is important to understand the best business strategies in the UAE. P-6 said, *'It is our responsibility to impart skills to Emiratis. It is critical for us to understand the best ways to do business in the UAE. It makes sense for us to meet the government's expectations regarding Emiratisation, and it is more interesting and positive [to] have [a] different workforce'*.

This is supported by Lockett, Thompson, and Mogerstern (2009) and Miller (2019) who stated that the entrepreneurial capabilities of managers emphasise the importance of the role that managers play in contributing to a sustainable competitive advantage.

Seven of the participants believed that localisation has a direct impact on the work of banks. For example, P-9 said, *'The importance [of Emiratisation] lies in the fact that*

*localisation has a direct impact on the work of banks, as mentioned in most of the questions that were previously answered’.*

However, five participants viewed the importance of Emiratisation as simply related to allowing citizens to work in MNCs. P-3 said, *‘The importance [of Emiratisation] lies in that [it] enables Emirati citizens to work in the institution’*. P-4 added, *‘The expats will leave sooner or later, so for business sustainability, it is necessary to have local citizens’*.

The importance of Emiratisation was previously studied, and it was reported that banking plays a significant role in the UAE economy for the employment of Emirati nationals, as it is the fourth most important sector out of the 16 sectors in the economy (United Arab Emirates Banks Federation 2021). Therefore, the assessment of the impact of the Emiratisation policy on HR practices in the banking sector is significant. Eight participants agreed that it is important to involve local people in employment in MNCs. For example, P-5 said, *‘To conduct business locally, [it is important] to make the local people...represent your business’*, and P-17 added, *‘It is important for any company to have representation from the country in which it operates. It is the law of the land in every country’*.

Toledo (2013) confirmed that the Emiratisation strategy may expand the interests of local specialists in the UAE.

Seven participants indicated the importance of business development in the public and private sectors. P-9 said, *‘The importance of Emiratisation is in the field of business development, especially in the public sector or in government...funded companies, where there are many Emiratis in [chief experience officer] jobs’*.

And four participants suggested that the importance of Emiratisation lies in developing local, talented individuals. P-8 noted, *‘You cannot build a business in the UAE without*

*[the] genuine and authentic participation [of] the local talent pool and...building [a] permit to operate’.*

This is also the main finding for Diin Firti et al. (2018), who stated that talent serves as the main reason for growth and development.

In summary, with regards to the importance of Emiratisation to the institution and the participants’ viewpoints on what it represents, all the participants stressed the importance of implementing Emiratisation in all institutions in the UAE. In addition, they suggested that its importance lies in understanding the best ways to do business in the UAE, directly impacting the work of banks, enabling Emirati citizens to work in private sector institutions, developing the public and private sectors in the UAE and encouraging the real participation of enabled locals.

#### **4.4.3 Jobs reserved for local citizens**

The responses relating to whether specific jobs were reserved for local citizens were divided into three groups. The first group (15 participants) confirmed the existence of specific jobs for Emirati citizens.

P-19 said, *‘Public relations jobs...are actually not...media [jobs] but government relations roles [to] coordinate with government agencies for things like licensing, visas, etc. We found [locals] very useful because they actually know their way around government corridors very well and facilitate our work’.* Respondents 14 and 23 answered similarly, P-14 said: *‘As far as we know, branch managers and [public relations officers] must be locals, and we believe more professions are being added’.*

In support of this perception, Albloushi (2015) found that organisations with high levels of workforce nationalisation are able to mimic working conditions and offer adaptable approaches that are good for Emirati labourers. In addition, Qambar (2020) acknowledged the socio-demographic inequalities in the labour market.

The second group (12 participants) denied the existence of specific jobs for Emiratis. P-11 stated, *'No, I think we welcome them in any role'*. This answer was reinforced by P-18 saying, *'I don't think there are jobs that are needed only for local people, but I know that we assign local employees [to] roles [in which] they have to deal with local government or citizens. The CEO has, of course, always been local but not mandated by policy, I think'*. Another participant P-25 said, *'Personally, I don't think we should assign specific roles to local people'*.

Adeleye et al. (2019) found that some foreign banks may offer to train national employees on the basics of the international banking industry.

The third group (eight participants) did not give a clear answer to this question, but they expressed their satisfaction with the presence of specific jobs for Emirati citizens. P-6 said, *'This is not what I know'*, and P-13 answered, *'The goal is full Emiratisation wherever possible'*.

According to AME Info (2007), Emiratisation develops the employment of citizens using a meaningful and effective approach.

In addition, P-30 reported, *'Even if there are no quotas for local citizens, there are roles I would like to look forward to a local citizen implementing, or there are questions I would look to a local citizen to answer...about settlement, better understanding, relationships with stakeholders and external interest[s]'*.

Zeffane and Kemp (2019) agreed that regardless of the general agreement over the importance of Emiratisation, there is some dispute surrounding the impact of localisation on organisational efficiency.

## **4.5 Differences in treatment between expats and citizens**

### **4.5.1 The level of compensation of locals and expats**

The majority of participants agreed that compensation is equal for all employees, whether they are local or foreign, and that differences depend on other factors, such as the employee's experience and skills, nature of the work, department and management.

For example, P-1 said, *'The level of compensation is the same, [and] variances are based on experience and skills, which in many cases apply at the local level'*, and P-4 stated, *'We have the same compensation system for all employees'*. P-11 said, *'We have a single payment structure for all employees, but local people [also] get a contribution...to the national pension fund, [and] expatriate employees are not part of it, but they get severance pay when they leave'*.

P-17 emphasised, *'There are differences in compensation according to the nature of [the] work and the department to which the employee belongs'*, and P-5 said, *'Compensation levels vary according to the department in which you work. For example, in the branches, we are proud to hire more Emiratis (because we believe that they are more accustomed to the multicultural environment of our country from...birth) to be [in] the front of the bank where they can best represent us in dealing with a multicultural client base'*.

A number of participants disagreed and stressed that there are differences in compensation between employees based on their nationalities. For example, P-15 said, *'The level of compensation for local citizens is always significantly higher in every position within the organisation regardless of their experience or qualifications'*. P-6 reported, *'From my experience, expats are paid more than locals, contrary to what is being advertised'*. P-7 shared, *'Our salaries for local residents followed Abu Dhabi*

*government standards and were therefore different from expats, even though the [differences in] top positions were very minimal’.*

Similarly, Mansour (2008) proposed that different sectors offer remarkably lower standards for nationals than expats in terms of employment conditions, including salary and job security.

A number of participants (7 participants) declined to answer this question, as it related to proprietary information of the company for which they work.

In summary, the majority of participants agreed that compensation is equal for all employees, regardless of their nationality and that differences depend on other factors, such as the employee’s experience or skill, nature of the work, department and management. However, numerous participants believed that differences do exist in compensation levels between locals and expats.

#### **4.5.2 Differences in training programmes for citizens and expats**

Opinions varied on whether different training programmes existed for citizens and expats. The majority of participants (24) confirmed the existence of differences and attributed them to various factors and procedures within the organisation, but the other 11 participants did not think there were any differences.

For example, P-2 said, *‘It is completely different. We have a programme for the experienced Emiratis and another for recent graduates’*, and P-12 said, *‘Yes, there is [a difference]. Usually...the employees [we hire are] expats [and most], if not all, have prior experience. But this is not always the case with locals. We take some [who have just finished] school or [have] just graduated, so they need a bridging programme, [and] we have one of these tailored to each group’*. P-4 said, *‘Yes, for expatriate employees, we [focus] on programmes that make them more effective in their current roles, thus training programmes often focus on technical skills. For local employees,*

*we focus on developing them for future roles, and therefore development focuses on a wide range of skills’.*

The variety of individual skills that employees have to offer was confirmed and found to be advantageous in previous studies (Wright, McMahan and McWilliams 1994; Dolan, Belout, and Balkin (2000). As not all individuals possess the same capacity to conform to the organisation’s corporate culture, business know-how and technologies, the unique mix of employees created by recruiting individuals with specific business knowledge, skills and training and the process of acclimatising them to the corporate culture cannot be imitated by competitors. Therefore, employees who develop worth or value in one organisation may be not able to achieve the same in others.

P-5 said, *‘Yes, the majority of local talent would have had to undergo basic training programmes designed locally [and purchased from] third party institutes, and it would be important to train them to perform their duties and...daily tasks within the organisation’.* P-6 said that, *‘Local nationals’ training will likely include basic training in their area of expertise, as they most likely have no experience. For expats hired because of their experience, their training will be more advanced’.* This was supported by P-7’s response.

However, some participants maintained that the training programmes for locals and expats were the same and attributed this to various organisational factors and procedures. One participant said, *‘There is no difference in general professional skills once the level of competence is reached, but there is a need to build writing skills, business appreciation and professional culture that meets [international] expectations’.* P-8 noted, *‘Historically, there was no [difference], but now due to new government provisions, local people have access to a central organisation for talent development, and therefore we no longer have a single institution to access HR budgets’.*

Boxall (1996) confirmed that providing the right orientation, training and development can determine workers' advancement and positive contribution to organisational success.

P-9 said, *'Yes, in the past [we had] a special programme. Although, I think recently we're grouping them with other alumni, and they are all going through the same foundation course'*.

Eight participants did not respond to the question regarding the direct supervision of the development of specific training programmes for local citizens and 11 addressed participating in direct supervision or discussed the training programmes that are used. For example, P-14 said, *'Yes, I have participated in the development of many special talent development programmes for local talents instead of expatriates. Local staff are selected for leadership...and rapid development programmes, with a wide range of skill development, such as communication,...management,...leadership,...conflict management [and] presentation [skills] and even specialised programmes, such as cross-cultural training, business English [and] media management'*. P-16 and P-27 responded similarly on this, P-16 said that, *'For writing or business skills, this is a common problem with graduates but not [for] everyone, and yes, we had to provide training in those areas'*.

Participants who provided a brief overview of the training programmes used in the organisation included P-3 who said, *'Specifically, we have three programmes for new employees: one general orientation programme that every new employee must go through, [and] for locals out of school, there is an intensive training programme for a period of three months followed by on-the-job training for another 3–6 months'*, and P-5 said, *'These training programmes also have their drawbacks. Competition tends to get close to your particular talent after they have been trained, by offering them*

*very competitive contracts*'. P-9 said, *'I think recently, we're grouping them with other alumni, and they're all going through the same foundational cycle'*.

Wilkins (2001) confirmed the need to emphasise certain topics in training to facilitate the increased participation of nationals in the labour market and address the influence of culture on training and development.

In summary, when asked about the existence of differences in the training programmes for local employees and expats, the majority of participants believed that there were none. For those participants who confirmed the existence of differences, they attributed them to organisational factors and procedures, such as the need to provide qualification programmes to new local employees to help them meet the requirements of the institution.

#### **4.5.3 Differences in the pace of promotion between citizens and expats**

The responses on this issue were divided into two groups. The first group (19) indicated that no differences exist.

P-13 said, *'Once language and business/professional skills are [achieved],...there is no difference in [the] pace of promotion. These skills may need a year or so to develop, and even then, there [need] to be more checks on the output of local citizens [in terms of] writing quality'*. P-21 said, *'As a matter of policy, they are the same'*, and P-8 stated, *'There was a priority to fast-track the development of locals, but in the main, all cases were considered on merit, and even expats were fast-tracked if we felt they had good potential and performance'*.

In addition, P-19 said, *'It's hard to say. In general, ...I would say the promotion pace is the same or slower, as they have to compete with their peers after the first year or two with us'*.

This was supported by Abdulla (2009) who indicated that opportunities for promotion seem to have various effects on job satisfaction because promotions take different forms and include a variety of rewards. For example, employees who are promoted on the basis of seniority often experience job satisfaction but not as much as those who are promoted based on their performance.

The second group (16) confirmed that local employees obtained promotions over expats in their institutions. For example, P-11 said, *'At our organisation, we believe that career growth should not be constrained into a term period, especially for Emiratis who show more promise. Thus, putting an average number to this would not be possible'*. P-3 said, *'There are roles [for] which...we give...preference to...local staff, but they must meet the requirements of the job and the promotion. I can't specify an average because it totally depends on the person, ...for both expats and locals'*.

In addition, P-15 said, *'Yes, local talent often has access to faster promotion...because we have been focused on ensuring that they are able to take on leadership roles earlier. This is important for the sustainability of the organisation in the long term. In my personal experience, a local employee may work in a role for 1–3 years before moving...to a higher role, whereas an expat employee may stay in the same role for 3–5 years or longer'*. This response was supported by P-23 who said, *'Yes, for local citizens...they would receive a promotion [every year, and] in some cases, every six months, and that's to be able to retain them. In the case of an expatriate, it takes an average of three years to receive a promotion, except in [exceptional] cases when there were recommendations due to outstanding performance. Then it would be...two years'*.

Armstrong et al. (2016) believed that for any organisation in which there are frequent promotional moves and where promotion arrangements cause problems, it is advisable to have a fair promotion policy that is known to both management and employees.

Poon (2004) stated that performance ratings are often used to make important personnel decisions, such as increases and promotions. In addition, providing adequate opportunities for professional development and promotion among those at lower levels or in non-supervisory roles provides a healthy competitive environment and increases satisfaction levels.

To summarise, most participants agreed that there is no difference in the rate of promotion of local and expat employees.

#### **4.5.4 The employee reward system**

In considering the employee reward system, the vast majority of participants (31 out of 35) confirmed that no differences exist between the rewards and bonuses offered to local and expat employees.

For example, P-17 said, *'There is no difference [in rewards]. Bonuses are paid based on [performance] level and delivery and meeting organisational targets'*, and P-3 said, *'Yes, we have a bonus scheme, and it is one that applies for all of our employees. It is linked to the performance management system and employee retention plans'*. P-19 said, *'Yes, the system works [in] the same [way] for both expats and national citizens because it is based on the achievement of targets and objectives. Informally, however, many government organisations encourage managers to provide higher bonuses to local employees in order to retain them because locals are harder to retain than expats, being so much in demand'*. In addition, P-5 said, *'Yes, there is a system for [an] annual bonus, [and] it is the same for both [expats and locals]*. P-14 said, *'Yes, there is a system, and it's the same for both [expats and locals]'*.

In addition, P-33 said, *'Yes, there was a performance-based bonus process [that] was the same for expats [and] locals, although we did try to prioritise our list of top talent in order to retain them, and they [were largely] comprised [of] Emiratis'*. P-24 said,

*'Yes, we have a year-end bonus scheme based on performance evaluation, and it is the same for all employees'.*

The remaining four participants believed there was a difference in the bonuses received by locals and expats, as locals were generally given more responsibility. For example, P-2 said, *'We do have a system of granting bonus[es] to our employees, and it is directly related to performance and monitored through a robust appraisal system. As nationals in our organisations [are] tasked with more responsible projects, [their] bonus levels are higher'.*

These results were supported by a study that showed that nationals generally receive better treatment than expats in the workplace (Ardemagni 2016).

In summary, almost all participants confirmed that no differences exist between expats and locals in the system of awarding bonuses.

#### **4.5.5 Experience in dealing with employees of different nationalities**

##### **4.5.5.1 Recruitment and selection**

Al-Ali (2006) argued that the most significant barrier for Emiratis seeking jobs in the private sector is competition. The majority of those who are interested in entering the financial sector are females, which makes it difficult to create *'the right balance between [male] and [female] UAE nationals and [retain them]'* (P-4), as it appears that female Emiratis are more attracted to working for the case study MNC than male nationals, which might have implications for the gender balance within the firm. This problem is compounded by Emiratisation policies that provide quotas and require Emiratis to be hired in specific positions and the fact that nationals generally prefer to work in the government rather than the private sector. To add complexity, within the private sector, the case study MNC faces the additional hurdle of operating in the

financial services industry, which is not as popular as other industries in the UAE, such as the oil and gas industry.

Societal shifts have also made it more challenging to recruit Emiratis because previous generations of graduates were absorbed into the public sector to build the public service infrastructure (Freek 2004), but this route was closed in the late 1990s, as the public sector became overstaffed with employees who were automatically awarded generous remuneration packages (Berengaut and Muniz 2005). Tanmia (2004) surveyed employers' experiences with locals and showed that organisations faced requests for higher salaries, issues of competence and motivation, and/or problems with qualifications and competencies that did not match the job market (Kapiszewski 2000). In addition, social and cultural factors provide additional challenges, e.g., Islamic and cultural constraints mean that many UAE nationals do not want to work in institutions that charge and pay interest, such as banks, and some families do not want their female members working in mixed-gender environments (Freek 2004).

It has been well established in the literature that private companies have identified recruiting locals as one of the most important challenges in the GCC, including the UAE (Al-Waqfi and Forstenlechner 2010; Forstenlechner 2010; Scott-Jackson et al. 2014). Therefore, it is necessary to use multiple channels for recruitment and selection to find the right candidates to facilitate localisation in a way that allows organisations to address these challenges. Forstenlechner (2010) lists the challenges for the recruitment of UAE nationals, including the pressure on foreign companies to lower selection standards, the need to create an adequate applicant pool and difficulties differentiating between the curriculum vitae (CV)s of many nationals, especially those of recent graduates without work experience. A further challenge is that many GCC nationals prefer to work in the public sector (Waxin and Bateman 2016; Waxin et al. 2018).

Therefore, as the responses above indicate, a tiered approach to the recruitment and selection of staff is an important tool for MNCs and provides them with a way of finding talent with the right skills and attributes. This tiered approach is not unique to the case study MNC or the UAE; it is widely documented in the literature and is used by many MNCs operating in both developed and emerging markets (Harvey 1999; Collings, Scullion and Morley 2007). In addition, the individualisation of programmes has helped retain more locals while instilling a belief in the positive impact of localisation, which has helped to create a more supportive corporate culture. However, most participants agreed that attracting and retaining Emiratis is the biggest challenge for the MNC in terms of Emiratisation, while others also cited issues relating to work ethics.

#### **4.5.5.2 Training and capabilities**

Another challenge that faces the case study MNC in utilising Emirati nationals as a resource is that they may not have the required skills and capabilities that the firm needs in order to properly utilise them. P-22 noted that this is necessary for the MNC to put effort into *'developing [locals] to reach their potential and become a great asset'*. This is mostly as a result of the small number of Emirati candidates when compared with expats in the workforce, which causes the organisation to recruit nationals who may not have the necessary skills for the position in order to fulfil their Emiratisation quota, and it then needs to train and upskill these employees to be able to use them and unlock their value as a resource for the firm. Relating to the specific skills that must be developed, P-18 stated, *'There [was] a need to build writing skills and [an] appreciation of the business and professional culture [that] meets international expectations. We needed to provide more training and development in these areas'*.

#### 4.5.5.3 Integration

Another challenge is integrating Emiratis into the diverse, multicultural environment of the firm. Although the UAE is a diverse country with a significant expatriate population, Emiratis face the same challenges other people face in integrating into a multinational, multicultural organisation. This is an important issue for the organisation, as it operates globally and has a diverse workforce in all the countries in which it operates. An inability to properly integrate employees from diverse backgrounds could lead to friction within the organisation, which could make it inefficient and eventually negatively impact its performance. P-15 stated that differences in culture can affect communication between employees as *'certain expressions may have different meanings in different cultures'*.

The need for training in intercultural communication skills is not limited to nationals; expats also need training in this area. P-1 stated, *'Expats are not given enough training [in] how to respect the local culture and how to on-board local citizens into the organisation. This creates a barrier, as they are not able to communicate with them properly or understand their behaviour'*. P-12 echoed this view by saying that the lack of understanding of the local culture by expat employees *'creates a barrier, as they are not able to communicate with [locals] properly or understand their behaviour'*.

This lack of understanding of the local culture can have an adverse effect on the ability of Emirati nationals to integrate and can also affect the business's ability to work with its national clientele. Two interviewees noted that the lack of cross-cultural communication can form silos or cliques. In addition, P-10 stated, *'[I] see cliques. People do tend to stick together based on culture, nationality and language. I [feel] these cliques [are] detrimental to the organisation because they [create] the us-and-them mentality, often leading to silos and communication barriers. I cannot stress enough the importance of having an organisational culture that demonstrates to*

*employees that they are all appreciated regardless of their culture or background and that performance will be rewarded purely on the basis of merit’.*

The identified integration challenge emphasises the importance of tackling such a challenge. Al-Otaibi (1993) and Freek (2004) indicated that a lack of satisfaction with the attitude, work skills and behaviour of the local workforce exists in many Arab countries. Freek (2004) indicated that UAE employees are not satisfied with their jobs, which is demonstrated by withdrawal behaviours, such as absenteeism and high turnover. Jain (2005) noted that job satisfaction is a strong motivator for UAE nationals and a leading cause of turnover that the private sector does not seem to be able to manage well. Freek (2004) shared the same finding, adding that Emiratis do not have recourse to grievance procedures or an external employment arbitrator. In addition, Al-Ali (2006) noted that while Emiratis working within the MNC environment do not necessarily think of them as being a major barrier, local social and cultural factors can cause problems in a multicultural setting, particularly for females. Robert Half International (2018) reported that about two thirds of business leaders said that they have ended up hiring employees who were not a good cultural fit for their organisation. It sometimes took between one and three months to recognise that a recruited employee was not a good match.

#### **4.5.6 Cultural, social, behavioural and linguistic issues**

The participants expressed many different ideas and opinions on these issues. One issue that was discussed was the English language, and P-11 said, *‘The language of operation is English, so a big challenge is to ensure [that] English writing is good’.* Similarly, some participants noted that expressions may have different meanings in different cultures. P-3 said, *‘Certain expressions may have different meanings in different cultures. But in general, ...since we have a melting pot of nationalities,*

*everyone is careful not to offend anyone, and others are...receptive and open-minded to such differences'.*

Another potential issue discussed by participants was the diverse nationalities, backgrounds, religions and cultures of employees. P-14 stated, *'I have faced many behavioural issues when handling employees of different nationalities'.*

Participants also mentioned that expats are not given enough training on how to respect the local culture. P-27 noted, *'Expats are not given enough training on how to respect the local culture and how to on-board local citizens into the [organisation]. In my experience, this has been the key issue with all localisation programmes. This creates a barrier, as they are not able to communicate with [locals] properly or understand their behaviour'.*

Some participants thought that there is a need to build a culture and values that encourage locals and expats to work together. P-18 said, *'Culturally and socially, there was also some underlying sense of patronage from local citizens who feel [that] they have a superior right because of their national position – although a strong corporate culture of respect...can deal with this effectively'.* In addition, P-16 shared, *'There is always a need to build a culture and values across the [organisation] that encourage local[s] and expats to work together. This requires constant team engagement and discussions [around] and team development of clear values [rather than] values [that are] imposed from the top'.*

Participants also noted that employees can feel excluded in teams or countries in which one culture is dominant. P-9 said, *'We have a large mix of nationalities and embrace this diversity. The only challenges we face are in teams or countries where...one culture [is dominant], and this can make others feel excluded'.*

In terms of English language skills, studies have found that a large percentage of UAE nationals searching for jobs or in employment are aware of the importance of an adequate command of the English language and other skills required to fulfil the requirements of their position (Abdulla 2009; Hannawi and Al Salmi 2018). Kaabi and Sandhu (2018) reported that sociocultural issues had a significant negative correlation with employees' intentions to continue their employment. Cultural differences may have a variety of implications, but Bashir (2012) found a positive correlation with cross-cultural change that incorporates work and general adjustments in interactions. Cross-culture brings different dynamics to the workplace. These interactions together may prove advantageous to the work environment.

In summary, there were varied opinions regarding cultural, social, behavioural and linguistic issues, but the majority of participants acknowledged that differences in culture, behaviour, nationality, religion and ethnic backgrounds caused problems for the MNC.

#### **4.5.7 The tendency of employees to form groups based on their nationalities**

Some participants (23) confirmed that employees tend to form groups based on their nationalities. For example, P-30 said, *'This is probably more [noticeable] with newly appointed employees, where [employees of the same gender or nationality] in the same department...tend to form little groups, but later on, it becomes more department- or branch-wise'*. P-14 noted, *'Yes, I certainly see cliques. People do tend to stick together based on culture, nationality and language'*. In addition, P-6 said, *'Informal groups exist with most nationalities'*. P-7, P-8 and P-17 agreed, where P-17 said, *'Yes, teams often [form] based on nationality'*, and *'Yes, it does happen; it's just human nature. You tend to see unit heads with directors/[senior managers of] a similar ethnicity'*, respectively.

The remaining 12 participants had not noticed the formation of groups based on nationalities. P-10 said, *'No, they do not [exist]'*, and P-5 said, *'I do not think so. No, there are no groups'*.

The majority of participants (32) indicated that there was no benefit to forming these groups, and they should be rejected rather than encouraged. P-13 said, *'This sort of approach is not conducive to any benefit, and I am not convinced about the benefits of [nationality-based] informal groups'*. Both P-6 and P-23 responded similarly, P-23 saying, *'I think organisations should encourage bonding across difference departments through socials'*. P-34 stated, *'[It] is neither encouraged nor discouraged'*, and P-14 said, *'I felt these cliques were detrimental to the organisation'*. P-8 suggested, *'[These cliques are] not helpful'*.

Three participants believed that these groups benefitted the organisation, and P-9 said, *'[The formation of cliques] is positive in some regards'*.

Previous studies confirm that there is no benefit to forming groups within the organisation based on the employees' nationality. Richard (2000) found that cultural diversity has a positive impact on firm performance, as measured by productivity, return on equity and market performance. Liu, Liu, and Hu (2010) supported this finding and noted that such an outcome is due to the positive effect of different individual cultural orientations within a group, i.e., culturally diverse groups tend to make better quality decisions (Pelled et al. 1999).

In summary, most participants confirmed that employees tend to form informal groups on the basis of their nationalities.

#### **4.5.8 Changing policies to accommodate different nationalities**

The majority of the participants (23) did not believe that the MNC had changed its policies to accommodate different nationalities. For example, P-7 answered, *'No, we*

*did not [change our policies]’, and P-21 said, ‘No, I do not remember any policies that were different based on [the] nationality of employees. Locals had a pension; that was the only difference I can think of’. P-15 said, ‘No, the bank already had laws governing equal opportunities towards employees’, and P-18 said, ‘our policies were not nationality specific’.*

Eight participants confirmed that different policies were in place for employees of different nationalities. For example, P-19 said, *‘The banks seem to have two policies: one for UAE nationals and another for expatriates, and these are mostly from a career development and employee benefit perspective only. Have we ever needed to change our policies [owing] to differences caused [by diverse] nationalities? The clear answer to this is no’.*

Four participants answered that they did not remember whether there had been changes in the institution’s policies. P-14 said, *‘Not that I can recall’.*

In summary, the vast majority of participants agreed that their organisation had not changed its policies to accommodate employees of different nationalities.

When asked about how to manage the differences between employees, the participants had several opinions. Some believed it was important to instil in employees a belief in the corporate culture and raise awareness of it. P-1 said, *‘[It is necessary to instil] the belief among all employees that our corporate culture is supreme and transcends national culture. Every employee has to deliver his/her best, and the business needs...[to deliver] consistently sound performance’.* P-9 noted the importance of *‘trying to make everyone aware of unintentional bias’.*

Another opinion shared relating to managing differences was through team-building activities and meaningful discussions among employees. For example, P-5 said, *‘Team building activities [are important]’,* P-6 said, *‘[Try] to organise group activities and*

*gatherings. In some departments, there are individual efforts to organise dinners and social gatherings’, and P-8 said that it is important to have ‘constant team engagement and discussion and team development of clear values, not values [that are] imposed from the top’.*

Some participants believed that department heads or the HR department should be responsible for managing these differences. For example, P-3 said, *‘All work-related divergences are managed by either the department head or the HR department in relation to the bank/central bank and state policies’.*

Another response was that standard policies exist that everyone is required to read. P-16 stated, *‘We have standard policies and processes, which we ensure everyone reads and is aware of as soon as they start their job. Then we remind them of [the policies and processes] periodically, which ensures that everyone is aware of what is acceptable and what is not’.*

In addition, some respondents believed that having a corporate culture that celebrates cultural differences among its employees helped to manage these differences. P-26 said that differences were managed *‘by having a strong culture that celebrates...different cultures and nationalities...and by building awareness about the different cultures that are represented in [the workplace]’.*

In summary, the majority of participants believed that instilling beliefs in employees about the importance of diversity, increasing awareness, arranging group activities and encouraging team engagement and discussion are key to managing cultural differences in the workplace.

## 4.6 Retention

A further challenge facing the MNC when using Emirati nationals as a resource is the difficulties surrounding retaining this resource and ensuring a sustainable supply. This is especially problematic as the case study MNC invests significant resources in recruiting and training Emirati nationals before it can fully utilise them in a manner that can contribute to its business outcomes. To obtain a return on its investment by creating a valuable asset for the organisation, the MNC must be able to retain these trained nationals, which is especially problematic given the high demand and low supply of trained nationals. The data collected indicated that there are several reasons why Emirati employees are more difficult to retain than expats. For example, P-9 stated, *'Retention is an issue; we can't hold onto them'*.

It appears that Emiratis often leave owing to offers of higher compensation from other organisations. As Emirati employees become a more valuable resource as a result of the training that they obtain from the case study MNC, they become more attractive to other companies who actively recruit them. P-12 and P-19 agreed that retention is low and local employees are in high demand, saying, *'Local employees are very much in demand and wooed aggressively by the top corporates'* (P-10). However, they suggested different reasons for this phenomenon. P-3 attributed it to the lack of incentive for employees to stay at the MNC, and P-17 attributed it to market conditions.

Considering all the possible reasons for employees leaving, including expats relocating to other countries, the MNC not being able to compete with other offers that Emiratis receive and the attraction of the public sector, one participant had a different perspective on the retention of Emiratis: *'If we compare the turnover of expatriate employees versus Emiratis, [the number of] Emiratis leaving the organisation is*

*negligible. The main reason being [that] Emiratis have exceptional career growth' (P-2).*

This view contradicts the opinions of the majority of respondents who said that more locals are changing jobs than expats who are limited by issues such as visas. The contradictory viewpoint may be owing to the participant's role, as they were not privy to the aggregate effect of Emiratis leaving the firm after training or to the rate of replacement of these Emiratis due to the need to meet government quotas.

#### **4.6.1 Primary reasons for leaving the organisation**

The participants had various opinions on why employees leave the MNC and how these reasons differ between locals and expats. The majority of the participants (20) believed that the primary reason for leaving was to find better opportunities, higher compensation, a more prestigious title, a higher pay grade, better benefits or an expanded role. For example, P-3 said, *'People leave for different reasons, [e.g.] better compensation, ...a higher grade or [a] title. For locals, its mostly to move to what they call a better opportunity, [which] may be in a [higher] paying job, ...[more prestigious] title [or] a government job, which is always their first priority'*. P-4 stated, *'An employee will typically leave for higher pay, better perks or an expanded role'*, and P-6 said, *'People leave for different reasons, mostly for better opportunities. For locals, the opportunities are [greater]'*. P-8 said, *'[Employees leave for a] better salary at [a] government organisation'*.

In support of these responses, Ibrahim (2015) found that factors including job satisfaction, commitment, performance appraisal, salary, training opportunities, teamwork, communication and work–life balance all impacted nationals' willingness to stay in their current job. Al Kaabi (2016) found a positive relationship between the intention of employees to stay in their job and salary, benefits and opportunities for advancement.

Four participants suggested that employees may leave due to an inability to fit in with the rest of the team, frustration or impatience with their progress within the organisation, or differences between local citizens and expats. For example, P-1 said, *'[Locals] generally [leave because of] unmet expectations, an inability to fit in with the rest of the team and the culture of the organisation, a lack of delivery or performance, frustration with [the] working conditions [or] impatience [with their] progress within the organisation'*.

However, five of the participants believed that the main reason employees leave an organisation is relocation to other countries. For example, P-5 said, *'The local talent has always [serve for] a short...time at the bank due to a lot of competitive offers from neighbouring countries'*.

Another three respondents agreed that the reasons for employees leaving are the high demand for trained locals and competitive offers. For example, P-5 said, *'[Locals leave] due to a [high] demand in the market [and] very competitive offers'*.

Only two participants agreed that the reason employees leave is to achieve a better work–life balance. For example, P-9 said, *'Our Emirati [graduates] leave for an easier work–life balance that supports their social and family obligations and the opportunity to improve their social network by mixing with more senior Emiratis in local organisations'*. Ibrahim (2015) showed that the issue of work–life balance had an impact on nationals' willingness to stay in their jobs.

One respondent attributed employee turnover to personal issues stating, *'The reasons are, of course, personal, such as not being able to get along with a manager, ...for their children's education and so on'*.

In summary, the participants agreed that the most important reasons for employee turnover were an inability to fit in with the rest of the team and the culture of the

organisation, frustration with the working conditions, impatience with their progress within the organisation, differences between employees and the high demand in the market resulting in many competitive offers.

#### **4.6.2 Career progression**

Another factor that contributes to the problem of retention are the high (and sometimes unrealistic) expectations that Emiratis have regarding career progression. The path may be too slow, and they may resign due to dissatisfaction with the pace at which their career is progressing. For example, P-15 stated, *'[I] remember interviewing a young local student and being asked whether we would be able to provide him with a private office...and a [work] role...[that did not require him] to report to a supervisor!'* P-18 also said that Emirati employees *'have a poor understanding of professional culture, including...punctuality, meeting targets, following-up and working collaboratively as part of a team. As I said before, they often have an unrealistic set of expectations [of] the organisation and...their supervisors, expecting higher bonuses for lesser contributions and expecting special treatment on account of their nationality'*.

In addition, P-27 offered an informative overview in this regarding stating, *'People leave for different reasons:...better compensation,...a higher grade or [a] title. Some move to a whole different industry and some...leave the country. For locals, it's mostly to move to what they call a better opportunity, [which] may be in a higher-paying job, a...better title or a government job, which is always their first priority. Another difference is that...expatriate[s] tend to stay longer if their contract allows that. We have some who start their career with us and stay until they retire, but we have a higher attrition rate with...local staff. You see, we select well and then provide very good training to the locals, so all other employers who are racing to hire Emiratis target our staff and headhunt them because they know that they are good'*.

The problem relating to expectations of Emirati nationals with respect to career progression was also addressed by H.E. Mr Al Gergawi, the Minister of State, in a statement in *the National* (2008) in which he said:

Many of the gentlemen today who have become chairmen and chief executives of various government institutions and quasi-public corporations [in the UAE] started their careers in local and international banks...[But] nationalisation in its present form and in combination with the current economic boom has already given many young Emiratis a false sense of entitlement to a job.

The above finding is also supported by Forstenlechner et al. (2012) who found that the expectations of nationals with respect to their position within the company are unrealistic due to social and cultural factors.

#### **4.6.3 Preference for government employment**

Emiratis appear to prefer working in the public sector owing to a number of factors, such as prestige, working hours and salary. Therefore, they are likely to resign from the case study MNC if a public sector job becomes available. For example, P-4 noted that Emirati men prefer to work in the army and said, *'Emirati men...prefer to work for entities like the army, mainly due to compensation [and] benefits [with which] the bank cannot compete'*. It is a widely held belief that the public sector offers better salaries, benefits and working conditions than the private sector (Daleure 2016; Daleure 2017; Rutledge and Alkaabi 2017). Daleure (2016) examined factors leading to unemployment among new entrants to the workforce and reported that many people chose not to work in the private sector and instead opted for the public sector because they prefer the shorter working hours as that helps them have more time for their families.

The participants in the interview agreed that employee retention was a significant barrier to Emiratisation. P-6 suggested that unmet expectations contribute significantly to employees' decisions to resign. He also highlighted frustration and the inability to fit in with other employees and the organisational culture as important contributors to employee turnover. These problems affect employees negatively and make them leave their jobs in search of better opportunities. When this happens, companies may see the number of Emirati employees drop significantly below the government quota. The Abu Dhabi Emiratisation Forum (2011), an event that brought together more than 150 leading public and private sector organisations, subject matter experts and practitioners in the field to discuss the motivation and retention of Emiratis in the workplace, found that the key challenges for retaining local staff are related to management insensitivity to local culture, the lack of career progression and professional development, and local employees' unrealistic expectations (of fast promotions) and reluctance to work long hours. The forum provided a long list of recommendations to address retention issues, including aligning organisational goals with those of individuals, enhancing HR practices (including training, performance management and career management) and aligning recognition and retention strategies with the local culture and organisational goals (Abu Dhabi Emiratisation Forum 2011).

This section provided an overview of the challenges that the case study MNC faces in implementing Emiratisation and using Emirati nationals as a resource that contributes to business outcomes. The main challenges discussed were sourcing new Emirati recruits, the lack of skills in the Emirati workforce, the inclusion of Emiratis in the diverse working environment and the retention of Emiratis.

The next section will explore how the case study MNC utilises HR policies and practices to overcome these challenges.

These findings could have various theoretical and practical implications. For instance, once an organisation realises that employees have trouble fitting into the organisational culture, it could implement measures to help them adapt accordingly. A firm could also address cases of dissatisfaction by conducting surveys to determine the overall satisfaction of all employees, and the findings could guide its subsequent steps to increase retention.

The above responses allowed the researcher to draw some preliminary conclusions about organisational factors related to Emiratisation. It is evident that while it may be possible to achieve the strategic integration of HRM issues and the MNC's strategic plans, the challenges for line managers in incorporating an HRM perspective into their decision-making are compounded by the fact that they are constantly hiring and training new locals only for them to leave for other jobs after getting the necessary international exposure, skills and expertise.

This can be understood from an RBV perspective to highlight the role of managers as key players in the bundling of resources, as discussed in Chapter 2. The managers at the case study MNC have a variety of SHRM practices at their disposal that they have reconfigured and modified to accommodate the need of the firm to locate, recruit, train and integrate Emirati nationals in a manner that will enable the MNC to generate business outcomes, such as gaining a competitive advantage, by tapping into the unique skills and capabilities of Emirati nationals. This is similar to the role of managers who contributed to the creation of a sustainable competitive advantage for the company, as described by Lockett, Thompson, and Morgenstern (2009) and Miller (2019).

## **4.7 The belief that flexibility adds to the resources of an organisation**

### **4.7.1 The efficiency of the performance of locals**

When participants were asked whether they think that locals perform better in some roles, and if so, which roles they excelled at, the majority of participants (23) confirmed that locals are given preference over expats in certain roles, and many participants believed that there are numerous jobs and functional roles in which locals excel. For example, P-1 said, *'[Locals excel at] developing relationships and partnerships with other organisations, especially local organisations and government departments, ...negotiating projects, ...working within a national culture [and] "interpreting" [the] local and national narrative'*. P-22 said, *'[Locals excel] in the areas of interpersonal skills and ...logical reasoning. Both of these give them ...great leverage to attain great results in internal and external customer relationship management, especially in the distribution network, due to [being able to handle] challenging situations more easily on a daily basis'*. In addition, P-33 said, *'Actually, [locals do well] in PR jobs, events management and HR, [and] some of them really excel in business development and customer relations'*. P-15 responded, *'[Locals excel in] customer support and client relations'*, and P-8 and P-19 said that locals do well *'in roles related to external engagement rather than back-office processing'* and *'[in] business development roles ...because they know people and can advance the relationship[s]'*, respectively.

However, 12 participants felt that there were no particular jobs that all locals were good at, and some of them responded by explaining that locals' achievement in certain jobs is due to work experience rather than nationality. P-4 stated, *'In my experience, there is not much difference in the performance of local vs expat employees, all else being equal. A qualified and experienced local employee works just as well as an equally qualified and experienced expat employee. The challenge, however, is to*

*access adequately experienced and qualified local employees for different roles, especially highly technical or senior leadership roles where there has been a paucity of local talent’.*

In support of these respondents, Penrose (1959b) explained that such experience-based knowledge is exclusive, as it cannot be transferred to new managers over a short time, nor can it be bought on the market. Thus, it can be concluded that a preference for certain roles is based on experience.

In summary, many participants believed that it would be preferable to choose local employees over expats for certain roles, as locals excel in particular areas.

#### **4.7.2 Employing local citizens to improve local business**

With regards to the question of employing local citizens to improve local business, it can be said that the majority of participants (35) emphasised that the employment of local citizens helps to improve the operations of their organisation in the local market. For example, P-11 stated, *‘Employing local citizens always helps improve local [business]. I also believe that it is the responsibility of foreign businesses, when operating in different geographic markets, to integrate local employees and cultures into their businesses’*, and P-32 said, *‘The definitive answer is that it has shown a direct positive impact [on] our business, especially in areas where...direct customer management [is] required [for] three main reasons: [locals] have a long-term/permanent view [of] the organisation and country,...are much better connected in the society [and] have very good customer management skills’.*

P-13 confirmed this by saying, *‘Yes it does, it certainly makes government authorities recognise us as doing so, and it raises the public stakes of our bank. Also, in terms of the day-to-day business, because here everyone is related to [each] other, and it is generally a small community, and because business is built on trust and relationships,*

*we find it easier to get deals done when the local staff get assigned to work with local businesses, and...as you know, all...the companies outside [of] the free-zone areas are owned or co-owned by locals'. P-18 said, 'Yes, I think private sector [organisations] should hire local talent, since it allows them to [fully] understand...their local market and local market trends and build [a] licence to operate in terms of local government. [It is] also...a [very] powerful way to [develop business relationships with] government clients'. P-9 agreed saying, 'Yes, [employing local citizens has a positive impact] on business development, particularly in the public sector or in [government-funded] companies where there are a lot of Emirati[s] in [chief experience officer] positions'.*

Similarly, Qambar (2020) stated that the UAE government has recognised that the long-term development needs of the country cannot indefinitely be outsourced to expats, and such needs must be fulfilled by expanding the national labour force.

However, four participants believed that employing local citizens has no positive impact on the institution, and the improvement of the institution depends on other factors. P-1 said, *'Well, it may or may not improve the local business because it would depend on the skill of the local talent. Talent should be hired based on the current and future business strategy not on the citizenship status of the employees'.*

Some researchers agree that this is the case. For instance, Al-Ali (2006) proposed that nationals in the UAE face recruitment challenges due to their lack of sufficient education and skill levels, and Warner and Moonesar (2019) found that in terms of competence and behaviour, the attributes of UAE banks' national workforce were considerably different from those of expats, as expats possessed a higher level of education, greater competencies and stronger work ethics.

In summary, it can be said that the majority of participants emphasised that the employment of local citizens helps to improve local business if locals are given roles in which direct customer management is required.

### **4.7.3 The approach to implementing localisation**

The participants' responses were divided broadly into seven different approaches to implementing localisation in the organisation.

Eight participants said that their organisation uses a common platform for all training and development. For example, P-7 said, *'[We use a] common platform for all training and development for all nationalities, with additional support systems for locals, such as mentoring and coaching'*.

Seven participants stated that the implementation of talent localisation is critical and is implemented well by the organisation. For example, P-1 said, *'We just believe that employing local talent is good for the business and is...the responsible thing [for a foreign business] to do. So, we made sure [that] we looked to local talent as well as foreign talent for a great number of jobs'*. P-13 said, *'We believe that implement[ing] talent localisation is most important [and] our chairman and CEO are totally committed to this, and as a group, we are too'*.

Four participants agreed that the organisation has effective induction plans. For example, P-12 said, *'[The] induction plan is followed, and...individuals are placed [in] various departments to get a feel of what the bank has to offer and to see what the individual has to offer. Then...mutual career mapping discussions are done, and [the employee is] placed in the area that best fits [them]'*.

Six participants confirmed that their company implements localisation by engaging with the local community. For example, P-8 said, *'We readily engage with the local*

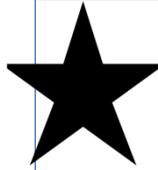
*community and have a large database [of] 90,000 locals. It was the foundation's remit to engage with local talent, so [it is] not a real challenge'.*

Five participants confirmed that the case MNC have very well-formulated talent localisation programmes. For instance, P-19 said, *'We have a very well-formulated talent localisation [programme] starting from hiring to talent development, leadership development and retention programmes. We have...aggressive localisation targets along with fast-track programmes, assessment centres and development programmes geared towards developing leaders'.*

Three participants stated that their organisations work with recruitment agencies, and P-15 said, *'We work a lot with recruitment agencies and head-hunters to find all [our] local talent and [tailor] the assessment approach, job offers [and] training programmes. Then [we follow] a leaner approach in performance management in order to retain [locals]'.*

Only three participants confirmed that their organisation has a proactive approach to localisation. P-9 said, *'[We have] a proactive approach. We recognise it's not an easy problem to solve, but [it is] part of our business sustainability'.*

To summarise, with regard to the approach to implementing the talent localisation strategy, the participants noted that various strategies exist in their organisations, including induction plans, proactive approaches to localisation, specialised training and recruitment programmes, strategies to engage local communities and the use of recruitment agencies. Participants also believed that the implementation of talent localisation is important, and they have very well-formulated talent localisation programmes in their organisations.



#### Implementation of Emiratisation

- 1 Defining successful Emiratisation
- 2 Reasons for the effectiveness of the Emiratisation programme
- 3 The effectiveness of the Emiratisation programme
- 4 Challenges relating to the implementation of Emiratisation
- 5 The nature of the Emiratisation obligation
- 6 Emiratisation as a competitive advantage
- 7 Emiratisation quotas



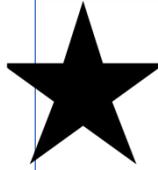
#### The share of employment of local citizens

- 1 Intangible benefits of Emiratisation
- 2 The importance of Emiratisation for the MNC
- 3 Jobs reserved for local citizens



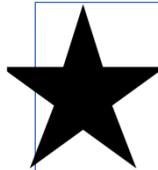
#### Differences in treatment between expats and citizens

- 1 The level of compensation of locals and expats
- 2 Differences in training programmes for citizens and expats
- 3 Differences in the pace of promotion between citizens and expats
- 4 The employee reward system
- 5 Experience in dealing with employees of different nationalities
- 6 Cultural, social, behavioural and linguistic issues
- 7 The tendency of employees to form groups based on their nationalities
- 8 Changing policies to accommodate different nationalities



#### Retention

- 1 Primary reasons for leaving the organisation
- 2 Career progression
- 3 Preference for government employment



#### The belief that flexibility adds to the resources of an organisation

- 1 The efficiency of the performance of locals
- 2 Employing local citizens to improve local business
- 3 The approach to implementing localisation

## Participants' Views on the Significance of this

One of the key findings of these thesis is to the appreciation that RBV concept emerged from a Western culture, and that its application to a Middle Eastern culture such as the UAE is not always straight forward, because each culture has its own unique set of core values and structures its society around them. Most of these values are not explicitly stated but rather are assumed and, therefore, self-evident. They are reflected in every aspect of culture, interpersonal relationships, business interactions, and the definition of what is or is not ethical and in people's expectations. These values comprise a cohesive frame of reference by which a society function. Accordingly, the appreciation in this study of the "value" of a resource, whether it is the Emiratis themselves or the HR policies and practices used to extract value from them, would not be the same had this case study taken place in another culture.

These values also determine how things are done, how problems are defined, and how they are solved. All this makes it crucial that any MNC who wants to work with or in another culture understands these core values and pays special attention to areas where the cultural values of the host country and the MNC differ. The ability of the managers to bundle and re-bundle the available resources and configure them in particular bundles becomes even more important in light of different cultures. Organizations that are able to understand cultural values and bundle its resources to address them are more likely to succeed in other markets. This paper presents a framework that MNC can integrate cultural values into their HR processes such as recruitment and retention practices. The framework presented emerged from a qualitative study in the banking industry in UAE.

## 4.8 Summary

This chapter provided an analysis of the data collected in a manner that attempted to answer the research questions concerning the implementation of Emiratisation by the case study MNC, the challenges it faces in implementing Emiratisation and how it addresses these challenges. The questions were answered using a theoretical framework that views Emiratis, through the theory of the RBV, as a resource that can provide the firm with benefits and business outcomes and not merely a burden imposed on the MNC by an external legal demand.

The chapter identified the challenges that face the firm in implementing Emiratisation and utilising Emirati nationals as a resource, including the difficulties related to sourcing new Emirati recruits, the lack of skills of new Emirati recruits, the barriers to including Emirati employees in the diverse working environment and the difficulties in retaining Emirati employees. All of these challenges limit the ability of the case study MNC to utilise Emiratis as a useful resource.

The chapter examined how the MNC attempted to address these challenges, using its dynamic capabilities to adapt to the changing demands created by the law by customising and re-bundling its intangible resources, i.e., its HR policies, to create programmes and initiatives that help to identify Emiratis with high potential, equip them with the skills they need to excel in the organisation, integrate them into the diverse workforce and retain them.

Two main themes emerged from the interview responses:

1. National employee engagement: The success of the programme is defined by the ability to utilise Emiratis in roles and ways that enable them to contribute to the objectives and goals of the business and to ensure Emiratis feel as if they are fully part of the organisation, rather than just a way to meet the quota. This

will ultimately help the business to retain Emiratis after investing in their training. The ability to place Emiratis in strategic roles, with a view to being future leaders, allows the business to sustain high expat turnover and makes it more competitive because Emiratis can open doors that expats cannot.

2. Nationals' job skills: Both PR and HR depend heavily on interpersonal skills, and all participants agreed that this an area in which nationals excel. However, some responses included other areas, such as business development and event management, which shows that nationals may excel in a variety of roles. These jobs require the ability to analyse or solve a problem and be creative. The analysis also indicated that nationals are good at negotiation, which requires the ability to think clearly and rapidly under pressure and uncertainty, which is consistent with the analytical, problem solving and reasoning skills mentioned by some participants.

Therefore, training and developing nationals for the required roles and then retaining them in the organisation by combining a set of resources and HR strategies, processes and practices will help to optimally use them as valuable internal resources that contribute to the firm's performance, which is supported by the RBV literature.

## **Chapter 5: Conclusions, Limitations and Further Study**

### **5.1 Introduction**

This chapter concludes the thesis, drawing together the findings from the literature review, the implementation of Emiratisation through RBV-based HRM strategies in the case study MNC and the analysis of the data gathered from it. The case study in this project involves an MNC implementing workforce localisation as part of the Emiratisation mandate imposed by the government. In this context, one of the objectives is to increase the understanding of the RBV-based SHRM approaches that the MNC is utilising to implement Emiratisation. With that in mind, a critical analysis of the findings is carried out so that it can be used by other MNCs and in different localisation programmes. This is important because government labour market policies and quotas must be aligned with, and made to support, the business outcomes of companies in the private sector in terms of HR and performance outcomes. Since the introduction of such workforce localisation programmes throughout the Arabian Gulf Region approximately 20 years ago, several studies have been conducted on the issues in general and the barriers to implementation. However, not many studies have been done on RBV-based SHRM approaches to localisation in private sector organisations. Therefore, this research is timely and important in its review of the processes and practices employed at the MNC in the course of workforce localisation guided by the RBV theory and methodology. Emiratisation is an affirmative action, quota-driven employment policy that ensures UAE nationals receive employment opportunities in the public and private sectors (Godwin 2006). Over the last few years, many MNCs and local private companies have appeared to be committed to the Emiratisation agenda, which is evidenced by, for example, the number of organisations that apply for the UAE Emiratisation Award (Emirates Institute for Banking and Financial Services 2020).

However, the strategies for implementing workforce localisation in these organisations, particularly in the UAE's growing financial sector, are not well known. The lack of empirical work and literature makes it difficult to understand the particular circumstances of private financial MNCs. This thesis provides an in-depth study of how one financial MNC is implementing Emiratisation. This MNC was chosen because it has been recognised for its successful implementation of Emiratisation, and an in-depth review of its practices was conducted, i.e., a qualitative description of how Emiratisation is being implemented. It is necessary to explore how organisations (particularly MNCs) may successfully deploy RBV-based SHRM practices, e.g., staffing, training and development, retention and performance management, in relation to workforce localisation and in the context of the local culture.

As can be seen from the discussion above, this research was motivated by a real-life problem, and it sought to answer the following questions concerning the implementation of the Emiratisation programme at the case study MNC:

1. How might an RBV of strategy help the organisation in pursuing Emiratisation?
2. What are the barriers to and facilitators of following an RBV of strategy in this context?
3. Which HR policies and practices might help overcome the challenges of Emiratisation, and how do MNCs address these challenges?

To achieve the main objective of the thesis, subobjectives must be achieved, which aim to:

- explore how MNCs are able to adhere to these policies and maintain high levels of organisational performance
- uncover how MNCs use a range of resources, including SHRM practices, to supply, train, develop and retain the national workforce

- uncover the most important barriers to and facilitators of the RBV of strategy in this context and reveal how MNCs deal with the challenges of Emiratisation
- identify the most important HR development policies and practices that may help to overcome these challenges.

The context, aims and structure of this study were presented in Chapter 1. Chapter 2 provided the background and theoretical foundation for the research by reviewing the literature relating to the RBV, i.e., the theory that argues that the firm is a bundle of productive resources that can be combined in different ways to generate business outcomes, and concluded with a presentation of the conceptual framework for the research. Chapter 3 provided detailed descriptions of the methodology and methods of the RBV-based SHRM strategies that are implemented in this real-life situation. A qualitative thematic analysis was carried out and described in Chapter 4, in which an analysis and a discussion of the findings are presented.

## 5.2 General findings

The findings of this study are based on qualitative data elicited from interviews with (primarily) key personnel who are currently or were formerly working in the case study organisation, which is a multinational financial firm operating in the UAE. The same interview template was used for all respondents and contained questions designed to gauge the extent to which workforce localisation, which is one of the bank's global strategic objectives, has been successfully implemented in the UAE. The interviews concentrated on the success and effectiveness of the Emiratisation programme, organisational factors driving Emiratisation, the implementation approach taken and how Emiratisation ultimately contributes to the MNC's business outcomes, such as its competitive advantage and sustainability.

The work described in this study contributes to the RBV approach in numerous ways:

- It provides an empirical study of the ways in which internal assets, i.e., the local workforce, and management processes (in this context, the Emiratisation programme) are brought together or bundled in order to contribute to business outcomes, such as competitive advantage and sustainability.
- It fills a gap in the literature on Emiratisation by shedding light on the motives and practices of organisations, particularly MNCs, when employing locals. In doing so, it takes into consideration the obstacles to localisation in the financial sector of the UAE, including labour costs, social and cultural norms, and the integration of nationals into multicultural workplaces, and addresses issues around the qualifications and mobility of nationals.
- It builds on existing studies (Moore 2005; Forstenlechner et al. 2012; Goby, Nickerson and David 2015; Morcos 2018), thus contributing to the body of knowledge on these issues in this particular region.

- It provides an empirical study of the social, cultural and economic environment, with detailed insight into the prevailing issue of workforce localisation, the challenges involved in its implementation, and its sustainability from an MNC perspective.

By examining the experiences of one banking organisation, the researcher identifies potential, workable solutions and approaches that may be used by other organisations to enhance localisation, particularly in the financial services sector. These include insights into how hiring decisions can be made by firms operating in the UAE to maximise the dual objective of enhancing firm profitability, i.e., operational and financial performance, and safeguarding the future amidst affirmative action, quota-driven employment policies, such as Emiratisation.

A set of research questions were formulated based on the RBV and considering the complexity of internal assets and empirical studies of real-life business environments. What follows is a summary of the outcomes of the interviews.

1. How can an MNC effectively adapt to external demands (i.e., Emiratisation) that create uncertainty? The theory of the RBV can help to achieve a better understanding of Emiratisation by:
  - a) managing Emirati employees as an internal resource/asset of the firm via effective RBV-based SHRM practices and policies through the ability of skilled managers to re-bundle these resources to achieve business outcomes
  - b) considering the practices and policies, such as the processes by which Emiratis are sourced, developed, trained, retained and managed, as internal resources of the firm, which are more likely to be capable of contributing to business outcomes when they exhibit VRIN characteristics, i.e., valuable, rare, inimitable and non-replaceable

- c) considering the versatility of these resources, i.e., the ability to tailor and customise them based on the changing needs of the firm, which will increase the value of the resources to the firm and allow them to more effectively contribute to business outcomes
  - d) viewing Emirati employees as internal resources to be effectively managed via HR processes and practices to contribute to business outcomes, thus ensuring that the case study MNC can effectively adapt to Emiratisation.
2. What are the challenges that the MNC faces in implementing Emiratisation?

The case study MNC faces numerous challenges in implementing Emiratisation and utilising Emirati employees in an effective manner with the aim of contributing to the business outcomes. The primary challenge identified by the data collected from the interviews is the difficulty in sourcing new Emirati recruits. There are various issues that contribute to this difficulty:

- a) Emiratis represent a small percentage of the population.
- b) They lack the skills required for the available jobs.
- c) There are barriers to the inclusion of Emirati employees in the diverse work environment of the case study MNC.
- d) The case study MNC experiences difficulty in retaining Emirati employees due to the attractiveness of highly skilled Emiratis to other firms.

These challenges limit the ability of the case study MNC to use Emiratis as a valuable resource.

3. Some of the main reasons for turnover among Emirati employees were investigated, and several reasons emerged as being significant:
- a) Career progression was the top reason for Emirati employees to leave the organisation. The high demand for qualified locals in the private sector allows them to make career moves for better job titles and compensation.

- b) It is important for employees to be able to align and identify with an organisation's corporate culture and objectives. If they do not, it can result in unmet expectations for both the employee and the organisation. This lack of fit emerged as another significant reason for locals to leave the organisation, which is supported by the findings of Forstenlechner et al. (2012), Freek (2004) and Al-Otaibi (1992) and events such as the Abu Dhabi Emiratisation Forum (2011) relating to the challenges faced by organisations in implementing Emiratisation law.
- c) With regard to remuneration and promotion, the study identified that supply-and-demand factors in the local labour market meant that Emiratis were leaving the case study organisation for better alternative employment that was not necessarily in the same industry. Emiratis often prefer to work for the government, possibly due to better salaries and a work-life balance that better suits the social obligations of nationals. The importance of the work-life balance factor is well documented in the literature (Daleure and Al Shareef 2015; Daleure 2016; Pennington, D. 2016; Daleure 2017; Rutledge and Alkaabi 2017).
4. How does the MNC address the challenges of Emiratisation?

The case study MNC attempts to address challenges of Emiratisation by using its dynamic capabilities to adapt to the changing demands created by this law through customising and re-bundling its intangible resources, i.e., HR policies, to create programmes and initiatives that help identify Emiratis with high potential. The MNC uses programmes, such as university campus career fairs, to recruit for graduate-level HR development programmes and recruitment agencies to find local candidates who are already experienced bankers or financial advisers. It then prepares them with the skills they need to excel in the organisation, integrates

them within the diverse body of employees and retains them. These practices are supported by the recommendations of Waxin and Bateman (2016) who proposed attracting the local workforce through the promotion of professional development practices and opportunities and cultivating an organisational culture that respects the national culture.

In regard to creating customised programmes, Al-Ali, Shee and Foley (2008) and Forstenlechner (2008; 2010) recommended the adoption of tailored HR management practices to address the challenges facing localisation. The results of the interviews relating to this issue are summarised below:

1. By internalising the set quotas as targets, the case study MNC has been effective in making Emiratisation a core aspect of its business operations, i.e., a key strategic HR outcome. To achieve this, it was necessary to establish the logistics, including having a dedicated team in place, to ensure that the targets are managed properly. Appropriate channels were identified and are used by the case study organisation in their workforce acquisition processes. This tiered strategic approach is well documented in the literature and is used by many MNCs operating in multiple markets (Harvey 1999; Collings 2008).
2. The MNC utilised the training and development strategy as a key strategy to develop and train the selected and recruited nationals with the required skills and competencies to perform and advance in their roles at the bank, to mitigate the challenge of the skills shortage and to aid in the fast advancement of nationals in the bank.
3. The MNC has developed a retention strategy to retain their top performers in order to mitigate the challenge of high attrition amongst nationals, although it does not succeed in retaining all trained nationals.

### 5.3 Answering Main Questions and Conclusions

The thesis attempted to answer the following three main questions:

1. How might an RBV of strategy help the organisation in pursuing Emiratisation?
2. What are the barriers to and facilitators of following an RBV of strategy in this context?
3. Which HR policies and practices might help to overcome the challenges of Emiratisation, and how do MNCs address these challenges?

**In regard to the first question,** the thesis concludes that considering Emiratisation from a Penrosian RBV perspective can help organisations pursue Emiratisation more effectively. Especially when realising that employing local citizens, in roles where direct customer management is required, can directly contribute to organisational outcomes, as Emirates and the HR policies applied in regard to them are valuable resource. Accordingly, organisations will take Emiratisation more seriously and work to improve their understanding of how to get the most out of young Emiratis and Emiratisation if they seem as such a resource. In this case study, Emiratisation serves as an external factor to understand the Penrosian based RBV in transforming the national workforce from a mandated employment to a valuable asset to the MNC, which can directly contribute to the organisations' outcomes.

In addition, the data also indicates that different cultures may have unique strengths that can contribute to the organisation. In this case study, the unique strength of the national workforce were their interpersonal and relationship building skills which therefore help enhance the customer relations and business development in the local market as indicated by most responses.

Furthermore, the RBV theory helps organizations appreciate Emiratisation by seeing Emiratis as internal resources that the organization can utilize to produce business output, demonstrating that Emiratisation is not only a legal or a moral obligation. Emiratisation allows the organization to tap into valuable resources as Emiratis contribute to sustained competitive advantage, increased growth, improved efficiency, and help achieve business objectives. This is part of the contribution of the thesis in showcasing how RBV operates in a non-Western context in a real-life case utilising non-standard resources and capabilities as well as the role of the managers in bundling and re-bundling the resources available to them. Finally, the thesis demonstrates how an organisation can respond to an external factor, which in this case as the laws relating to Emiratisation, which in turn addresses one of the criticism of RBV being an inwards looking theory.

**In regard to the second question,** it is concluded that the barriers and facilitators to Emiratisation from an RBV perspective are diverse, barriers include the differences between employees in terms of culture, behaviour, nationality, and religious and ethnic backgrounds, which results, to some extent, in employees tendency to form informal groups on the basis of nationality or other characteristic. Furthermore, the thesis concludes that one most important reasons for employees to leave the organisation are their inability to fit in with the rest of the team and the culture of the organisation, their frustration with the working conditions, impatience in their progress within the organisation, personal differences between employees and a high demand for skilled workers resulting in highly competitive offers. In regard to facilitators, the thesis identified collaboration efforts as between Emiratis and the hiring organisation as a key facilitator for succeeding in Emiratisation.

The thesis also found that there are barriers relating to Emiratisation such as sourcing and retaining national workforce. Organizations in UAE attempt to find the most

valuable resources, such as qualified Emirati nationals, which seems to be a challenge, given that the population of qualified Emirates is small compared to the available work opportunities, which consequently makes the cost high for finding experienced staff in a small market with high demand and a low supply.

Furthermore, competition is also a barrier for Emiratisation, especially as it seems that more females than males are interested in jobs in the financial fields in the UAE. Another challenge is that most Emirati nationals prefer to work in the government than the private sector, and tend to prefer to move to a Government job when the opportunity arises, which make well trained nationals in the private sector more attractive for the Government and other competitors as well.

In addition to this, there are societal shifts that cause a challenge in recruiting Emiratis. Most Emirati graduates were absorbed into the public sector to build the public service infrastructure. This leads to overstaffing in the public sector, and make employers face challenges where nationals ask for high salaries along with issues of competency and capabilities that do not match the requirements for carrying out certain jobs, which mandates the organizations to invest in training those nationals. Other challenges are related to the culture, for example, some families do not favour their female members working in mixed-gender environments, and some of the nationals males and females do not favour working in the financial sector for religious reasons.

**In regard to the third question,** the thesis concludes that the key mechanism for overcoming the challenges is the versatility of bundling and re-bundling the existing HR policies and practices in new and creative ways to upskill and train Emirati nationals in a manner that addresses their unique skills and the special roles they can play in the organisation along with tailor-made policies and practices to help retain them and ensure that they feel rewarded in a fair way in comparison to their expat colleagues.

To provide more details, human resource practices, as a solution to some of the challenges, were adapted to manage the implementation of Emiratisation including the bank developing special recruitment, training and development as well as retention programs for nationals. Skills like communication, management, leadership, conflict management, presentation skills, and even specialized programs like cultural training. Human resources managers, as well as line managers, need to be versatile and to customize practices to effectively implement Emiratisation in a manner that contributes to business outcomes.

In regard to the challenge of sourcing, the case study MNC attempts to overcome this challenge by utilizing different channels of sourcing Emirati nationals, such as targeting sourcing campaigns in universities and career fairs as well as working with recruitment agencies and head-hunters to source the nationals for specific jobs that are well suited to best utilise the unique skills possessed by Emirati nationals.

In regard to the challenge of the lack of the availability of well qualified and skilled nationals to carry the specific jobs at the case study MNC, these challenges were addressed by training and upskilling national employees to utilize them and unlock their potential value using training programs that target specific skillsets and converts individuals into valuable resources for the organization. Each training is customized in a manner that suits the job and the department that they join. In addition, most of these programs are geared to building leadership qualities and customer relationship handling, since these are areas that the nationals seem to perform better at.

In summary, the key findings that this research found were that attracting and retaining Emiratis has been the most challenging area within SHRM for the case-study MNC due to pure supply-demand economics, resulting from the quota system and the need for companies to have local representation to be competitive. The legal requirement to hire Emiratis has resulted in companies constantly raising total compensation packages

to meet increasingly high Emirati expectations. Emiratis often do not meet the minimum educational and skills requirements for the roles they are hired for and tend to be lax in their work ethics – in relation to the expectation of the case study MNC. The MNC is willing to invest significantly in up-skilling to meet Emiratisation requirements.

It also was found also that Emiratis progress slowly in the early years after hiring due to the knowledge gap; but once that gap is filled, their career progression accelerates beyond expatriates. Hence Emiratis shine in areas requiring interpersonal skills, such as customer relations, partnership building, business development, and business-government relations. Organizations will realize the importance of developing Emiratis to a point where they are more productive and the importance of then retaining them; the case study MNC, therefore, invests in their training and development in the earlier years, followed by a strong retention program for the best performers and those that they consider top talent. As one example, the organization offers those individuals shares options that mature in a few years.

Finally, it was found that while the case MNC tried to address cultural issues by organizing multicultural events which helps employees socialize with each other's, it may not address the key issue of cultural differences understanding. One of the key contributions of this paper is the finding that some of the cultural values that are highly important for the nationals are things like family time, the length of working hours and number of work days. Which perhaps can be accommodated by introducing flexible working hours.

Similarly with regard to security and social status as inferred from the data, and the preference of public sector employment versus private sector employment; all those represent areas for further study. MNCs who wish to maximize the benefits of

nationals' employment may desire to explore how their resources can be re-bundled in a way to address these issues.

#### **5.4 Contribution to knowledge**

The study contributes to the literature and practice in several ways. The RBV literature explores the firm as a bundle of resources and identifies the characteristics of the resources, the role of managers in bundling these resources and the dynamic capabilities of firms in dealing with changing circumstances.

VRIN characteristics of resources are more aligned with the traditional concept of manufacturing or production. The bundling of resources depends on the ability of a manager to identify, select and use the right resources for the given situation, which contributes to the firm's dynamic capabilities. When uncertainty is created by, for example, the introduction of the Emiratisation law that needs to be addressed, the firm may not have the time or resources to create or find rare and inimitable resources. Therefore, it must use its available resources. Managers who are adept at re-bundling resources to respond to crises are able to respond quickly and effectively, as they possess or have developed the skills needed for effective re-bundling.

This study deals with HRs and managers who select, recruit, train, manage and retain suitable nationals based on their skills and the needs of the MNC. This is a form of HR bundling. They take human capital (nationals) and bundle them with resources (training, financial investment in recruitment, retention and other related HR strategies) and produce an asset for the company, which exhibits the VRIN characteristics. The process used is effective bundling, and without this process, the value of the resource would be reduced, and the result would be simply hiring nationals without investing in them. Therefore, it is the unique bundling that creates added value.

In the RBV meta-analysis studies of Crook et al. (2021) and Nason and Wiklund (2019), human capital (nationals) and social capital (networks of relationships between people) are both considered versatile and valuable resources, i.e., they have value and can easily be re-bundled. Therefore, they are both valuable (the V of VRIN) and

versatile (Penrose 1959b). This is significant because these meta-analyses also showed that value and versatility both contribute to organisational outcomes, while the other characteristics do not (i.e., the RIN of VRIN). Versatility contributes to firm growth, and value contributes to firm performance. In the case of MNCs, growth is an important part of their performance, resulting in their need to expand and become multinational.

Flexibility is especially important in times of uncertainty. Therefore, the dynamic capabilities of the firm would be especially important, and the ability of managers to effectively re-bundle existing resource to meet the changing needs created by uncertainty is vital. The Emiratisation law created a time of uncertainty for the MNC and its managers who were skilled in re-bundling resources and were able to respond quickly and effectively.

#### **5.4.1 Main contributions**

The contributions of this study can be summarised as follows:

1. It helps to clarify the different paths that Penrose's original work took, thereby eliminating confounding factors in the literature and providing a real-life illustration of how the RBV can be used to analyse a firm's use of its tangible resources (HRs) and intangible resources (HR processes) to overcome the challenges resulting from the introduction of a national localisation policy.
2. It demonstrated how an MNC can overcome the challenges imposed by a localisation policy in a unique part of the world using HR policies and processes in areas such as sourcing, training, employee integration and retention, which are policies and processes that can be useful to other MNCs attempting to overcome similar challenges.
3. It identified the most important reasons for employees to leave an organisation as being their inability to fit in with the rest of the team and the culture of the

organisation, their frustration with the working conditions, impatience in their progress within the organisation, personal differences between employees and a high demand for skilled workers resulting in highly competitive offers.

4. It concluded that the level of compensation is equal for employees of all nationalities and any differences that exist depend on other factors, such as experience, skills, nature of the work, the department and management.
5. It found that by employing local citizens, especially in roles where direct customer management is required, organisations can improve their local business.
6. It showed that there are no inherent differences in the training programmes, opportunities for promotion or remuneration level between local and expat employees or employees in other organisations. However, it revealed that some differences exist in dealing with employees based on differences in culture, behaviour, nationality and ethnic backgrounds. Therefore, employees in some institutions tend to form informal groups based on nationality.

### **5.5 Contribution to Practice:**

The results from this study are useful because they could contribute significantly to practice. Firms can use these findings to identify the advantages and challenges of acquiring Emiratis. This information will help them make informed decisions about Emiratis and help them overcome any challenges they may encounter in the process. The information summarized in this section will give firms an overview of what to expect when dealing with Emiratis.

Companies face several difficulties attracting and retaining Emiratis due to pure supply and demand economics. This situation results from the quota system and the need for companies to have local representation that contributes to their competitive nature. Emiratis are aware that this situation makes them highly valuable and in great demand.

Therefore, they often have very high demands and expectations that firms have to meet if they are to acquire and retain them, resulting in raised packages.

Companies may encounter additional expenses when investing in Emiratis to make them more skilled. The positions in many firms often require highly qualified individuals, and Emiratis often fail to meet these educational and skill requirements. This knowledge helps firms prepare for the fact that they may have to invest heavily in Emiratis if they hope to meet Emiratization requirements.

Despite the high initial investment associated with Emiratis, the findings indicate that this approach benefits organizations long term. This is because Emiratis experience slow starts in their careers due to the knowledge gap. However, these gaps are filled through training programs, and the Emiratis become competent, experiencing greater career progression than expatriates. This progression makes them more valuable to firms because they get to work for more extended periods. Firms may not rely on expatriates for extended periods because there is always the possibility that they could return to their home nations, leaving significant gaps within these firms. In contrast, it is improbable that Emiratis would leave their country searching for employment in foreign countries.

This study's findings also reveal the important role of cultural values in the employment sector. Emiratis are more suited for these positions because they are familiar with the country's cultural values. Consequently, they are better suited to adapt to working environments that require interpersonal skills such as business development, government relation, and partnership building. Expatriates may take longer to get accustomed to the country's values, thus affecting their ability to fit into the systems of the hiring firms.

As mentioned earlier, the results indicate that it is wise for companies to acquire and retain Emiratis due to the associated benefits in the long term. The high retention rate

associated with training Emiratis makes firms more appealing to other potential employees. People are always more willing to work for organizations with high retention rates and low turnover ratios. Consequently, the firms put themselves in great positions to acquire skilled Emiratis who these positive features would attract.

Organizations can also consider learning from the Emiratis they hire. The standard procedure is that the case MNC offers training to employees, resulting in only the employees learning from their respective organizations. However, it may be time for institutions to consider their employees' opinions and incorporate them into their operations. This idea will increase employee satisfaction, which further improves employee retention. Consequently, firms will experience greater productivity from employees that are likely to last for extended periods.

The key practical implication is the fact that in constant changing circumstances and societies in which MNCs need to constantly adapt, like new environments, new laws and regulations and so on create new environment competition factors, those constant changes create challenges to the organisation. In order to stay competitive, MNCs' need to have systems and processes to deal effectively and efficiently with such changes. Therefore, managers who are capable of identifying the right resources and bundle them in the right way are an important asset to the organisation. This thesis demonstrates how this is done in a real-life setting.

Furthermore, it provides specific examples within a multinational context which illustrates how adaptations can be designed, and resources can be bundled to address both corporate and cultural values.

The creative ability of the managers, the entrepreneurial managers - line or HR managers – to utilise/bundle available resources and assets in a way that responds and address constant external and internal changes and challenges, in a way that help

realise the desired business outcomes and to keep the organisation competitive; those managers represent a unique valuable resource to the organisation.

## 5.6 Limitations and future research

The study is limited in ways that could have influenced its findings:

1. The research is location- and time-specific, and its findings are based on the perceptions of the participants and the researcher. A longitudinal study might help to overcome this. Future studies may highlight different issues, particularly if the organisation takes remedial actions to deal with the localisation issues that were raised.
2. To follow up on this research and its findings, the researcher would like to further study the impact of HR strategies relating to localisation practices on the firm's performance and how this might be measured. Follow-up research could be conducted that expands the current research to other firms, industries and markets in the region.
3. At a methodological level, while the strength of this study lies in its qualitative methods and using a single case study strategy, the findings could be extended by using other empirical research strategies based on both quantitative and qualitative methods.
4. Future research could benefit from using a mixed-method approach to support a multiplicity of empirical analyses and validate the findings. This would allow the testing of specific hypotheses that could help policymakers better understand specific causal relationships within the context of Emiratisation.
5. While the results of this thesis are relevant and valid in relation to the extant literature, the use of quantitative techniques to measure the impact of Emiratisation on workforce localisation, business competitiveness and sustainability (or other aspects of organisational culture and performance), would provide further insights. This creates opportunities for future research.

6. As the present study is exploratory research, the findings cannot be generalised, but they are intended to serve as a springboard for further study.

As this research was constrained by time and financial resources, it focused on one MNC in the financial sector. In the future, more extensive research could extend to different sectors or focus on the financial sector but broaden the scope to include several firms, thus introducing variations in corporate culture and ethos into the study. The external validity of the results could be further enhanced by expanding the scope to focus on MNCs from other countries with different cultural backgrounds, or on the same financial firms in different regions or countries.

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## **Appendices**

### **Appendix 1: Consent Form**

**Consent to participate in research into Emiratisation in the private sector for the purpose of a doctoral study at Nottingham Trent University, UK.**

Dear participant,

Thank you very much for taking the time to answer these research questions. I really appreciate and value your contribution. Please rest assured that your answers will be anonymous, and a collective analysis of the results will be reflected in the thesis, thereby ensuring your anonymity.

Below is an overview of the research objective and the key objectives of the thesis to help you understand the context of the research.

#### **The research objective**

This research aims to study the motives for workforce localisation and the programmes and practices used by private organisations to implement it to benefit researchers, policymakers, foreign investors and private organisations who would like to employ locals but do not know how to approach it or have challenges with localising their workforce.

#### **Broad research questions**

1. Why is the organisation localising its workforce?
2. Which approach does the organisation use to implement its workforce localisation strategy? How is localisation implemented?
3. What challenges does the organisation face with regards to Emiratisation? How does it deal with the challenges?

4. To what extent is there a relationship between the workforce localisation strategy and the organisation's competitiveness and sustainability? What are the implications of this for workforce localisation?

**If you agree to participate in this study, please fill in and sign the consent form below.**

- I..... voluntarily agree to participate in this research thesis.
- I understand that even if I agree to participate, I can withdraw at any time or refuse to answer any question without consequences of any kind.
- I understand that I can withdraw my permission to use the data from my interview up to two weeks after the interview, and my responses will be deleted.
- The purpose and nature of the study have been explained to me in writing, and I have had the opportunity to ask questions about the thesis.
- I understand that I will not benefit directly from participating in this research.
- I agree to my interview being audio recorded.
- I understand that all the information I provide for this study will remain confidential.
- I understand that in any report on the results of this research, I will remain anonymous. My identity will be protected by changing my name and disguising any details of my interview that may reveal my identity or the identity of people I talk about.
- I understand that anonymised extracts from my interview may be quoted in dissertations, conference presentations and published papers.
- I understand that if I inform the researcher that I or someone else is at risk of harm, they may have to report this to the relevant authorities. They will discuss this with me first but may be required to report it with or without my permission.

- I understand that the signed consent form and original audio recording will be retained in encrypted, password-protected digital files accessible only to the researcher who conducted this interview until the exam board confirms the results of this research thesis.
- I understand that a transcript will be made of my interview, in which all identifying information will be removed, and it will be safely retained for two years from the date of the convening of the exam board.
- I understand that under freedom of information legislation, I am entitled to access the information I have provided at any time while it is being stored as specified above.
- I understand that I am free to contact any of the people involved in the research to seek further clarification and information.

Signature of research participant

-----

Date

-----

Signature of researcher

I believe that the participant is giving informed consent to participate in this thesis.

-----

Date

-----

## Appendix 2: Interview Question Guide

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### Questions

- 
- Q1** In your opinion and view, what defines the success of the Emiratisation programme in your organisation?
- 
- Q2** Do you think that the Emiratisation programme is effective? Why?
- 
- Q3** What are the major reasons for an employee to leave the organisation? How are these reasons different for local citizens and expatriates?
- 
- Q4** Without violating confidentiality, can you indicate whether the compensation level, including the annual performance-linked bonus, is the same for local citizens and expatriates?
- 
- Q5** Is there any difference in the training programmes for local citizens and expatriates? Have you needed to develop specific training programmes for local citizens, for example, writing or business skills?
- 
- Q6** On average, is there any difference in the pace of promotion for local citizens and expatriates? If so, can you indicate the average number of years for each?
- 
- Q7** Do you think, or have you noticed, that locals perform better in some roles? If so, which roles do they seem to excel at?
- 
- Q8** Is there a system of granting bonuses to employees? If so, is it different for local citizens and expatriates?
- 
- Q9** Is there any quota for employing local citizens? Has your organisation been able to reach this quota in the last few years? What challenges (if any) do you face due to this? What are your views on these quotas?
-

<b><u>Q10</u></b>	Are there any jobs mandated solely for local citizens? If so, which jobs are mandated for locals? What are your views on this practice?
<b><u>Q11</u></b>	Do you think employing local citizens helps to improve the local business?
<b><u>Q12</u></b>	<p>What is your experience in dealing with employees of different nationalities? Would you say you faced any challenges in implementing any of the HR practices with local citizens as opposed to expatriates? In particular, I would like to know more about:</p> <ul style="list-style-type: none"> <li>• selection and recruitment</li> <li>• learning and development</li> <li>• career development</li> <li>• performance management</li> </ul>
<b><u>Q13</u></b>	What are the cultural, social, behavioural and language issues that you need to handle due to the different nationalities of employees?
<b><u>Q14</u></b>	Do employees tend to form informal groups based on nationality? If so, is this beneficial to the organisation, e.g. promoting bonding across different departments, creating cohesive units or improving service to clients, or is it harmful?
<b><u>Q15</u></b>	Did the bank need to change any of its policies or procedures due to the different nationalities of its employees?
<b><u>Q16</u></b>	How do you manage staff diversity?
<b><u>Q17</u></b>	What approach has the organisation adopted to implement the workforce localisation strategy?
<b><u>Q18</u></b>	What challenges did you face in implementing the Emiratization process?

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**Q19** Do you think that Emiratisation is important for your organisation's business? What are your views on Emiratisation?

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**Q20** How would/could this study impact you as a person or professional in this field?

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**Q21** What impact would/may this study have on the organisation?

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**Q22** What impact would/may the study have on policymakers?

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### **Appendix 3: Thematic Analysis**

A table showing the connection between the research questions, interview questions and answers, thematic analysis and conceptual framework.

#### **Research question 1 (RQ1)**

How might an RBV of strategy help the organisation in pursuing Emiratisation?

#### **Research question 2 (RQ2)**

What are the barriers to and facilitators of following an RBV of strategy in this context?

#### **Research question 3 (RQ3)**

Which HR policies and practices might help to overcome the challenges of Emiratisation, and how do MNCs address these challenges?

Interview question	Research question	Thematic analysis connected to the conceptual framework	
		The MNC and SHRM practices and processes	The RBV
<p><b>Q1</b></p> <p>In your opinion and view, what defines the success of the Emiratisation programme in your organisation?</p>	RQ1	Benefit: Being able to place Emiratisation in a strategic role and sustain the high turnover of expats.	Focuses on making Emiratisation a part of the organisation by providing training to help develop the potential of Emiratis.
<p><b>Q2</b></p> <p>Do you think that the Emiratisation programme is effective? Why?</p>	<p>RQ2</p> <p>RQ3</p>	<p>Success: Creating VRIN resources.</p> <p>Challenge: Difficulty in retaining VRIN resources.</p>	Shows the potential downside of the effective implementation of the RBV when dealing with people.

<p><b>Q3</b></p> <p>What are the major reasons for an employee to leave the organisation? How are these reasons different for local citizens and expats?</p>	<p>RQ2</p>	<p>Problem: Retaining employees.</p>	<p>Creates problems with effectively training employees if they are not loyal to the employer.</p>
<p><b>Q4</b></p> <p>Without violating confidentiality, can you indicate whether the compensation level, including the annual performance-linked bonus, is the same for local citizens and expats?</p>	<p>RQ2</p>	<p>Differences in perceptions of compensation (even if not true) may lead to disillusionment.</p>	<p>Aims to adjust benefits and other resources to meet the needs of the MNC.</p>
<p><b>Q5</b></p> <p>Is there any difference in the training programmes for local citizens and expats? Have you needed to develop</p>	<p>RQ2 RQ3</p>	<p>Challenge 1: Dealing with the skill levels of nationals can be achieved through training.</p>	<p>Focuses on increasing the VRIN characteristics of the employee.</p>

specific training programmes for local citizens, for example, writing or business skills?		Challenge 2: Addressing retention issues through career advancement training.	
<b>Q6</b> On average, is there any difference in the pace of promotion for local citizens and expats? If so, can you indicate the average number of years for each?	RQ2	Differences in perceptions of the pace of promotion (even if not true) may lead to disillusionment.	Aims to adjust benefits and other resources to meet the needs of the MNC.
<b>Q7</b> Do you think, or have you noticed, that locals perform better in some roles? If so, which roles do they seem to excel at?	RQ3	Benefit: Leveraging natural skills of Emiratis to gain a strategic advantage.	Incorporates the natural strengths of employees into the strategic plan of the MNC.

<p><b>Q8</b></p> <p>Is there a system of granting bonuses to employees? If so, is it different for local citizens and expats?</p>	<p>RQ2</p>	<p>Differences in perceptions of bonuses (even if not true) may lead to disillusionment.</p>	<p>Aims to adjust benefits and other resources to meet the needs of the MNC.</p>
<p><b>Q9</b></p> <p>Is there any quota for employing local citizens? Has your organisation been able to reach this quota in the last few years? What challenges (if any) do you face due to this? What are your views on these quotas?</p>	<p>RQ1</p>	<p>The MNC aims to improve its self-image and work with external entities, such as the government.</p>	<p>Adapts to environmental demands.</p>
<p><b>Q10</b></p> <p>Are there any jobs mandated solely for local citizens? If so, which jobs are mandated for locals? What are your views on this practice?</p>	<p>RQ1</p>	<p>Provides good alignment between natural abilities and job requirements, resulting in no burden for the MNC.</p>	<p>Incorporates the natural strengths of the employees into the strategic plan of the MNC.</p> <p>Uses available strategic resources to meet government-imposed quotas.</p>

<p><b>Q11</b></p> <p>Do you think employing local citizens helps to improve the local business?</p>	<p>RQ3</p>	<p>Benefit: Leveraging natural skills of Emiratis to gain a strategic advantage.</p>	<p>Incorporates the natural strengths of employees into the strategic plan of the MNC.</p>
<p><b>Q12</b></p> <p>What is your experience in dealing with employees of different nationalities? Would you say you faced any challenges in implementing any of the HR practices with local citizens as opposed to expats? In particular, I would like to know more about:</p> <ol style="list-style-type: none"> <li>1. selection and recruitment</li> <li>2. learning and development</li> <li>3. career development</li> <li>4. performance management</li> </ol>	<p>RQ2</p>	<p>Challenge: Working with multicultural staff.</p>	<p>Adapts to and minimise differences in beliefs and perceptions of work and tries to develop a unified workforce.</p>

<p><b>Q13</b></p> <p>What are the cultural, social, behavioural and language issues that you need to handle due to the different nationalities of employees?</p>	<p>RQ2</p>	<p>Challenge: Working with staff from different countries who have different cultural values.</p>	<p>Maximises assets that are created through the interaction of different ideas and viewpoints and manages the related challenges.</p>
<p><b>Q14</b></p> <p>Do employees tend to form informal groups based on nationality? If so, is this beneficial to the organisation, e.g. promoting bonding across different departments, creating cohesive units or improving service to clients, or is it harmful?</p>	<p>RQ2</p>	<p>Challenge: Working with staff from different countries who have different cultural values.</p>	<p>Maximises assets that are created through the interaction of different ideas and viewpoints and manages the related challenges.</p>

<p><b>Q15</b></p> <p>Did the bank need to change any of its policies or procedures due to the different nationalities of its employees?</p>	<p>RQ2</p>	<p>cultural differences.</p>	
<p><b>Q16</b></p> <p>How do you manage staff diversity?</p>	<p>RQ3</p>	<p>Challenge: Dealing with cultural diversity.</p>	<p>Maximises assets that are created through the interaction of different ideas and viewpoints and manages the related challenges.</p>
<p><b>Q17</b></p> <p>What approach has the organisation adopted to implement the workforce localisation strategy?</p>	<p>RQ1</p>	<p>MNC's internal commitment to Emiratisation.</p>	<p>Uses internal resources to increase the value of national talent, thereby making them more valuable to the MNC.</p>

<p><b>Q18</b></p> <p>What challenges did you face in implementing the Emiratisation process?</p>	<p>RQ1</p>	<p>Challenge: Retention.</p>	<p>Provides methods to address this challenge.</p>
<p><b>Q19</b></p> <p>Do you think that Emiratisation is important for your organisation's business? What are your views on Emiratisation?</p>	<p>RQ1</p>	<p>It reflects the self-image of the MNC, is economically sound and meets the government mandate.</p>	<p>Incorporates the natural strength of employees into the strategic plan of the MNC.</p> <p>Uses available strategic resources to meet a government-imposed quota.</p>

## Appendix 4: Sample Coding Template

The following appendix contains sample questions used in the interview and the approach undertaken for coding the responses received:

### 1. In your opinion and view, what defines the success of the Emiratisation programme in your organization?

Inclusion was the top theme that emerged from the answers. Overall, being able to get Emiratis to feel that they are a part of the organization rather than just meeting quotas defined the success of the program. This ultimately was meant to help the business retain the Emiratis after investing in their training. Businesses able to place Emiratis in strategic roles to be the future leaders of the business allowed the business to sustain high expat turnover in addition to making it more competitive Emiratis were able to open doors that expats are not able to.

50% of responses that it benefits the business and individuals, and 25% that it benefits the business and 25% that it benefits the individual

Codes	Category	Benefit
Emiratis taking responsibility	Organizational management	Business gain

Emiratis career progression	Knowledge and skills development	Individual - Emirati
Emiratis taking strategic roles	Succession planning	Business gain
Work with team and peer for positive culture	Organizational management	Individual - Mutual (Emirati and peers)
Allow staff to adapt to local environment	Inclusion/ involvement	Individual - Mutual (Emirati and peers)
Avoid clashes between staff	Inclusion/ involvement	Individual - Mutual (Emirati and peers)
Meet Emiratization target numbers and quality	Organizational management	Business gain
Training and development of local staff	Knowledge and skills development	Individual - Emirati

Employees get poached because they're trained very well	Competitiveness	Business gain
A lot more movement in local citizens	Retention	Business gain
Having a local when approaching a local organization	Competitiveness	Business gain
Locals make it easier to secure meetings with top officials	Competitiveness	Business gain
Spotting potential in Emiratis and developing them to become a great asset	Knowledge and skills development	Individual - Emirati
For locals opportunities to leave are higher	Retention	Business gain

Connecting the local to the culture and people of the organization	Inclusion	Individual - Mutual (Emirati and peers)
Engage the local and help them feel part of the organization	Inclusion	Individual - Emirati
Make sure they don't feel like they are a 'token hire'	Inclusion	Individual - Emirati
Focus	Organizational management	Business gain
Investment	Development	Individual - Emirati

**2. Do you think that your Emiratization programme is effective? Why?**

Opinions were equally split in terms of the effectiveness of the Emiratization program. While the vast majority of the businesses felt they have been able to train and upskill Emiratis in grooming them for leadership roles, they have mostly agreed that they have not been able to retain them and meet Emiratization quotas. The businesses agreed that they were not able to retain the Emiratis due to the high competition for qualified Emiratis making them very poachable.

50% think that it is effective, 25% think that it is not and 25% were not sure

<b>Codes</b>	<b>Category</b>	<b>Effectiveness</b>
Did not distinguish between employees generally	Inclusion	Effective
Prioritized skills transfer to Emiratis	Skills and Training	Effective
Did not achieve sufficient Emiratization	Business success	Not effective
Customized training programs	Skills and Training	Effective
Employee engagement	Cultural Exchange	Effective
Involving locals in special projects	Skills and Training	Effective

Special rewards programs	Rewards	Effective
Allowing them to grow in areas of personal interest	Skills and Training	Effective
Achieved cultural diversity	Inclusion	Effective
Successful local relationship management	Business success	Effective
Locals trust each other and so now they trust our business	Business success	Effective
Pay them well	Rewards	Effective
Low retention rates	Retention	Not Effective
Investment is constant	Business Success	Not Effective
Semi-government organization attracts talent	Retention	Effective
Low retention	Retention	Not Effective

**3. What are the major reasons for an employee leaving the organization; how different are they for local citizens and expatriates?**

Career progression was the top reason for Emirati employees leaving the organization. Being on high demand in the private sector has resulted in their ability to move for better titles and compensation. Another key reason was for entering government where they are able to have a better work-life balance to meet their social obligations. For expats, the main reason was better opportunities and relocation to home countries.

All agreed that it is higher with Emirates

<b>Codes</b>	<b>Category</b>	<b>Higher with Emiratis</b>
unmet expectations	Career progression	Yes
inability to fit in	Inclusion	
inability to deliver / perform	Skills and Training	
frustration with working conditions	Career progression	

impatience with progress within the organization	Career progression	
Relocation to other countries	Personal - Relocation	Yes
Better job offers	Career progression	
Departmental restructuring	Organizational restructure	
Better compensation / title	Career progression	Yes
Change of industry	Personal goals	
Relocation	Personal - Relocation	
Higher pay better perks, better role	Career progression	Yes
Not getting along with manager	Inclusion	
Low commitment to organization	Culture	

Inequality between employees leads to dissatisfaction - Emiratis get better treatment at lower qualifications	Culture	
Better opportunities	Career progression	Yes
Better opportunities	Career progression	Yes
Move to government	Government job	
Replace expat with local	Organizational restructure	
Easier work/life balance to support social obligations	Personal goal	Yes
Improve social network amongst senior Emiratis	Career progression	

**4. Without touching confidentiality, can you indicate whether the compensation level [including annual performance linked bonus] is different or same in case of local citizens and others?**

Answers were evenly split here between equal and unequal pay. While some companies do not differentiate beyond the legal requirements of pension versus end of service, some companies give Emiratis a premium to compete with the market and retain the Emiratis. Only one company has said that Emiratis get paid less than expats.

37% thought that there were equal pay, 50% that its not and 13% were not clear about it.

<b>Codes</b>	<b>Category</b>
Same	Equal pay
Not clear	Not clear
One payment structure - Emiratis get pension, Expats get EOSB	Equal pay
Locals get much higher salaries	Unequal pay - Emiratis higher
Expats get much higher salaries	Unequal pay - Expats higher

Alignment with government laws. Locals get more.	Unequal pay - Emiratis higher
Locals get 30% higher salaries	Unequal pay - Emiratis higher

**5. Is there any difference in the training programs for local citizens and others? Have you had to develop specific training programs for local citizens for instance in writing or business skills?**

The vast majority of responses have agreed that there is a difference in training programs between locals and expats. The main difference has been bridging Emiratis' knowledge to meet international standards in professionalism and English writing. Emirati training has been more foundational compared to expat training. Some responses mentioned more leadership training for Emiratis in order to fast-track them to leadership roles.

<b>Codes</b>	<b>Different?</b>	<b>Difference</b>
General professional skills	No	
Writing	Yes	Meet international standards

Professionalism	Yes	Meet international standards
Customer relations	Yes	Interface with customers
Leadership	Yes	Manage distribution network
Locals trough additional 9 month bridge program	Yes	Bridge program for foundations
Fast-track leadership development	Yes	Leadership / succession planning
Cross-cultural training and business English	Yes	Cultural training
Expats training focused on technical skills	Yes	Less technical
Ability to do day-to-day roles	Yes	Locally designed & delivered

Locals training is more foundational	Yes	Foundational knowledge
Government training	Yes	Government training
Same foundation training	No	

**6. Is there any difference in the pace of promotion in respect of local citizens and others on average and if yes, can you indicate what are the average number of years taken for the two categories?**

Overall, Emiratis seem to be slower to promotion in the early years as they are working towards learning the foundations. After that, Emiratis progress faster by 2-5 years than an expat. In some organizations where promotion is considered to be at an equal pace, when here is room for promotion, Emiratis are given priority.

25% found that it is slower – but in early years then it catches up to be the same), while 37% found it to be the same, 13% thought it was faster and 25% were not clear about that.

Codes	Faster or slower?
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After training completion, then no - implied slower at the start	Slower until foundations met then the same
Not clear	Not clear
Generally the same but priority to locals	Same pace but priority, when required, goes to locals
Faster opportunities to reach leadership roles for business sustainability	3-5 years faster
Promotion every 6 months to one year	Faster by 2-3 years
Same	Same
Fast tracking both locals and expats with good potential	Same

Same or slower as they have to compete with their peers	Slower in early years
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**7. Do you think or have noticed that locals perform better in some roles? If yes, what are these roles?**

There has been unequivocal agreement that Emiratis have performed better at managing relationships and partnerships. This is especially true when it comes to interfacing with Emiratis or government entities.

87% thought that it is better while 13% thought that it was not

<b>Codes</b>	<b>Better at some roles</b>	<b>Roles</b>
Especially local and govt organizations	Yes	Government Interface
Non-commercial negotiations	Yes	Non-commercial negotiations

working within a national culture, roles of 'interpreting' local and national narrative	Yes	Interface with other Emiratis
Interpersonal skills	Yes	Customer relations
Logical reasoning	Yes	Problem solving
Customer relations / business development	Yes	Relationships / partnerships
Overall no difference. Locals are more rare	No	
Communicating with local customers	Yes	Interface with other Emiratis
Customer support & client relations	Yes	Customer relations

No	No	
External engagement rather than back-office processing	Yes	Relationships / partnerships
Business Development roles	Yes	Relationships / partnerships

**8. Is there any system of granting bonus to employees? and if yes, is it different for national citizens and expatriates?**

Overall, Emiratis had higher bonuses in order to retain them. For the organizations that reported equal bonuses, they were offering higher salaries to Emiratis and given bonuses are most often linked to salaries, the implication is that Emiratis are earning higher bonuses.

37% thought that it was different and 63 % thought that it was not,

<b>Codes</b>	<b>Have bonus?</b>	<b>Difference</b>
Based on delivery and performance against targets	Yes	None

Based on targets	Yes	Higher - Emiratis have greater responsibilities
Linked to performance and retention plans	Yes	None
Informally, government organizations encourage higher bonuses to locals for retention	Yes	Higher - Retain Emiratis
Same	Yes	None
Same	Yes	None
Prioritize top talent which largely comprises of Emiratis	Yes	Higher - Retain Emiratis
Same	Yes	None

**9. Is there any quota for employing local nationals? Has your organization been able to reach this quota in the last few years? What challenges (if any) do you face due to this? And what are your views on this?**

Yes, there are quotas on employing local nationals that is government imposed. Most organization have stated their Emiratization targets are not only because they are government imposed but also because they are internally set targets. Businesses have been split equally on this topic in terms of their ability to meet the targets. The biggest challenge to both those that have met and have not met the targets has been retention. For those that have not met the target, they've faced the challenge of finding qualified Emiratis to hire.

<b>Codes</b>	<b>Imposing authority</b>	<b>Targets met?</b>	<b>Challenges</b>
Expectations set on us, also by ourselves	Internal business decision	Not clear	Upskilling
	Government		
minimum quota that has been allocated to the bank of 40%	Central Bank	Almost	Finding Emiratis

			Attracting male talent
respect the local laws and regulations but we are not doing Emiratization to meet the quota	Internal business decision	Yes	Maintaining the target (implied as retention)
Even if there is no quota we have this internal target set.	Internal business decision	Yes	High expectations by Emiratis
			More difficult to hire at senior levels

difficulty in finding local talent and acquiring them	Government	No	Finding and retaining
government is introducing a point system	Government	Not clear	Not clear
quota imposed by the government of AD and yes we are working to achieve it and to date have delivered on it given our semi government status	Government	Yes	Retention
			Integration
we can't find grads that meet our admission criteria	Government	No	Meet entrance criteria

**10. Are there any jobs mandated solely for local citizens? If yes which would these be? What are your views about this?**

The majority of businesses have said, yes, there are roles mandated for local citizens. These roles usually involve external interfaces with customers (e.g. branch manager) or with government.

50% thought that there were mandated roles and 50% thought not.

Mandated Roles?	Roles	Point of view
No	External relations	Perform better at these roles
Yes	Branch manager	Supportive - Manage company distribution network and external interfaces
Yes	Government PRO	Helpful - know their way around government corridors

No	Government interface	Should delineate specific roles for locals
	CEO	Support rotation
		Mandating is counter-productive
No		
Yes	Branch managers	
	Government PROs	
Yes	All roles	
No		Welcome in all roles

**11. Do you think employing local citizens help improve the local business?**

The unanimous answer was yes. Key areas include customer and government relation as it helps bring the local culture to the business operations, builds trust with the local community and opening doors for meetings with C-level Emiratis. Another area mentioned was business sustainability as expats tend to go back to their home countries whereas locals can have a more long-term view for their role.

Helpful?	Areas	Reasons
Yes	Stakeholder engagement Partnership development Regulatory management Government relations	Integrating local culture into business
Yes	Customer management	Long-term / permanent view towards business and country

		Better connected
		Good customer management skills
Yes	Government relations	Government recognition of meetin Emiratization targets
	Customer relations	Raises government public stake in business
		Locals are connected and trust each other
depends on skills of local talent	Business sustainability	Do not leave the UAE like expats who do not lay roots in the country

Yes	Government and customer relations with locals	
Yes	Banking	
	Retail	
	Hospitality	
	Customer Service	
Yes	Localization	Understanding local culture
	Government relations	Increases credibility
		Build long-term relationships
Yes	Business Development in Public Sector	A lot of Emiratis in CXO roles

**12. "What is your experience in handling employees of different nationalities including local citizens for e.g. would you say you faced any challenges in implementing any of the HR practices with local citizens as opposed to expatriates; in particular I would like to know more about the following processes:**

**i. selection and recruitment;**

Emiratis are harder to find because recruitment companies don't have them in their databases. The hiring criteria tends to be focused on attitude rather than educational qualifications. For more senior roles, it is difficult to get an Emirati to agree to do an assessment.

**ii. learning and development processes:**

Emiratis require more personalization of programs and patience due to a lower attention span. They require additional training needs compared to expats.

**iii. Career development:**

Emiratis have higher expectations as to the pace of progression in the organization; they expect to rise up in the ranks much faster. They also need more defined career ladders.

**iv. performance management:**

Require greater effort in terms of improving their soft skills performance pertaining to professionalism / work ethic. They also require a leaner approach due to their higher expectations.

<b>Selection &amp; Recruitment</b>	<b>Learning &amp; Development Process</b>	<b>Career Development</b>	<b>Performance Management</b>
Hard to find	Dependent on recruiting right talent	Emirati males are less patient	More challenging with males who are less patient
	Mandate peers to support	Cut corners	
Challenge to balance between genders	Adapted to individual need	High priority	Not different for Emiratis
Easier bureaucratically		Dedicated team	
Challenging to hire based on degree	Adapted to individual need	Not different for Emiratis	Not different for Emiratis

Can only hire based on attitude and train			
	Lack work ethic	Perform well as managers	Hard to manage
	Poor understanding of professional culture	Unrealistic expectations	Lack work ethic
			Expect higher rewards for lower performance due to nationality
Higher offers for nationals	Additional training needs		

English tests for nationals		Higher rate of promotions and pay raises	Leaner approach due to fear of losing them
Senior local citizens often turn down jobs if required to do assessment		Need defined career ladders	
Hard to find	Secondments	Need constant reassurance and guidance	Need detailed guidance on soft skills requirements
Most recruitment companies don't have access to local talent	Classroom training doesn't work due to low attention span		
Hard to find	Require more patience	Slower to develop	

**13. What are the cultural, social, behavioral and language issues that you had to handle due to the different nationalities of employees?**

Raising cultural awareness has been critical to managing a diverse organization. This has been mainly in the form of celebrating different occasions such as national days, gender days, etc. It has also been challenging to mediate between different management styles whereby some cultures are more laid back than others. With Emiratis, a certain level of cultural pride has resulted in a sense of entitlement.

<b>Language</b>	<b>Cultural</b>	<b>Social</b>	<b>Behavioral</b>
English writing must be good	Consistency in conducting business	Local have feeling of higher social standing	Locals have higher sense of entitlement
	Celebrating diverse occasions	Open and friendly environment	
	Everyone careful to not offend due to	Most people are receptive and open minded	

	number of nationalities present		
No challenges	Middle Easterners are more laid back than Westerners when it comes to deadlines		Difficult to mediate between supervisor and direct report when from different cultures
	Celebrating diverse occasions	Educate new expats on local culture	
	Expats not given enough training on local culture		

	Need constant team engagement to reinforce company values		
	Diversity is easier to manage than dominance of one culture		

**14. Do the employees tend to form some sort of informal groups based on nationalities? If yes, is it beneficial to the organization or otherwise [e.g. better bonding across different departments and hence cohesive units and service to clients or other way round]?**

The majority of organizations have said that there are informal nationality-based groups. For some, this has allowed for them to better understand certain customer segments and come up with more creative solutions, for others this has resulted in silos, communication barriers and a perception of promotion based on nationality rather than merit. Overall, this has required an extra effort on cultural education.

37.5% thought that there were no informal groups, while 62.5% thought that there were informal groups where 12.5% of them thought that it is beneficial to have them and 50% thought that they were not beneficial to have while 37.5% didn't think it was good or bad.

Yes / No	Beneficial?	Impact
No	No - corporate culture transcends national culture	
Yes	Not encouraged but may help	Nationality based groups are utilized to understand customers from that nationality
Yes		
Yes	No	Detrimental us vs them mentality
		Silos and communication barriers
		Perception of rewards based on factors other than merit and performance
No		

Yes		Extra effort for cross border bonding through activities
Yes	No	
Yes	Yes and No	Homogeneity results in more stable teams
		Diversity outperforms homogenous teams
		Extra effort to address unintentional bias

**15. Did the bank have to change any of its policies or procedures due to differences in the nationalities of employees?**

The majority have said that they have not had to change an policies or procedures.

25% thought yes and 75% thought no, there are no changes in the policies

(When reading the case MNC's policies, there is one set of policies and code of conduct that is for all employees)

Yes / No?	Change

No	
Different policies for locals vs expats	
Yes	Flexible working hours
	Flexible dress code

**16. How do you manage the employees divergence?**

The majority used team building to bridge between cultures. Some also tried to instill a corporate culture that had a stronger influence on individuals than their individual cultures.

<b>Codes</b>
Instilling corporate culture as superior to national culture
Reflecting difference as positive to company
Mediation by department head or HR

Policies on what is and isn't acceptable
Mediation by department head or HR
Instilling corporate culture as superior to national culture
Reflecting difference as positive to company
Team building activities
Training on unintentional bias

**17. What approach has the organization adopted to implement talent localization strategy?**

Individualization programs have helped retain more locals. Additionally, instilling a belief in the positive impact localization has helps create a supportive corporate culture.

<b>Strategies</b>
Believe in its positive impact and reflect it in corporate values
Hiring local talent

Understanding local culture
Special induction plan
Individual career mapping for optimal role
Believe in its positive impact and reflect it in corporate values
Aggressive localization targets
Fast track program to leadership
Individualized programs
Engage with local community\
Believe in its positive impact and reflect it in corporate values

**18. What challenges did you face in implementing the Emiratization process?**

Attracting and retaining Emiratis was the biggest challenge faced by most organizations. Other also cited work ethic issues.

<b>Challenges</b>
Requirement to hire locals in senior position while organization is international
Attracting male emiratis
Resistance from expats to train

Work ethics
Retention
Sense of entitlement
Hard to find

**19. Do you think that Emiratization is important for your organization's business? what are your views on that?**

All organizations agreed that Emiratization was important for local representation. Additional reasons were meeting government requirements and business sustainability.

62.5% thought it is good for local representation, 25% for business development reasons, 12.5% thought it is important to help understand the local business environment and 12.5% thought it is important to meet the government mandate

<b>Yes / No</b>	<b>Benefit</b>
Yes	Responsibility to transfer skills
Yes	Understanding best ways to conduct business in UAE
Yes	Meet expectation of government

Yes	Local representation
Yes	Business sustainability
Yes	Business development

**20. How would or could this study have an impact on you as a person or professional in the field?**

Most thought it would improve their understanding on the subject and others' experiences to improve their HR practices.

62.5% thought it was helpful, and 12.5% thought that it is not while 25% were not clear about it

<b>Helpful?</b>	<b>Benefit</b>
Yes	Improve understanding
Yes	Learn about others experiences
No	
Yes	Learn most common experiences

Yes	Address stereotypes of locals
Not clear	
Yes	Improve HR practices towards Emiratis

**21. What impact would this/ may this study have on the organization Considerable impact.**

The majority did not believe it would have a significant impact on the organization beyond improving their understanding of the issues to improve HR practices.

50% thought that it is important while 255 thought not and 25% didn't have an opinion about it.

<b>Impactful?</b>	<b>Impact</b>
Yes	More effective Emiratization practices
Yes	Improved practices
Not clear	

No	
Yes	Better understanding

**22. What impact it may have/ or would have on policy makers?**

The seems to be a need by interviewees for the government to recognize their efforts towards localization and address some of the challenges rather than impose quotas specifically in managing Emiratis expectations and addressing the gaps in their education.

62.5% thought that it might have an impact on policy makers while 12.5% thought not and 25% were not clear about it

<b>Impactful?</b>	<b>Impact</b>
Yes	Recognition of effort by international businesses
Yes	Rethink quotas
Yes	Manage Emiratis expectations
Yes	Reflect training challenges in education

Yes	Harmonize HR policies across businesses for Emiratis
Yes	Recognition of effort by international businesses
Yes	Rethink quotas
No	
Not clear	
Yes	Address the dual market conditions

**Following are my top findings:**

- 1. Attracting and retaining Emiratis has been by far the hardest thing due to pure supply demand economics resulting from both the quota system and the need for companies to have local representation to be more competitive. So the requirement to hire Emiratis has resulted in companies constantly raising packages to meet the increasingly high Emiratis expectations.**
- 2. Emiratis often do not meet the minimum educational / skills requirements for the roles in which they are hired and criteria tend to be more lax. Companies are willing to invest significantly in up-skilling in order to meet Emiratisation requirements.**
- 3. Emiratis progress slower in early years due to the knowledge gap but once that gap is filled, their progression accelerates beyond expats' career progression.**

- 4. Emiratis shine in the areas that require interpersonal skills such as partnership building, business development, government relations, etc.**
- 5. The organization realized the importance of developing the Emiratis to a point where they are more productive, and then the importance of retaining them so it invests in their training and development in the earlier years then got a strong retention programme for the best performers and those that they consider top talent. They offer them share options that mature in a number of years.**