International Business Research and Scholarship in the Middle East:

Developments and Future Directions

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Abstract

In this introduction we review the extant literatures that highlight the importance of the Middle

Eastern institutional and cultural context in shaping business's (IB) strategies and practices across

several countries Drawing on the literature, as well as the six articles included in this special issue,

we are able to (1) outline the state of socio-cultural, historical and economic forces that shape

international business in several Middle Eastern nations; (2) utilize institutional theory to evaluate

the constraints of international business practices in the Middle East; and (3) highlight the key

challenges and gaps faced by IB practices in the Middle East. Based on this, we subsequently

propose an agenda for future research in order to lay the foundation for international business

scholars to advance the theorizing and application of IB practices in the Middle East context.

Keywords: Middle East; international business; institutions; culture; Covid-19; MENA; GCC

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The Middle East region has unique and interesting implications for scholarly interest. Firstly, the literature focusing on the Middle East has used several different terms to name the region, including the Middle East, Greater Middle East, Near East, the Arab World, Middle East and North Africa (MENA), Arabian peninsula, South-West Asia, Levant (Budhwar, Pereira, Mellahi, and Singh 2019). These different terms are important because in spite of certain commonalities in terms of social, cultural and historical characteristics, each member country has undergone its own socio-economic and historical developments, thereby differentiating themselves from one to another in content (Budhwar and Mellahi 2018). Secondly, this region also attracts a large number of expatriates from around the world to work in both domestic firms and multinational corporations (MNCs) (Budhwar et al. 2019). However, it is important to note that certain workplace cultures, such as family networks and open relations and informal relations, are practiced by Middle Eastern organizations in order to build trust (Metcalfe 2008). This cultural attribute may have important implications for studying international business (IB) topics such as international human resource management (IHRM), firm internationalization and expatriate management. Finally, although the Middle East is usually known as the land of crude oil and gas, the levels of economic development, industrialization and diversification in this region vary from country to country (Budhwar and Mellahi 2018). For example, some countries, such as Bahrain, Kuwait, Oman, and the UAE, are listed as high-income nations while others, such as Algeria and Jordan, are considered as low-income ones. Therefore, due to its rich historical and institutional attributes and a varied pattern of economic development, as well as the many other different facets of the business environment that include the role of religion and the workforce, this region provides a unique and interesting context for exploring and examining existing and new IB issues (Afiouni et al. 2014; Budhwar et al. 2019).

Given the limited existing literature on the Middle East on the one hand, and the growing geo-political and economic importance of the region on the other hand, there is a significant need for further development of theoretical and empirical insights into the Middle East. For example, it is not clear what is the impact of cultural and institutional conditions on the developments of IB in the Middle East and whether there is a differential institutional effect vis-a-vis the developments of IB across countries. More specifically, the impact of the rapidly changing institutional conditions on socio-cultural elements, such as employee relations/unions within firms and how to manage expatriates, have yet to be explored (Budhwar et al. 2019; Metcalfe 2008). Another area that has received little attention in the literature is the nature, intensity and suitability of contingencies of management methods and approaches employed within firms as well as the context-specific nature of the HRM function in the region (Afiouni et al. 2014; Budhwar and Mellahi 2018). Finally, we also know relatively little about how institutional attributes affect IB activities such as innovation and internationalization strategies in the Middle Eastern context.

This special issue attempts to fill some of the above-mentioned gaps in the literature. This introductory article, together with the six articles that are included in the special issue, use the institutional perspective to provide a review of the extant literatures and to highlight the importance of institutional and cultural conditions in shaping developments in the field of IB across countries in the Middle East. We seek to pursue three key aims. First, this article outlines the state of socio-cultural, historical and economic institutional conditions in a number of Middle Eastern nations that play an instrumental role in studying IB practices in this region. Second, we take institutional theory and synthesize the different insights from early work to systematically review and evaluate the constraints of IB practices in this context. Last, based on the analysis of

current state of IB studies in the region, this article highlights the key challenges and gaps faced by the application and analysis of IB practices in the Middle East. We subsequently propose an agenda for future research in order to lay the foundation for IB scholars to advance the theorizing and application of IB practices in this context.

An overview of the articles

The six articles in this special issue offer theoretical and empirical insights into the unique challenges and opportunities for MNEs in the Middle East. More specifically, the included articles bring forward insights about sustainable international business practices in the MENA region, such as the drivers of CSR measurement and investment in the UAE, the nature of the association that corporate ethics and CSR have with organizational citizenship behavior, the extent to which firms in the Middle East engage in CSR reporting, the influencers of strategic change processes in the Oman, entry mode strategies in the UAE and Saudi Arabia and a systematic review and integrative framework of the past, present and future of mergers and acquisitions (M&A's) in the MENA region.

In the first article titled: "The Perceived Value of Measuring the Impact of CSR Performance on CSR Investment: Evidence from the UAE," Pietro, Mura, Mellahi, Rettab, and Pereira examine drivers of CSR measurement and investment in CSR. The authors employ survey data for explore the links between three underlying motives for measuring CSR performance and the impact thereof on CSR investments in 307 firms in Dubai and the UAE. Their results show that while CSR measurement is a significant driver of CSR investments, there are varied associations between the level of complying with regulation, provision of management support and increase in stakeholders' satisfaction and the investment in CSR practices. The authors offer several theoretical and practical implications that are based on their results.

In the second article titled: "Effect of Corporate Ethics and Social Responsibility on OCB: The Role of Employee Identification and Perceived CSR Significance," El-Kassar, Yunis, AlSagheer and Tarhini explore how organizational citizenship behavior (OCB) is related to corporate ethics and CSR in the Lebanese context. The authors derive a conceptual framework which includes the resource-based view of the firm and social identity theory. Based on this framework, the authors collect data by distributing a survey instrument to alumni from one of the leading universities in Lebanon who are employed in various companies and in different sectors in Lebanon and the region. One of the main results of the study is the set of perceptions of the respondents that are mediating and moderating the relationship between CSR and OCB.

In the third article titled: "Prevalence of CSR Reporting in Arab Countries: Exploratory Study and Causal Analysis," Ismaeel, Abdul Hadi and Zakaria explore the prevalence of CSR reporting practice of Middle Eastern firms in thirteen countries. Based on listed company information, the authors are able to show that CSR reporting is still at its early stages in the region. This is based on their results which show that CSR reporting is driven by linkages and openness to the global economy or by high public visibility, influenced by firm size and certain industry affiliation. However, belonging to environmentally sensitive industries does not seem to have an effect on CSR reporting. These findings support the view that CSR reporting is a global practice that is adopted by companies in developing countries either to respond to global stakeholders or to imitate a global trend.

In the fourth article titled "Exploring Influencers of Strategic Change Processes in the Omani Context", Al Jahwari and Budhwar explore the major influencers of strategic change processes in five government businesses in Oman in an attempt to contribute to the literature on organization change, strategy, leadership and HRM. The analysis is based on in-depth interviews

with forty-two senior managers and employees from different organizational divisions. The study utilizes the process approach and the contingency perspective to highlight the main influencers of multiple strategic change processes. The findings of this study reveal that, in the Omani context, people's needs, leadership style, change management and implementation approach and HRM practices are the main influencers of strategic change processes. Further, people's needs are found to moderate the effect of the three other main influencers on organizational, behavioral and financial outcomes.

In the fifth article titled: "Market Entry Strategies in the Middle East: Unveiling the Sponsorship Strategy," Youssef and Diab utilize a qualitative approach to understand a unique market entry strategy of MNEs entering Saudi Arabia and the UAE. Based on semi-structured interviews of senior managers, the authors show that in addition to traditional entry modes, MNEs have developed ways of forming joint ventures with individuals rather than with corporations. The authors label this entry mode as a 'sponsorship' strategy from which they derive a number of implications for research and practice.

In the sixth article titled: "Past, Present and Future of Mergers and Acquisitions in the MENA Region: A Systematic Review and Integrative Framework", Batistti et al. identify a gap in the review literature in the context of business strategies of mergers and acquisitions (M&A's) in a Middle Eastern context. They contribute by investigating the theoretical and practical aspects of M&A's and their diffusion and features in the Middle East and North Africa (MENA) region, not clearly described in the literature, to date. The authors argue that this lack in clarity is the result of the recent transformation that member countries have been going through since the 2008 global financial crisis. They employ a systematic review of 37 articles on M&A and examine the characteristics of M&A operations in the MENA region. Based on this analysis,

they then map the extant literature on the topic and present an integrative framework of these characteristics for researchers to further explore and expand the boundaries of the domain.

The Middle Eastern context: An institutional lens

Given the various terms used to represent this region, we follow Budhwar et al. (2019) in consistently referring to the Middle East and analyze 10 countries in the Gulf Cooperation Council (GCC) and the MENA nations. These countries include Algeria, Bahrain, Egypt, Jordan, Kuwait, Morocco, Oman, Qatar, Saudi Arabia and the UAE. Overall, the Middle East has a population of more than 380 million and possesses about 65% of the world's known oil reserves (Budhwar et al. 2019). The Middle East is also known as the birthplace of the three main monotheistic religions, namely, Islam, Judaism and Christianity.

Given that the Middle East is institutionally complex in nature, we utilize the core tenet of institutional theory (DiMaggio and Powell 1983; Powell and DiMaggio 2012; Scott 2008) to provide a holistic literature review about the developments of IB strategies and practices in the Middle East over the last few decades. We build upon early work (Budhwar and Mellahi 2018; Budhwar et al. 2019) to better understand the institutional context of the Middle East by incorporating both the old and new institutionalism. With respect to the former, we take into account: (1) normative (i.e., cultural values that are characterized by commonly shared assumptions and beliefs, norms reflecting lifestyles); (2) regulatory (including topics such as legal frameworks, governance bodies), and (3) cognitive (i.e., shared social knowledge) aspects of the environment. With regard to the latter, we consider the isomorphism of organizational policies and practices in a particular context as well as three mechanisms, namely, coercive, such as political impact of key institutions, mimetic, such as the external forces that create

uncertainties and affect organizational performance, and normative, such as acceptable routines and standards that influence institutional behavior (see Budhwar et al. 2019 for details). We argue that the mechanisms of isomorphism play a vital role in shaping and influencing the developments of management practices in the Middle East environment.

On the basis of the above theoretical grounding, as well as the ideas initiated by other recent work (see Do et al. 2020; Kim and Bae 2017), our review turns to the institutional context of the Middle East, including government, regulatory agencies, economic and political ideologies, cultural values and forces in the external environment. Although the Middle East is known to have Muslims, Christians and Jews, Muslims make up 95% of the total population (Budhwar et al. 2019). In regard to the political ideologies of the region, each nation follows its own form of government, such as constitutional monarchies (Jordan and Morocco), parliamentary republics (Algeria and Egypt) and traditional monarchies (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and UAE,). It is also important to acknowledge that socio-economic developments of each Middle Eastern country vary from one country to another (see Table 1 for details). These institutional conditions make the Middle East a unique and interesting region that could impact the process of socio-economic developments at large, and IB practices in particular.

Some nations, such as Saudi Arabia and the UAE, have made a significant progress in economic development and have become high-income countries, while others, such as Algeria and Jordan, still remain low-income ones. Our review demonstrates that despite its limited progress in IB research in the region, the study of the field in this context is still underdeveloped in comparison with its potential in terms of quantity and quality of research, theorizing and methodology. This region offers significant opportunities and areas for further research into the antecedents, challenges, effects and nature of different IB practices in the Middle East (Budhwar

et al. 2019). More work is needed not only on how institutional forces influence IB practices in the region, but also on theorizing how new themes of research, such as IHRM, expatriates, MNCs subsidiary management, innovation strategies and firm internationalization, can be incorporated in IB research.

INSERT TABLE 1 ABOUT HERE

Table 1: Key issues, ideologies and institutionalism in Middle Eastern nations

	■ Standard of living improved	economy			
	■ Political uncertainty	Modified socialist	production reduction		
	(government, market and enterprises)	production and prices	■ Risk of food	2000	
(2016)	Underdeveloped organizations	■ Dependence on oil	High rate of poverty	1975 -	
Guermat		economy			
Mellahi, and		Centrally planned	Poverty		
Ramdani,	■ High poverty rate	 Dependence on agriculture 	 Political instability 		
Mellahi (2007)	(government, market and enterprises)	■ Nationalism	Wars/Civil war	1975	
Budhwar and	Underdeveloped organizations	 Islamic characteristics 	 French colonization 	Pre -	Algeria
	■ Development of MNCs	Industrialization	reform		
	■ Still political instability	economy	 Administrative 		
	unsuccessful	Open and vulnerable	development		
	reform its bureaucracy but remain	 Constitutional monarchy 	Services and Tourism	onward	
	■ Governmental efforts directed to	Globalization	Oil production	2000	
(2004)	■ Underdeveloped enterprises				
Peterson	■ Poor bureaucracy reform	production	■ Governmental reform		
(2007)	■ Violence	Oil and petroleum	election	2000	
Metcalfe	Unstable society	Constitutional building	First Parliament	1970-	
(2008)	■ Very modest oil income				
Common	■ Poor administrative reform	Traditional monarchy			
(2019)	including the government	industries			
Budhwar et al.	Underdeveloped organizations	 Dependence on mainly oil 	Independence	1971	Bahrain
Key Sources	Institutional Attributes	Dominant Ideologies	Key Historical Aspects	Period Period	Country

			rate		
			High unemployment		
	towards economic growth	 Economic nationalism 	■ Economic downturn		
	 All institutional efforts directed 	policy	economic reforms		
	and succeed	 Macroeconomic stability 	Structural and	1990	
	 Private firms are enabled to develop 	 New economic reform 	■ The Spring Arab	Post -	
		Tourism development			
		exploitation			
		Dependence on oil	External debt crisis		
		to stop the crisis	rate		
(2019)	rise, budget deficit	 Centrally planned model 	 Slow GDP growth 	1990	
Budhwar et al.	 Institutions experienced external debt 	Open door policy	 Economic crisis 	1974-	
Mellahi (2018)		economy			
Budhwar and	 Advent of mixed enterprises 	 Highly centralized 			
(2008)	companies) less developed	socialism			
Shechter	 All organizations (i.e., government, 	economy to Arabian			
(2009)	development	 Transition from Egyptian 	■ War	1973	
Kenawy	■ No clear path of economic	 Parliamentary republics 	 Military conflicts 	1952-	Egypt
		Internationalize			
		Tendency to			
	 High unemployment rate 	Open markets			
	 Political instability and uncertainty 	prices	 Poverty reduction 		
	towards economic growth	hydrocarbons, oil and gas	development	Present	
	 All institutions' efforts directed 	Dependence on	Human capital	2000 -	
		Privatization			

present	Morocco 1980- 2012
ent Fragmented industry	High rate of population growthHigh rate of UnemploymentLow GDP
 Dependence on agriculture, tourism leather, textiles, and clothing Modernization Development of information technology 	■ Constitutional monarchy
 All institutions (i.e., government, firms) started to develop but still very slowly Not many organizations 	 Government failure in creating new jobs for people Other institutions less developed
	Hassi (2016)Budhwar andMellahi (2018)

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Saudi	Pre-	Discovery of oil	Birthplace of Islam	 All institutions started to develop 	Tlaiss and
Arabia	1970		Traditional monarchy	Advent of oil industry	Elamin (2016)
			Dependence on oil		Budhwar and
			production		Mellahi (2018)
	1970 -	The Gulf war	Commercialization	 All institutions' efforts directed 	 Afiouni et al.
	Present	■ Economic	Internationalization	towards economic growth	(2014)
		development	Open markets	 Attraction of MNCs 	
		High unemployment			
		rate			
	_				
Kuwait	1970-	■ Economic	Traditional monarchy	■ All institutions (government, oil	■ Al-Sarawi, Jha,
	1980	development	Oil production	companies, financial firms) started to	Al-Sarawi, and
		Development of stock	Priority on market	develop	Lyons (2015)
		market	capitalization	■ Positioning itself in the marketplace	Ali and Al-
				in terms of oil export, finance,	Kazemi (2006)
				shares	•
	1980-	■ The Gulf war	Wealth-management	 All institutions developed well 	
	present	■ Economic	industry	Standard of living improved	
		development	Internationalization	 Difficulty in dealing with polluted 	
		Environmental	Open economy	environment due to oil production	
		contamination	■ Globalization		
		:			
UAE	Pre-	Decline of pearling	Dependence on crude oil	Organizations (government,	Budhwar and
	1970	industry	exploitation	enterprises, oil companies) started to	Mellahi (2018)
		Low-income country	Traditional monarchy	develop	Waxin and
		Britain withdrew its	Establishment of a union	Improved quality of life	Bateman
		treaty from the	to protect the group	Initial investments in infrastructure	(2016)
		Trucial sheikhdoms			

														Qatar									
		present	1990-		1989	1980-			1980	1970-			1970	Pre-					present	2000-		2000	1970-
	country	Highest income	Economic growth		Low price for oil	Downturn economy			development	■ Economic				Poor country			developing country	High-income	development	Economic		Increase in population	■ Independence (1971)
■ Exports	Globalization	Internationalization	■ Economic liberalization		exploitation	■ Dependence on crude oil			Petrol-based industry	Traditional monarchy		Petrol-based industry	industry	 Dependence on pearling 	development	Priority on tourism	■ E-government services	Open market	economy	Knowledge-based	Industrialization	production	 Dependence on oil
All organizations developed wellHigher standard of living	growth	towards reforms and economic	■ All institutions' efforts directed	■ Lower income for laborers	hardships	 Oil companies experienced their 	■ Improved standard of living	started to develop	and enterprises, foreign companies)	■ All institutions (government, market	■ Low standard of living	less developed	and enterprises, foreign companies)	■ All institutions (government, market	■ World-class hotels, ports and airports	developed	 Infrastructure effectively invested and 	developed	and public enterprises) well	■ All institutions (government, private	 Oil companies developed 	towards economic growth	■ All institutions' efforts directed
											Scurry (2014)	Rodriguez and	Mellahi (2018)	Budhwar and									

			Privatization		
		Higher education	Industrialization		
	■ Still underdeveloped private sector	■ Tourism	Globalization		
	industrialization	Foreign investment	development		
	towards economic growth and	 Economic liberalization 	■ Economic	onward	
Shipton (2007)	■ All institutions' efforts directed	Free market	 High income country 	2000	
Budhwar, and	■ Still immature market				
Al-Hamadi,	but not private ones	development			
Durrah (2017)	public companies more developed	Infrastructure	Developing country	2000	
Meaton, and	Organizations such as government,	Oil production	Beginning of reforms	1990-	
McElwee,			public sector		
Ghouse,	educational levels and overstaffing	employment	 Modernization of the 		
(2008)	■ Slow modernization due to poor	 More emphasis on public 	nation		
Common	less developed	Oil production	Underdeveloped		
(2019)	and enterprises, foreign companies)	Traditional monarchy	independence	1990	
Budhwar et al.	Organizations (government, market	Islamic and Arab identity	Political	1970-	Oman

Constraints of institutional conditions on in management practices in the Middle East

Given the complexity of institutional environments in the Middle East, we conduct a comprehensive literature review to evaluate the current state of institutional context that influences IB scholarship in this region¹. First of all, we adopted recent literature review techniques (Budhwar et al. 2019; Lewis, Cardy and Huang 2019) to search and select published articles and studies which are closely associated with key IB themes and terms relevant for our analysis. We reviewed articles that represent the IB scholarship such as IHRM, expatriates, firm internationalization and MNCs across the Middle East. We then supplemented this with varieties of Boolean filter searches using relevant terms of our topics of interest and thematic areas. Finally, we also reviewed articles that relate to and focus on both relevant terms of our topics of interest and 'institutional environments', 'institutional conditions', 'institutionalism' or 'institutions' in Middle Eastern countries. Table 2 outlines the various studies included in our analysis.

INSERT TABLE 2 ABOUT HERE

It can be seen from the various studies in table 2 that IB scholarship in the Middle East is influenced by its institutional context that includes cultural, socio-economic and political forces. Due to institutional differences, IB practices in this region vary from one nation to the next, depending on their cultural values, levels of economic development, political systems, and governance structures. Scholarly evidence further supports that firms tend to respond to the isomorphic forces of their institutional attributes in their pursuit of management/IB practices (Do et al. 2020; Lewis et al. 2019). Our analysis suggests that IB practices are often constrained

¹ The brief discussion here is only indicative and not exhaustive, as it only aims to show key areas. A more holistic view that represents a broader literature review can be based on table 2 of this article.

by institutional conditions such as cultural and political constraints on IB practices, institutionalization of IB practices, and others (Lewis et al. 2019). Also, of interest is that countries that are rich in oil and gas, that have reformed their political, socio-economic and legal issues, and are integrating into the world economy seem to have achieved remarkable success. Oman, Qatar and UAE, for example, have become high-income nations. Therefore, firms that operate in these countries tend to effectively invest in IB activities such as internationalization, IHRM and expatriates. In contrast, those countries (i.e., Algeria and Jordan) that are not rich in oil and gas, and have yet to pay much attention to reforming their economic and political factors, still remain low-income countries. In parallel, IB activities of firms in these countries are usually less valued and ineffectively invested. The implications are that firms that are highly embedded in such an institutional context may lose their interest in expanding their international markets in the long term. To this end, there is a dearth of research on IB in these nations, and thus more work is needed not only in identifying the gaps in this context in order to propose an agenda for future research but also in theorizing how institutional conditions influence MNCs business activities.

Table 2: Examples of research on Middle Eastern institutional context: implications for IB

expansion challenges.				
institutional conditions to deal with foreign				
necessary knowledge relative to foreign	zation			(2011)
Home-country companies try to develop their	MNCs/Internationali	Quantitative	The Middle East	Cuervo-Cazurra
gain their legitimacy.			Council	
management practices with localization rules to	(TM)		Cooperation	Ariss (2014)
Firms strategically align their talent	Talent management	Qualitative	The Gulf	Sidani and Al
structural constraints and contextual attributes.				
by the Qatarization institutional factors such as				Scurry (2014)
The management of expatriates is constrained	Expatriates	Qualitative	Qatar	Rodriguez and
cultural differences.				
host-country's institutional environment such as				Saeed (2016)
mechanisms into the subsidiaries because of the	Management			Al-Swidi and
Headquarters struggle to feed their control	International	Quantitative	Saudi Arabia	Alharbi, Gelaidan,
normative.				
forces such as regulative, cognitive and				
rather than the home-country's institutional				
legitimacy in the host country subsidiaries				Darwish (2017)
with the external environment to gain				Festing and
MNCs strategically align their HRM practices	International HRM	Qualitative	UAE	Haak-Saheem,
institutions such as the Jordanian government.				(2007)
subsidiaries due to the political influence of key				Husan and James
country HR practices to host country		case studies		James (2009); A1-
MNCs have difficulty in translating their home	IHRM/MNCs	Triangulation of	Jordan	Al-Husan and
Constraints of Institutional Environments	Focus of Study	Type of Study	Country/Context	Author(s)

Metcalfe (2007) Bahrain	Demirbag, I he Middle East Apaydin and and North Africa Tatoglu (2011)	Forstenlechner and UAE Mellahi (2011)	Wang, Fan, Freeman and Zhu (2017) A mixed context including the Middle Eastern countries	Abdel-Monem Egypt (2012)	and Aziz (2010)
Mixed methods	rica	Qualitative	text Qualitative	Quantitative	
IHRM	Internationalization/ MNCs	IHRM/MNCs	Expatriate/MNCs	HRM practices/ MNCs	MNCs
HR practices are constrained by its institutional environment such as Islamic values, gender inequality and legal issues.	nation to another influences/determines the survival of the Japanese foreign equity ventures in the research context.	HR practices can secure a degree of social legitimacy and become taken-for-granted. However, the employment level of UAE nationals is not taken for granted, and HR practices tend to be localized.	Home-country expatriate managers have difficulty in transferring interpersonal and communication skills to host-country contexts because of the differences in cultural values.	MNCs attempt to strategically align their HR practices with their business strategies to gain their legitimacy.	from one country to another because of the national institutional differences.

Future research agenda

On the basis of the above analysis and identified gaps in research in the Middle East, along with its unique institutional attributes, next we provide directions for future research.

Covid-19 and its influence on the Middle East's IB activities

Covid-19 is greatly influencing all kinds of organizations operating throughout the world regardless of their size, line of business and financial situation. This is especially true in the case of Middle Eastern organizations where oil and gas are the key lines of business for the majority of firms in the region. Covid-19 has a significant influence on the oil and gas industry as its global supply chain is down or disrupted. Firms operating in this region therefore are facing the risk and are most vulnerable to bankruptcy in such uncertain environment (Bapuji, Patel, Ertug, and Allen 2020). In particular, Covid-19 has important implications for research on the topics of resilience and innovation because the pandemic changes the way people work and how organizations manage their staff in order to sustain business growth. The implications of Covid-19 accordingly become the topical need that calls for more research to be conducted in this region. We thus propose:

Research direction 1. What are the key challenges that IB is expected to face during and after the Covid-19 pandemic and what are the most effective methods/solutions to address them when it comes to the successful delivery of the localization agenda of MNCs?

Research direction 2. How do organizations in the Middle East expect Covid-19 to influence their ability to strategically align HR management practices with their business strategies in order to respond to today's uncertain environments and achieve their set goals?

Research direction 3. What are the key drivers that enable Middle Eastern firms to increase their resilience? What are the implications for organizational innovation strategy, HR management and technology support?

Cross-national comparative study in IHRM practices

Our literature review finds that MNCs struggle to transfer HR practices implemented in their home-countries to host-country subsidiaries because of cultural differences and other institutional conditions. In this regard, future research should take into account cross-country comparative studies to assess whether and why country-of-origin may have implications for HRM practices in the Middle East. By doing so, MNCs are likely to be in a better position to understand the institutional context in which they are operating, thereby being successful players in the process of internationalization (Budhwar, Tung, Varma, and Do 2017). We also observe that most early work in this regard is based on specific country samples, and thus we know relatively little about the extent to which MNCs standardize their HRM practices across Middle Eastern nations. We therefore propose that future studies should undertake cross-national comparative approach and investigate the impact of institutional conditions on the relationship between HRM and performance in countries characterized by unique institutional attributes. We thus propose the following.

Research direction 4: What are the key institutional forces that strongly influence HRM practices across Middle Eastern countries? What adjustments MNCs need to make in order to develop effective HRM practices in their Middle East subsidiaries?

Research direction 5: What is the nature and pattern of diffusion of international HRM practices that could be emulated in different global operations of MNCs and introduced into the Middle East? What are the implications of the same for both MNCs and domestic firms in the region?

Internationalization in start-ups and SMEs in the Middle East

Internationalization is especially essential for firms to expand their foreign market share and position themselves in the global marketplace. This is also apparent in the context of SMEs (small and medium size enterprises), which are generally resource constraint. It is for this reason that internationalization allows firms to be exposed to opportunism (Verbeke, Ciravegna, Lopez, and Kundu 2019; Verbeke and Greidanus 2009). In particular, opportunism can help startup firms, including SMEs, to exploit and expand into foreign markets (Bagheri, Mitchelmore, Bamiatzi, and Nikolopoulos 2019; Zhou, Wu, and Luo 2007), experience new opportunities in foreign markets (Chetty and Agndal 2007; Verbeke and Ciravegna 2018), and have new international partners (Ellis 2011). Scholars also note that there is a close relationship between innovation strategy and internationalization. Firms that invest in their innovative capabilities are more likely to successfully internationalize, and then internationalization allows these firms to increase the returns on their innovations (Hitt, Hoskisson, and Ireland 1994; Kyläheiko, Jantunen, Puumalainen, Saarenketo, and Tuppura 2011). This view therefore lays the foundations for IB research. However, little attention is devoted to this topic in the Middle East context. We therefore build on this foundation and propose the following:

Research direction 6: What are the key challenges that influence internationalization of start-ups, including SME firms, in the Middle East? What are the best ways to enable these firms to successfully internationalize?

Research direction 7: How best can start-ups and SME firms in the Middle East prepare for their internationalization journey? What roles do the government and/or policy-makers play in facilitating these firms to successfully internationalize?

Research direction 8: What are the key determinants of internationalization in the Middle East? How, why and when do these determinants influence firm internationalization?

Management of expatriates

Expatriates are a key players in the Middle Eastern workforce (see Budhwar et al. 2019). However, our observations suggest that there is no formalized program that focuses on the management of expatriates in the Middle East. Scholars therefore highlight the different issues that expatriates usually face and need to adjust to such as massive cross-cultural differences between expatriates' home- and host-country cultures, short-term work visa and institutional factors, such as Islamic values and demographics (Afiouni, Karam, and El-Hajj 2013; Budhwar et al. 2019; Varma et al. 2016). All of these challenges may create massive integration and diversity management challenges for the HR function (Budhwar et al. 2019). These issues have implications for the HR function, and yet we know little about them in the Middle Eastern context. We therefore propose the following:

Research Direction 9: To what extent, and what kind of, institutional and cultural conditions dictate the effectiveness of expatriate management practices across Middle Eastern countries?

Research Direction 10: Can standardized expatriate management programs be designed for all Middle Eastern countries? If yes, what would be the template/ key components of such a standardized model? If no, what factors/ frameworks should be taken into account when designing expatriate management programs for each country in the region?

Research Direction 11: What training and development programs can be implemented to enable expatriates to adjust and perform well in the work environment of the Middle East?

Research Direction 12: Do local firms in the Middle East need to adjust or modify their HR practices in order for expatriates to deliver optimally? Why or why not?

Reconceptualization of institutional theory for the Middle East

Institutional theory is one of the most dominant theoretical frameworks in management studies. It has been widely applied in different fields of management scholarship such as IB, HRM, strategy and marketing. As institutional theory is in constant evolvement from its early form, it now entails old and new institutionalism (Lewis et al. 2019). Old institutionalism comprises of regulatory, cognitive (focusing on topics like shared social knowledge) and normative (DiMaggio and Powell 1983; Scott 2013). New institutionalism argues the isomorphism of organizational policies and practices in a particular context and is built upon three mechanisms of coercive, mimetic and normative forces (Powell and DiMaggio 2012). It therefore "provides a toolkit with which to understand how organizations and individuals are able to escape or redirect the normative, coercive, and mimetic isomorphic forces" (Lewis et al. 2019, 317). Most importantly, scholars suggest that institutional theory should be extended and theorized as a multilevel theoretical lens (Do et al. 2020; Lewis et al. 2019). Despite suggestive hints, institutional theory has yet to be fully applied as a multilevel theory in the Middle Eastern context. For example, relatively little is known about how multilevel institutional theory and/or the mechanisms of new institutionalism are employed in the field of IB in the Middle Eastern context, where it is likely that the multilevel perspective can help us to explore the top-down and bottom-up flows of influence between an organization's social environment and the individual within the organization (Lewis et al. 2019). On the basis of such assertions, we propose the below:

Research Direction 13: How can institutional theory be extended to the multilevel perspective to understand the macro-, meso- and even micro-level contexts of IB related research phenomena such as internationalization, expatriate management strategies and innovation strategies of firms?

Research Direction 14: What are the key mechanisms of new institutionalism, such as coercive, mimetic and normative forces, that influence how IB practices respond to environmental perceptions and external environment pressures in the Middle East?

Concluding remarks

This introductory article aimed to evaluate the institutional forces and how they affect the current state of IB in Middle Eastern countries. To provide insights into how the institutional context impacts IB activities, we analyzed the available literature across a number of themes. On the basis of identified knowledge gaps in the literature, we have proposed a set of potential research directions to guide future researchers to advance and develop the IB research stream in the Middle East and contribute to the extant literature. We also note that the Middle East is unique and interesting in terms of its institutional factors that have the potential to explore many important research questions in order to understand the context and draw implications for international management practices. As we write this piece, there are important changes taking place in the Middle East. After decades the region is slowly opening up to better relations with Israel and its advanced technologies, something that was incomprehensible in the foreseeable recent past. The UAE has led the way in opening up and is being followed by other Middle Eastern countries. It would be interesting to see how these developments affect and influence international business in the region with this geo-political change. In conclusion, research along the proposed areas offers a great potential to make useful contextual theoretical contributions,

methodological advancements and meaningful implications. We believe this is a starting point, and more research should be pursued in the future.

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