

Bachelor thesis

“Human Resource Management practices in western countries and GCC countries; differences, similarities and a future projection”



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List of contents

Management summary 3

H1 – Introduction 4

H2 – Theoretical base 8

H3 - Methodology 27

H4 – Findings 30

H5 – Conclusions 47

References..... 54

Appendix 1 - Interview results..... 56

Appendix 2 - Interview outline bachelor thesis..... 69

Appendix 3: Structured literature research; 10 years HRM in the Middle East..... 71

Management summary

As a bachelor assignment a research has been performed to find differences, similarities and future trends in Human Resource Management practices and policies in western countries and countries of the Gulf Cooperation Council (GCC). A literature research and interviews have been performed to find both literary and empirical information on the research subject. After analysis of the results, the conclusions of the research were that differences are to be found between HRM in western countries and GCC countries, and the trend is that the development of HRM in GCC countries follows the same directions as the developments of HRM in western countries, but with a certain delay of several years.

Coupled to this research an extra research has been performed to sketch an overview of the available literature on Human Resource Management in the countries of the Middle East in the last 10 years. The research results can be found in the appendices.

H1 – Introduction

This introduction gives the reader insight in the outline of the research that is described in this research report in a way that should make this report clear and understandable for a wide range of readers. It provides the reader with a short basis of definitions to understand the terminology that will be used further on in this report and offers in insight in way this research was set up. A full overview on the definitions will be provided in the second chapter, where the literary basis for this research will be presented. That way this introduction makes sure that this research report can be understood by a wide range of people that have less or no experience with the subject of this research.

Introduction

As final assignment in the curriculum of the bachelor Business Administration at the University of Twente a student has to perform a bachelor thesis with a duration of approximately 10 weeks. In this period of time a student will determine his or her research subject and find a supervisor at the faculty who is familiar with the research subject. From there on, the student prepares the full research under the supervision of the supervisor. If everything goes well, after presenting the research results the student will complete this bachelor thesis and the bachelor phase of the curriculum.

In the case of this bachelor thesis, a decision was made to do a research in the direction of Human Resource Management and International Management. A fascination from the writer for the Arab culture and a suspicion that HRM will get a different application in a different culture like the culture in the Middle East. After meeting Huub Ruel twice and getting to know his interest in the Middle East, he was asked to supervise a research in the direction of HRM in the Middle East. This is where the following research originated.

Also an extra research has been performed, coupled to this research. In that research an overview was sketched of the available literature on HRM in the Middle East in the past decade. The research report of this research can be found in the appendices.

Background research subject

To create a correct context for this research, first the background of this research will be explained. After this the research itself will be outlined, followed by the used literature and the field research outline.

From the middle of the 1980's there has been an increase of the significance of HRM in businesses in the developed countries around the world. Through the years the understanding of the importance of HRM for the achievement of the goals of organizations grew. In 1990's more and more authors wrote about the found link between the organization's achievement of strategic goals and the organization's HRM practices and policies, thus Strategic HRM was brought up as being important for organizations to keep up with their competitors and even exceeding them through a good implementation of an organization's strategies and tactics through their HRM practices and policies. During the 1990's organizations became more aware of the possibilities that laid in the internationalization or even globalization of their activities. This implies not only the trading between developed countries, but also western organizations bringing their production facilities to developing countries. New facilities were opened in countries with lower personnel costs or better institutional

circumstances, but with different cultures. By this new trend the organizations in the developing countries got familiar with the way organizations in Western countries cope with HR issues, and in some way became infiltrated with the view on HRM in Western countries. Implicitly organizations in developing countries became infiltrated with the Western business ideologies and management practices. For Middle Eastern countries this was also the case; western organizations started opening facilities in Middle Eastern countries. This way the originally Middle Eastern organizations became familiar with the western way of coping with HRM issues and implicitly with the western business ideologies and management practices.

It seems obvious that the ways western organizations cope with HRM practices are different from the ways Middle Eastern organizations with their different cultural and institutional circumstances cope with these issues. An interesting element in this case is whether these HRM practices and policies in Middle Eastern countries are increasingly similar due to the use of the same literature on HRM (“convergence” of the different approaches), or that the HRM practices in Middle Eastern organizations and the HRM practices and policies in western countries are increasingly dissimilar under the influence of differences in culture, habits and religion (“divergence” of the different approaches). A third possibility (Ralston, 2008) is that the different HRM practices lead to a whole new situation for both parties, which would be called “crossvergence” of the different approaches. These three approaches will be the central terms of this research.

The choice to have western HRM ideologies as a comparison for HRM in the Middle East has been made because of the successful business background in the western countries. Objective benchmarks such as the Fortune 500 have consisted for decades mainly of western organizations, plus the large car makers from Asia (Toyota, Nissan, etc). It could thus be stated that these successful organizations will have performed their HRM practices in a successful manner, therefore the choice has been made to use the western view on HRM as benchmark for successful HRM. It could also be stated that due to the large amount of western literature on HRM issues compared to the amount of HRM literature from other regions, the western HRM community regards itself as somewhat the benchmark. This reasoning and the abovementioned considerations have led to the following research questions.

Research question and subquestions

To come to formulating a research question and subsequent the sub questions, a definition of the problem involved is necessary. In this case, the problem leading to this research is not a practical problem in someone’s everyday life, but more a possibility to create a better understanding of two contexts of the application of HRM practices and policies, and a possibility to analyze the status of these differences. Also an attempt will be done to project in which direction these differences will develop. Based on this, the following research question can be formulated;

Research question

- To what extent are HRM practices in companies in the Gulf Cooperating Council (GCC) countries converging, diverging or crossverging towards Western-based HRM practices?

To answer this research question, a series of sub questions is formulated that (when subsequently answered) will help answering the research question. These sub questions are formulated in such a way that they accumulate upon each other and in that form an answer to the research question. The sub questions are formulated as follows;

Sub questions

- *How can HRM in western countries and GCC countries be characterized?*
- *What is known about selection trends in western countries and GCC countries?*
- *What is known about performance appraisal trends in western countries and GCC countries?*
- *What is known about reward management trends in western countries and GCC countries?*
- *What is con/di/crossvergence?*
- *What is known about con/di/crossvergence of HRM practices and policies in the western countries and GCC countries?*

Before starting to answer these questions, it is necessary for a scientific research to have a concrete goal and relevance. Therefore the goal and the relevance of this research will be discussed next.

Research goal

It is attempted through this research to create a better description of the differences between HRM in the Western world as we know it and HRM in the culturally completely different Arab world of the GCC countries. Furthermore a goal is to acquire an answer in the debate around convergence, divergence and crossvergence of HRM practices and policies in the GCC countries and the Western World.

At this moment there is some literature available on the research subject, but an literature review on this subject hasn't been written until this moment. This literature review will present an overview of the current status of HRM in both the western countries as the countries of the GCC, and provide a view on the trends in HRM practices and policies.

Research relevance

The societal relevance of this research should be sought in the knowledge of HRM practices and policies of organizations that work in the field of HRM with Arab people and/or organizations. It could emerge that the knowledge of HRM in Arab culture that these organizations use at this moment is outdated, or that these organization should be aware of the direction in which the differences between HRM in Western countries and HRM in Middle Eastern countries are evolving. Also, there are problems in the image that people in the Western world have of the Arab world. Negative images in the media of the Middle East prevent these people of obtaining a correct view of all aspects of the Arab culture and values. This research can contribute to this.

More important can this research be in the scientific field. This literature review will contribute to the other researches on convergence, divergence and crossvergence in HRM practices and policies in the Middle East. Furthermore, little has been researched and written about HRM in the Middle East. This literature review will give the reader an overview of the status of HRM in the Western world and the Middle East.

Summary of research outline

To perform a research to this outlined subject and to come to a clear set of conclusions the research that has been outlined will be described here. The choices that have been made to make this research possible to perform in a timely manner and the choices that have been made to create a correct view on the current way Human Resource Management practices in Gulf Cooperating Council

countries converge, diverge or crossverge towards the Human Resource Council countries in Western countries will also be described.

To perform this research, the choice has been made to perform a research on recent and relevant literature on the subject of Human Resource Management, International Human Resource Management, Human Resource Management in the Middle East, convergence, divergence and crossvergence in Human Resource Management and differences in Human Resource Management in the Middle East versus the Western countries. This literature has been combined with relevant literature on research design and was made into the research that is described in this report.

Report outline

The research outline that was described will be described in this report in a structured manner that will be outlined here. The established manner to present a scientific research had been used in order to present the research in a clarifying way. That means that after this introduction this report will consist of an overview of the recent and relevant literature (chapter 2), an overview of the scientific methodology (chapter 3), an overview of the findings of the literature research plus the findings of an amount of interviews (chapter 4) and the conclusions of this research (chapter 5).

H2 – Theoretical base

This theoretical base starts with providing the reader with a complete overview of the definitions of the terms used in this research. After that, a complete overview on the available literature on the subject will be presented in an objective manner. The conclusions of the research will be drawn based partly on the literature presented in this chapter, but these conclusions will be drawn in chapter five after an analysis in chapter four. This chapter is meant to offer the reader an objective overview on the current knowledge.

Definitions

The definitions of the terminology used in this research offer the readers of this report the possibility to follow the lines of reasoning of the writer. Readers who are less familiar with the research subject should be able to follow the lines of reasoning.

The start of this chapter defines Human Resource Management (HRM) in its most contemporary form. Human Resource Management evolved in the 1980s in the United States and United Kingdom from "personnel management" and "labor relations" to the current terminology. During the last decade HRM evolved from a largely administrative function in people maintenance to a function that links an organization's strategy, the international relations of an organization, a further going sociological and psychological knowledge of the employee in his/her employment and several other business aspects, to the management of the employment and employability of the individuals of an organization. The employee evolved from a obligatory element of the organization towards a valuable, manageable resource that can provide the organization with a tremendous advantage over her competitors (Martín-Alcázar et al., 2008).

Nowadays, HRM still manages the flow of personnel through the organization (attraction, selection, promotion and retention of personnel), but also manages the performance appraisal of personnel, training, reward management and the adjustment of the organizational culture, as well as the planning and management of the careers of employees. Furthermore HRM provides employees the possibility to manage their own work life balance. All these functions are met with the long term strategy of the organization in mind. HRM therefore evolved into being a major element for an organization to reach its long term goals (Redman et al., 2009; Martín-Alcázar et al., 2008, Schuler et al., 2007).

This research (as will be explained further in this chapter) consists of a comparison of HRM practices and policies in Western countries and in countries in the Middle East. The choice for this comparison was explained in the introductory chapter, therefore the defining of the terms Western countries and Middle East will be done here. Western countries are those countries that produce the major amount of literature on contemporary HRM and thus are at the frontline of HRM development. While it is hard to identify exactly those countries that are on the highest level of HRM development, an attempt has been made for this research. The countries that are identified here as the Western countries are the countries in Europe, the United States, Canada and Australia. The comparison in HRM will be made between the identified Western countries and countries from the Middle East. As countries in the Middle East a choice was made to focus on the countries of the Gulf Cooperation Council (GCC). These countries are Bahrain, Kuwait, Qatar, Oman, Saudi Arabia and the United Arab

Emirates. The GCC countries form a council that regularly meets to discuss the relevant subjects of the region, with an emphasis on business and trading related subjects.

Finally, convergence, divergence and crossvergence have to be defined. Convergence is described by McGaughey and De Cieri, as a focus on contextual contingencies, so their convergence hypothesis *"...centres on the argument that the common requirements of management – or a common logic of industrialism – disregards the importance of cultural differences."* (McGaughey and De Cieri, 1999). On divergence McGaughey and De Cieri postulate that the form and content of functional specialization is under the influence of culture, in contrast to their definition on convergence. Crossvergence is then regarded as the construct in which both national culture as well as economic ideology influence the value systems to form a new value system that is in between (or something different than) the value systems under the influence of only national culture or only economic ideologies (McGaughey et al, 1999).

Ralston et al use the Convergence-Divergence-Crossvergence (CDC) model to describe these three terms. They introduce their CDC model by first stating the two factors that can influence individual work values: national culture and economic ideology. As Ralston et al quote from England and Lee (1974); *"...managers in industrialized nations will embrace common values with regard to economic activity and work-related behavior"*. As they quote *"Convergence implies that as nations become industrialized, there is a significant change in values towards behavior that embraces free-market capitalism"* (Eisenstadt (1973) and Pascale&Maguire (1980) quoted in Ralston et al). Divergence is described in Ralston et al by quotes as *"...national culture, not economic ideology, drives values, and even if a country adopts capitalism, the value systems of those workforce will remain largely unchanged."* (Lincoln, Olson and Hanada (1978), Ricks et al. (1990) quoted in Ralston et al) and *"...individuals will retain their diverse, culturally determined values regardless of economic ideology."* (Shaw, Fisher and Randolph (1991), Shmelev (1991) and Vance and Zhuplev (1992) quoted in Ralston et al). To summarize, convergence is seen as a change in value systems under the influence of economic ideologies. As these economic ideologies are similar in every country, it is postulated that individual value systems will become increasingly similar under the influence of these economic ideologies. Divergence to the contrary, is seen as the influence of national culture on the value systems of individuals. The economic ideologies will not influence these individual values systems, but the national culture will remain the driver of the individual value systems, according to the divergence hypothesis (Ralston et al, 1997).

A third hypothesis is that of crossvergence. The crossvergence hypothesis postulates that both economic ideologies and national culture influence the individual value systems in a society. In this sense, convergence and divergence show us the extremes, but the reality could be more nuanced. When both economic ideologies and national culture are both said to be influencing the individual value systems, it is defined as crossvergence. *"Crossvergence occurs when an individual incorporates both national culture and economic ideologies influences synergistically to form a unique value system that is different from the value set supported by either national culture or economic ideology."* (Ralston, 1997). Instead of searching for extremes like convergence and divergence do, crossvergence looks at the influence of national culture and economic ideologies as a continuum. Further on in this literature overview convergence, divergence and crossvergence and their meanings will be discussed in more detail.

Available literature

The available literature for this research is presented in an objective manner in the following section. A structure based on the several subjects and themes for this research provides this chapter with a clear structure to present the available literature. First the current HRM trends in Western countries will be reviewed to provide the reader with a contemporary view on HRM, followed by the influence politics have on HRM, the influence culture and habits have on HRM, the current HRM trends in the GCC countries and the terms convergence, divergence and crossvergence. This chapter will end with a short overview on how the literary basis will be used in the research methods and further on in this report.

Current HRM in Western countries

To provide the reader with a contemporary view on how HRM has evolved over the last decades, one must start at the point where HRM grew in the way it now exists. During the 1980's, the term HRM originated when the employment offices changed from hiring, payroll and record keeping to also including modern personnel methods. These modern personnel methods commonly include tasks such as recruitment, selection, training, workforce development, reward management, performance appraisal and the assessment of the organizational culture. In other words, HRM developed from being a staff function in a large organization to being a major organizational function that is involved in accomplishing the strategic goals by performing the HRM task in the right way.

The theories on HRM have focused on universalistic perspectives for years. Researchers have put great efforts in finding a single human resources theory that is applicable in every setting, in every organization, every culture, every country worldwide, thus a best practices model. During these developments it became more and more clear that this universalistic theory was non-existent, and that the solution to the universalistic HRM model should be sought in a contextual, contingent theory which takes into account a wide array of factors that influence the fitness of an HRM model in the given setting. Viewed in that way, the researchers admitted that a single outline for HRM practices and policies does not exist depends on several factors (Martín-Alcázar et al., 2008).

Besides the widening of the task array of HRM, more influences on the way HRM performs her tasks played a role. The further globalization of businesses meant that the approach HRM takes to her tasks differs from several years ago. HRM departments need to take more factors in consideration than before, including cultural differences, different labor laws in different countries and different views on labor of the employees (Martín-Alcázar et al., 2008; Brewster, 2004).

Another influence on the way HRM performs her tasks, is the upcoming of information technology in the world of businesses. In an article of Bondarouk and Ruël it is noted that Information Technology is playing an increasingly important role in Human Resource Management, being called e-HRM. There is still much research effort necessary, for instance to determine if e-HRM will play a supporting role in the administrative function of HRM, or whether e-HRM will provide HRM with a more strategic role. However it is without doubt that in any case, e-HRM will get an increasingly important role in HRM, (Bondarouk et al., 2009).

Several trends can be identified in the specific practices and policies that HRM departments perform. To create an overview here, three practices are described in particular, namely selection, performance appraisal, and reward management. These practices of HRM will be elaborated further, and the recent trends in these practices in Western countries will be described. The sections on selection, performance appraisal and reward management practices in western countries, are based on the book *Contemporary Human Resource Management* by Redman and Wilkinson (Redman et al., 2009).

Selection trends

Trends in Human Resource Management in Western countries are found in recent literature on HRM in general, published in Western countries.

In HRM, much research has been done on finding assessment tools that are as reliable and valid as possible, and have an adverse impact that is as small as possible. To start with explaining assessment tools; assessment tools are tools to evaluate the fitting of the individual in the position he or she solicited on. To make these assessment tools as suitable as possible, researchers tried to find the assessment tool that produced the highest probability of a correct prediction of the fit of the solicitor in the function in the organization. In other words; to maximize the predicting capabilities of these assessment tools was the main goal of the researchers. These predicting capabilities can be described in the elements reliability (the prediction must be accurate and free from any contamination), validity (the tool should predict what it is designed to do), subgroup predictive validity (does the tool predict the correct result for each subgroup of society) and utility for the organization.

These mentioned assessment tools measure cognitive, non-cognitive and performance-based differences between individuals. In these measures, the cognitive measures consist of an ability/aptitude test and an achievement/job knowledge test. The non-cognitive measures consist of a personality test, biographical information and the experience of the solicitor. Finally the performance-based measures consist of a work sample, (un)structured interviews and a situational judgment test. These measures show differences in the predictive validity, subgroup differences and organizational utility of the tests. For instance, a structured interview shows little differences between race or gender (subgroup differences) and has a high predictive validity, while a personality test has low predictive validity, small to moderate differences between different races and small differences between men and women. The choice for a selection measures therefore should be carefully chosen.

Several trends are to be distinguished in the selection of solicitors. The first general trend in selection measures are identified by Redman and Wilkinson as being a focus on more reliable and valid assessment tools such as conducting detailed job analyses and introducing structure and standardization in these assessment tools. Based on meta-analyses the confidence in the validity of selection methods is increasing. The second general trend in selection measures is the greater use of high validity/low adverse impact assessment tools that provide an HRM department with more reliable selection on which differences in race or gender have had less influence. The third general trend in selection measures is the increasing importance of assessing non-cognitive qualities, such as selection measures based on biodata, structured behavioral and situational interviewing, situational judgment tests and so on. The fourth general trend in selection measures is the increasing use of bespoke simulations, in which other qualities and behavioral indicators of solicitors can be measured. With these bespoke simulations, organizations show their growing strategic orientation which links selection to wider competencies and not just job-specific skills. The fifth and final general trend in selection is online delivery of assessment. Not only does the use of internet offer an extra source of solicitors for a given function, it also gives the Human Resource department a more objective view of the qualities of the solicitor. Decisions on whether a solicitor is selected are thus not only based on a "gut-feel" after the interview, but are also based on the results of online tests that are performed prior to the interview.

Performance appraisal trends;

The rising drift of organizations to reach their strategic goal and perform better than the competition, offered performance appraisal in organizations a more forefront role. For long it has been believed that if the employees are evaluated on these elements, that would help the

organization to reach a higher strategic goal, and that these employees should be evaluated on these measures periodically, to ultimately make the organization perform better than its competitors. However, questions on the effectiveness of performance appraisal in organizations have risen. The recent trends and discussions on this topic are discussed here.

Developments in performance appraisal in recent years have been driven mostly by large-scale organizational change rather than advances in theoretical studies on performance appraisal. By these large-scale organizational changes, downsizing, decentralization, delayering, flexibilization of the workforce, a move to teamworking, culture change programs and new managerial initiatives as total quality management (TQM) and business process re-engineering (BPR) are meant. Changes in payment systems have also fuelled the growth and development of performance appraisal.

Performance appraisal, as it is known in almost all of the organizations nowadays, (94% of all organizations in the UK in the mid 1980s used a form of performance appraisal (Locher and Teel, 1988, quoted in Redman & Wilkinson, 2009) shows a wide range of methods used, varying from simple ranking schemes to complex behaviorally anchored rating schemes. The most often used form of performance appraisal is a hybrid form of several methods to separate out reward and non-reward aspects of appraisal. While the most mentioned purposes of performance appraisal are the counseling of employees in their careers by suggesting trainings and development opportunities, but also to increase the overall performance of the organization by allocating monetary award and promotion opportunities to the employees that performed best in the interests of the organization. In a way performance appraisal can be seen as a form of management control over the employees, because setting goals, guides employees in the direction, the organization as a whole, wants to be heading.

Based on the developments in businesses, developments in performance appraisal are seen in recent years. The harder forms of performance appraisal (improving current performance by using rewards) are used more than the softer forms (career planning and identifying future potential). Furthermore, in organizations nowadays a growing use of upward appraisal, 360 degree performance appraisal, customer appraisal, team-based appraisal, competency-based appraisal can be seen. With upward appraisal is meant that managers not only evaluate the performance of the employees they manage, but that the employee also evaluates his or her manager by (in most cases) by for instance an anonymous questionnaire, so the managers can get feedback improve their performance. 360 degree performance appraisal consists of feedback from not only superiors and subordinates, but also from clients and peers. Customer appraisal implies the involvement of the customer's experience in the evaluation of individual employees by using customer care indicators (serve a drink within 2 minutes, give a warm welcome). Mystery shoppers are an example of the practical usage of customer appraisal. With team-based appraisal is meant that organizations nowadays also evaluate the performance of team instead of only evaluate the individual performance. Finally, competency-based performance appraisal focuses more on the development of the individual's competencies instead of on the tangible performance of this individual.

All recent uses of performance appraisal and all trends in performance appraisal have their pros and cons. Among the critiques on performance appraisal however are some more general critiques to be found. One of the critiques is that meetings between managers and subordinates to discuss the performance appraisal of the individual, are mostly disliked. Obviously no one likes to hear what should have gone better in the foregoing period or on which points the performance of the individual was inadequate. Other critiques are the high costs that come with performance appraisal in an organization, the low value performance appraisal has in practice in improving the performance of the individuals (and thus the organization), and thus the small contribution to the strategic

management of the organization. Finally, the fact education managers have had to improve little on the way performance appraisal is performed is a serious critique on performance appraisal in organizations.

In general, the problems with performance appraisal can be seen when three main issues are mentioned. First, the intended move from rather subjective appraisal of employees has gone to more objective forms, what implies that the focus of this appraisal remains to the evaluated items in the appraisal. Second, in some jobs the performance of the individual is difficult or impossible to measure and there is a risk that measured items are irrelevant for the real performance of the employee. This makes measurement of the performance of individual employees very difficult in many cases. Finally, the efforts of employees are in many cases translated to the performance appraisal to a very limited extent. Some efforts are not measured on the scales of the appraisal, or some efforts fall outside the job description of the individual, but help the organization achieve its strategic goals. Other problems with performance appraisal, as a process in the organization are the tremendous bureaucratic process it brings with it in the organization and the problems to combine Total Quality Management -which is very combinable with a team-based appraisal and a disempowered employee, while a customer care vision of the organization needs a more empowered employee that can react to the needs of a customer.

Reward management trends;

To attract and retain employees, the policies in reward management play an important role. In motivating employees to perform to their best efforts, reward management can play a significant role as well.

Variable payment schedules (VPS) provide employers with the possibility to adapt payment levels to other factors. This way the employer can reward employees more that contribute more to the strategic goals of the organization. Two different kinds of VPS are distinguished, namely performance-related pay and payment by result. The main difference between these two is to be found in the payment of the employees. In the case of payment by result the payment of the employee is directly linked to the output of this employee, or the bonus of the employee is directly linked to the output of the employee. Thus, payment by result is a method to attach the level of payment of the employee directly to the employee's results. Performance-related payment also varies the level of payment of the employees (hence a variable payment schedule), but does this in a less direct manner than payment by result. Instead of directly considering the output of the employee in setting the total wage or bonus of the employee, performance-related pay considers increases in salary related wholly or partly to the performance of this individual. The regular and systematic assessment of the individual's performance is based on inputs or outputs, but is generally based on the achievement of specific individual objectives. When the employee performs well, his salary or bonus will increase, or in another way his incentives will make a positive turn. Thus, the main difference between performance-related pay and payment by result is to be found in what is influenced by the performance of the individual.

Flexible payment is disliked by most of the trade unions, though these disliking trade unions will not attempt to prevent flexible payment from being implemented. Employer organizations however are promoters of flexible payment, and stress that it is a way to motivate individuals. For governments, payment should be linked only to what organizations can afford and to the performance of the individual. Variable payment schedules meet these two criteria.

Also, there is a role for governments and national institutions in the assessment of salary levels in general. Governments set the legislation for the relation between employer and employee, but use this influence mainly to set a framework in which negotiations and labor relations should function. In

many industries in Western countries, the negotiations between employer and employees are performed by unions to provide the whole industry with the same employment agreement and salary levels.

When reward systems are compared internationally, some differences are identifiable. One important issue is the difference in salary between line workers and the CEO. As mentioned in Redman & Wilkinson, these differences have risen in the period from 1997 to 2002 from 325:1 to 600:1 in the US. In comparison; France has kept the differences the same in this period (12:1), as has Sweden (11:1) and Japan (15:1). In other words; internationally there are wide differences in trends and compensation ratios. Other differences in international comparison of reward systems can be found in the influence trade unions, employer associations and employee associations have on reward management.

Yet another trend in reward management is that employers let employees participate in the financial state of the organization by offering a form of employee share ownership plan, profit sharing scheme, saving program or profit-related pay. In all of these examples the idea is that employees are more motivated and thus will perform better if they share in the overall benefits of the organization.

Current HRM in GCC countries

Countries of the GCC have some unique phenomena that have a direct influence on the way Human Resource Management works there. The Islamic culture, Islamic norms, values and habits influence the organization of HRM in these countries, so that Western HRM practices and policies (which are based on the Western culture, norms, values and habits) will not always fit in the GCC situation. Also there are some trends to be distinguished in the governments of the GCC countries, who all see the importance of a reform in HRM in their countries. The characteristics of HRM in these countries and the influences on HRM are discussed first. After that, the nationalization projects in HRM in the GCC countries are discussed. Finally, the influences and trends in selection, performance appraisal and reward management practices and policies are outlined.

Characteristics and influences on HRM

To characterize HRM practices and policies in GCC countries, the first notion is that there is considerably less literature on HRM in Middle Eastern countries as there is on HRM in Western countries. However, the recent drive towards globalization has led to an increased interest of both academics, as well as practitioners regarding the management of HR in the different parts of the world. That interest, combined with an increased acceptance of the contribution of HR towards the achievement of firm's objectives has resulted in a risen interest in research and publications to provide a reliable and comprehensive picture of HRM systems in different parts of the world, including the Middle Eastern region (Brewster, 2004; Brewster et al. 2008; Schuler et al. 2002; Wright et al., 2005). Recent research shows that Arab management and organizations are largely traditional, which is manifested in specific features that are limited in future orientation and lack of delegation of authority (Al-Rasheed 2001). Other authors even mention that management systems in the Middle Eastern region are similar to those used in developing countries, which implies a sensitivity to local cultural norms and restricted participation in decision-making (Budhwar & Mellahi 2007). Relevant differences in this sense should be included when discussing differences in HRM practices and policies as well. Furthermore, a number of scholars mention the large influence of Islamic culture, work ethics and principles on the management of HR in Islamic countries.

Saudi Arabia tends to be the most conservative gulf country, followed by Oman, the UAE and Kuwait. So a lot of the conservatism in the Gulf countries is to be found in the GCC countries. This has implications for HRM in these countries. In Muslim countries (such as UAE and the other GCC

countries) social life is highly influenced by the values and culture of Islam. For example, research on the influence of national culture on HRM in Oman pointed out that in Oman the influence of religion is the largest. Religion plays a large role in everyday life, and thus was emphasized more by Omani employees in this research than other elements of the national culture (Al-Hamadi & Budhwar, 2006). After the Islam, the role of the extended family (not only parents and children but further family as well) and the tribe is second largest in formulating the culture of the countries. Arab culture is traditional, communal and male dominated. GCC countries are highly collectivist with the in-group (is tribe or extended family) and highly individualist with the out-group (non-kin and guest workers), although Islam forbids prejudices (Mellahi, 2006).

Another example of an influence of Islam on the work ethics of Muslim employees could be tawheed; Islam states that an individual is rewarded or punished for every good and bad thing that they have done on the day of judgment. This would not only account for choices a Muslim individual will make in daily life, but also for choices a Muslim employee will make considering work issues. Another example is the Islam Work Ethic (IWE) that is built on four primary concepts; effort, competition, transparency, and morally responsible conduct. If these primary concepts would be attained correctly, a cohesive and energetic group and a healthy work environment would emerge that is necessary for any effective organization. However, Islam can also form an obstacle for performing HRM. For instance, the Kuwaiti people use many Islam expressions and sayings, but seldom act upon them. Also, mostly as a result of the Government's spending on welfare in Kuwait and other GCC countries, many of the Kuwaiti nationals have taken the luxuries for granted and see their prosperity as a result of their economic involvement, when in fact the Government's spending provides them with this situation (Ali & Al-Kazemi, 2006). A more culturally embedded issue is that in the GCC countries, it is difficult to get things done without *wasta*: personal intervention of influential people on behalf of a particular person. *Wasta* also accounts for getting people a job, process a business or government request, or promotion. In many organizations, both public and private, objective evaluation of development, motivation, and performance has been given little attention. Arab individuals (and Saudi individuals in specific) tend to have troubles with being to-the-point in conversations with a negative angle such as performance appraisals, and in most business deals and employment-related issues are dealt with in informal settings rather than a professional setting (Mellahi, 2006).

In UAE, before the discovery of oil the majority of businesses were owned and managed by the same person. Also personnel management tasks were performed by the owners, and were mainly based on family members, relatives, friends and favorable word of mouth. In contrary to today the job security and daily interaction between managers and employees were high. Performance appraisal was largely based on observation by the owner and led to immediate reinforcement. After the discovery of oil in UAE new business practices in all operation areas, including HRM, started to spread and boom. The majority of these modern organizations are using advanced Human Resource Development (HRD) methods and practices. They use job analysis, strategic HR planning, HR information systems and health and safety. This development of HRM was enforced by commitment of the Government, the adoption of the market economy that attracted skilled and professional employees, the increasing competition that led to new and innovative methods of management, and the upcoming globalization. Nowadays, oil reserves are becoming finite, and GCC countries are preparing for that moment, by booming a private sector on which the country can continue after the oil runs out (Suliman, 2006).

Currently, a majority (80% of the UAE workforce) of the GCC countries' workforce consist of foreigners or expatriate workers, while the Governments do their best to get nationals at work. Only a small percentage of nationals are part of the labor force, so there are great steps to be made. In Kuwait expatriates constitute about 61% of the population, and in the Kuwaiti private sector in 2002,

87% of the employees were non-Kuwaiti. In the public sector, the percentage of employed non-Kuwaiti in 2002 was 26%. Most of the Kuwaiti workforce (about 90%) are skilled or professional. Most of the expatriates, in contrast, are unskilled (about 75%). This demonstrates that most of the expatriates work in jobs that either require effort or are not preferred by Kuwaitis, and mostly in manufacturing, retailing, and house services. This shows that a fully functional economy in Kuwait at this point primarily depends on expatriates. The same situation can be found in the other GCC countries. More important is the fact that this situation is impossible to retain when the oil production comes to a halt, because the growing laziness of the nationals and dependency on the foreign labor will turn in a problem (Ali & Al-Kazemi, 2006).

The employment of women in the GCC countries is a difficult issue. Tradition and religion have limited the freedom and employment possibilities of women in GCC countries in the past, but nowadays the possibilities for employment of women in the GCC countries are increasing. In the UAE for instance, the new generations tend to adopt new values, attitudes and customs that are different and sometimes contradict those adopted by the older generations. Also, the government offered strong incentives for women's education, and developed and implemented new policies to increase women's role in public life. Nowadays UAE women consist of more than 40 percent of the total number of workers. In Saudi Arabia, women consist of 55 percent of all graduates, but consist of only 4.8 percent of the work force. Women have to make the difficult choice between family, social acceptability, and professional career. At this moment the consultative council of the Saudi king discusses possible changes in the law regarding employment of women, including issues as maternity leave. These changes should lead to an increase in women's participation in the workforce. From the written media, a similar story arises. An article in the Kuwait Times of June 7th 2010, that was based on a study by Booz & Company's Ideation center on the effectiveness of GCC employment policies, stated that the Nation Assembly of Kuwait revised the restrictions imposed on women's labor in certain professions, which could stipulate a bigger share for female workers in the country's economy.

Nationals in GCC countries have expectations from their governments because these governments have offered their citizens large benefits and high salaries for many decades. For instance, Kuwaiti have developed an expectation that it is the Government's duty to offer them jobs in the public sector upon graduation from high school and college. Political hindrances in performing the HRM task are known as well. For instance in Kuwait, regulation prescribes that a foreign employee can only work in Kuwait if the operation is endorsed by a Kuwaiti organization, and cannot switch to another Kuwaiti employer while working in Kuwait, without legal permission. This is a way to control expatriates, but is a serious obstacle for performing successful HRM in Kuwait. Another Kuwaiti law from 2000 (Law no. 19) revises the structure of the workforce with the goal to replace expatriate workers with a national workforce. At the same time, this law aims to provide all Kuwaiti citizens with equal rights, encourages the private sector to employ Kuwaiti employees, coordinates the link between the outcomes of educational institutions and job opportunities and appoints supervisors for recruitment at ministries. The law is thus directed specifically at developing a national workforce that is less dependent on expatriate workers and provides the national workforce with better chances at employment. This law is not only directed at the manpower in the Kuwaiti workforce, but also concerns the role of the Government in the training of manpower, and several laws directed at creating a welfare state such as unemployment benefits and social allowances. Other laws and decrees in Kuwait concern hiring procedures, contents of advertisement, types of training, contents of the training and other HRM related issues. Law no. 19 and several other laws and decrees are part of a bigger development program that is not only present in Kuwait, but in all other GCC countries. These programs all have the same goals; employing the national workforce, developing a healthy HRM function in both the public and the private sector, and making the countries less dependent on oil production that is expected to slow down in the next decades (Ali & Al-Kazemi, 2006).

The HRM departments in the GCC countries have several problems with becoming professionally structured and accepted as valuable in the organizations, in both public and private sectors in GCC countries. UAE's private sector for instance, and especially the small and medium size organizations in UAE's private sector, have no clear policies and procedures regarding HRM issues such as recruitment, promotion, compensation, training and development. Pay is not only weak compared to the public sector, but also a considerable number of organizations in the private sector either delay or do not pay employees' salaries at all. Reforms are thus necessary to make locals choose for employment in the private sector. Development of a national professional HR entity would facilitate the development of HRM in the UAE (Suliman, 2006).

Another hindrance for HRM in GCC countries is the ongoing political conflict in the region. The GCC memberstates are stable, but several countries in the Arab region have problems with political unrest, violence and terrorist threats.

Nationalization programs

Several factors are playing a role in the situation on the labor market in GCC countries.. There is an imbalance in the labor force, due to a high amount of attracted foreign workers from other Arabic countries, India, Pakistan, Bangladesh, Sri Lanka, Philippines and Iran. Some of these workers have been attracted because their education fit better with the organizations of GCC countries, but most of these workers have been attracted to perform the jobs that the local workers do not wish to perform, as they involve physical labor such as jobs in manufacturing, retailing, and house services, or because these jobs do not offer the amount of social status that jobs in the public sector do have to offer (Ali & Al-Kazemi, 2006). Therefore, national employees in GCC countries prefer jobs in the public sector over jobs in the private sector. Another example are the Saudis, who perceive that their pride and social acceptance is related to the type of work they do and the sector they work in. Jobs other than those of an administrative nature, such as technical jobs, do not appeal to young Saudis, nor do they appeal to their parents (Mellahi, 2006). Furthermore, rapid demographic changes, highs and lows of oil prices, inequality of wealth, inadequate education systems and ineffective government policies are creating major human resource challenges for the region. Also, the problem for the GCC governments is not that there are too many foreign workers, but the problem lies in the lack of needed skills and needed work attitudes among GCC countries, along with a lack of sufficient numbers of productive jobs for those citizens (Harry, 2007).

That lead to a situation in which the public sector has been with a largely national workforce for the last decade, while expatriates formed the majority of the workforce in the private sector. Another factor that triggered the nationalization policies of GCC governments is that these governments were aware of their dependence on a foreign workforce. The majority of the workforce nowadays is foreign, while many locals are unemployed.

Another factor that lead to the start of nationalization programs was the reduction of the reliance on oil production. Some of the GCC countries nowadays have a significant global economic position due to the large oil reserves. Kuwait and Saudi Arabia for instance have large percentages of the global crude oil reserves, and thus have a significant income from the oil production and thereby have large Government income. For instance in Kuwait, 85 % of the national income consists of income from the oil production (based on 2002 Annual Statistical Abstract of Kuwait), and 60% of GDP in Qatar (Ali & Al-Kazemi, 2006). However, this reliance on the oil sector cannot continue, with the end of oil reserves in the foreseeable future. To become less reliant on the oil production, the private sector of GCC countries is a central part of the nationalization program. In Oman, upcoming HRM initiatives are a new phenomenon, and are put to a better use to meet the upcoming challenge of the oil sector coming to a halt in the coming decades (Al-Hamadi & Budhwar, 2006). In other words, by preparing

the workforce to perform in other sectors than the oil production and the public sector, Oman will become ready to have a healthy economy for the moment that the oil production comes to a halt.

To cover these problems in the national labor force and socio-economic situation of the GCC countries, these countries have all started nationalization programs. The nationalization programs in the GCC countries consist of three main elements, which are well exemplified by the nationalization program in Oman. The Omani vision consists of three elements; upgrading the levels of education, development of the private sector through changes in national policies, and optimization of the use of HRM through provision of the appropriate conditions (Al-Hamadi & Budhwar, 2006). These three elements (improved education with a better link to the labor market, more focus on private sector, Human Resource Development for both public and private sector) are to be found in all nationalization policies in the GCC.

The governments found that, for a healthy economy, the education of the workforce should be fully aligned with the needs of the labor market. Before the start of the nationalization programs, this meant that organizations needed to attract foreign workers to perform the jobs that nationals were not able to perform effectively. Therefore governments started to provide trainings that improved the competencies and skills of the national workforce, to create a better employability of the labor force in both the public as well as the private sector. Also the work values of nationals meant that the private sector had problems finding national employees that could work in a competitive environment. Therefore several governments also started to provide information and training to provide them with the right work values, and further improve the employability of the labor force. In Oman, research has been done to find out in what field the training and education would be most valuable. The results of this research show that the training needs demanded in practice, are in the areas of management and administration, IT, technical skills and financial knowledge. Career path and job-classification is highly needed in Oman's public sector. High involvement of top management in HRD was found in Oman, as well as sufficient awareness with Omani managers (Al-Hamadi & Budhwar, 2006). In the other GCC countries, the governments' trainings are provided in similar fields.

Human Resource Development (HRD) is also one of the key issues in the nationalization programs. Ministries of the governments are responsible for the government factor in HRD (every country has their own names for these ministries, but all countries choose the same approach). These ministries allocate and govern the public expenditures on the trainings that are provided to the workforce and interact with the counterpart ministries in GCC countries to make exchanges of students possible for scholarships and grants through several educational ties (Mellahi, 2006). Also, governments encourage the local organizations to train and develop their employees to the new level. HR development in UAE, for instance, is taken more and more seriously by government and private sector, mostly to increase efficiency of individuals. The private sector for instance did well in development of HR by deploying HRM strategies and seeing an increase in employees' commitment. UAE's National Human Resources Development and Employment Authority (Tanmia) plays a major role in the preparation of locals for employment in both public and private sectors through advice, guidance, skills development, exploring alternatives, and creating awareness (Suliman, 2006).

The role of governments in the nationalization programs is not only visible in the education and training of the national workforce, but also in the form of regulations that limit the inflow of foreign employees. Many of the governments of GCC countries start special government organizations like the Kuwait Department of Manpower Development, Saudi Manpower Commission and UAE's Tanmia, which are all working to find ways to replace expatriates (Harry, 2007). For instance in Saudi Arabia, several regulations are introduced governing the employment of foreigners in the kingdom. These regulations are part of the Saudi nationalization program ("Saudization") that strives to a workforce in the country that becomes more and more nationalized and less dependent on the

foreigners in the workforce (Mellahi, 2006). In Qatar, governmental institutions are in place for HRM related issues as workforce development, promote labor welfare, set personnel policies and practices and to coordinate the HRM activities in the various government departments. However, these Qatari institutions are thus only directed at developing the general management skills of government departments' employees. The need for a new flow of skilled labor, that is able to adapt to new work practices and technologies is still growing, but despite the heavy investments in education in Qatar in the last decades, most of the trainings are still provided by the public sector. The private sector is reluctant to provide these trainings, due to heavy competition and therefore a critical view on all expenses (Abdalla, 2006).

One of the key points in the nationalization programs was to make the private sector a more attractive alternative to the labor force of the GCC countries. The government of UAE issued a standardized employment contract for employees in the private sector, and was issued to encourage locals to find employment in this private sector. Private employers are obliged to adopt this standardized contract. However, the amount of nationals in the private sector remains low, and they are also less capable of being involved in the modern developments in private organizations (Suliman, 2006).

Critiques on the nationalization programs are present as well. In a research meeting with a group of Saudi managers, the possible impact of the Saudization on effectiveness in the private sector was discussed. The strong opinion of the managers was that the unemployment of the national workforce is a problem, but the centrally decided quota for recruiting locals can be damaging to the achievement of the organization's goals (Mellahi, 2006).

Expectations of what might happen to the nationalization programs in GCC countries depend on several issues. For instance, assessments of what might happen in Kuwait in the next five to ten years in the HRM function of the nationalization program should be based on the assumption that oil revenues will be about the same as the past four years and there will be no severe social or political unrest (Ali & Al-Kazemi, 2006). Another example of the expectations for the upcoming years regards the Qatari nationalization program. The expectations regarding this project for the upcoming years is that if the elite that currently governs Qatar remains in position and keeps on reforming with an emphasis on efficiency, HRD, full utilization of manpower, and position Qatar in the global market as a successful competitor, the reform plans will be implemented successfully. That might not be the case if a more conservative government will take over the role of the current, less conservative government. There are many issues to be solved before all reform plans can be successfully implemented, but eventually, Qatar's HRM is expected to evolve in a progressive efficiency-oriented system (Abdalla, 2006). So if the GCC remains politically and socially stable, and the current governments stays in place or are succeeded by other modern, progressive governments, these nationalization programs will remain in function. Furthermore, a critical note was made by Harry (2007), regarding the readiness of private organizations in GCC countries to face foreign competition, if they employ host country national (HCN) employees. Employing expatriates will be very expensive for private organizations, and must be evenly expensive in all GCC countries to prevent a movement of expatriates from one GCC country to another. Only then the private organization will cooperate in the nationalization programs and the challenging goals of the programs will be met and private organizations will be able to face the foreign competition (Harry, 2007). Al-Hamadi et al. notice that many young Omanis are unwilling to perform jobs in the private sector due to low payments and challenging work conditions, but acknowledge the chance that this situation might change when the national initiatives gain momentum (Al-Hamadi, 2007).

Another critical note towards the nationalization plans is that doubt exists in many organizations about the sustainability of the nationalization programs. Rees et al. describe a case of an organization

in which doubt exists as to whether investments in time and money should be made into nationalization initiatives if the sustainability of these initiatives remains doubted. Also, Rees et al. report several tactics to sabotage the nationalization projects, and identify reasons why there is resistance to the nationalization projects. Among these reasons are the incompetence of national employees, the bad reputation of national employees and the fact that many of the (well performing) foreign employees were threatened by the project (Rees et al., 2007). Mellahi notes that the nationalization project can only be made into a success if the private organizations are not told what they should do, but are given support on how they should do it. According to Mellahi, the Saudi government should put more effort in stamping down on undesirable practices, as exploitation and poor treatment of labor in the private sector (Mellahi, 2007).

A comparison of the Western HRM practices and policies with the HRM practices and policies in GCC countries is discussed in the next section. Just as in the section on HRM practices and policies in Western countries, the selection trends, performance appraisal trends and reward management trends will be discussed.

Selection trends

Many issues in selection practices and policies have been addressed in the former general part on HRM in GCC countries. It became clear that selection in the private sector of GCC countries works differently than selection in the public sector, due to the preferences of the national labor force, differences in salaries between the sectors, and differences in social status between jobs in these sectors. As was pointed out, the public sector consists largely of national employees, while the private sector consists mainly of expatriate and foreign workers. As was also pointed out in the former general section on HRM in the GCC countries, (extended) family and tribes play a role in HRM related decisions, even though Islam prohibits prejudices.

As was mentioned, the nationalization programs in the GCC countries try to force a halt to this reliance on foreign labor, through better use of the local labor market. The education levels of the national labor force are adjusted to the needs of the labor market, and the government arranges trainings to improve the knowledge of the workforce regarding modern management skills and competencies, but also to prepare them for a performance driven environment in the private sector. Through all these changes the governments try to increase the amount of national workers that choose for a career in the private sector instead of the public sector.

These nationalization policies have a severe influence on the way HRM practices and policies are designed in the GCC countries. In recent literature on HRM in GCC countries, information is available on (recruitment and) selection issues and trends in the GCC countries. For instance, organizations in the UAE are finding another approach to HRM by allowing departments to decide on their own hiring needs and processes, and this decentralizing parts of the HR function. Among HR professionals the feeling that recruitment practices should be more efficient, timely and maybe even aggressive, is growing. However, increasing the participation of women in the labor force still remains the largest HR issue in the UAE, (Suliman, 2006).

An example of the influences of the nationalization process on HRM in Qatar, and especially influences on the selection in Qatar was given by Abdalla. In Qatar, absolute priority in selection goes to nationals, while the private sector prefers well-qualified employees who need a minimum of training to function well. Public organizations in Qatar have well prescribed hiring procedures and rules, while private organizations do not have such a structured system. The recruitment channels through which jobs are sought differ as well. In the private sector, most job seekers search through direct contact with the organization, responding to advertisements or getting information from friends or websites. In the public sector most job seekers search jobs by communication with current employees, while expatriates also use advertisement. The employment of expatriates is, due to the

large need of Qatar for large numbers of expatriates, a thriving business for employment offices and intermediaries. In Qatar, as well as in the other GCC countries, natives prefer employment in the more lucrative employment packages of the public sector, while the private sector prefers the often more productive, lower paid expatriate workers. The policies of the public sector regarding the lucrative employment packages eventually lead to over employment in the public sector. A problem with selection in countries like Qatar is that the hiring process is under the influence of the social habits and values of the decision-makers. "People of trust and loyalty" are preferred to "people of competence" (Abdalla, 2006). In Saudi Arabia, the nationalization program forces organizations to select locals for jobs until a certain percentage of locals in the workforce of this organization is reached. This way the amount of foreigners is reduced and thus the reliance of Saudi Arabia on its foreign workforce is reduced with that. Also Saudi firms have difficulties attracting qualified Saudis. Recruitment firms are available in Saudi Arabia, but are very expensive, so that only the largest organizations can afford them. Also, these recruitment firms are widely used for the recruitment of foreign workers, but much less than for the recruitment of Saudis (Mellahi, 2006). Also in Kuwait, laws and decrees limit possibilities in selection and force organizations to employ nationals (Ali & Al-Kazemi, 2006).

Performance appraisal trends

The way the performance of employees in GCC countries is evaluated will be discussed in this section. Also, in performance appraisal, extended family and tribes play a role in decision making. In Saudi Arabia, anecdotal evidence suggests that promotion of people with tribal or family connections is very common (Mellahi, 2006). In the UAE, performance appraisal before the discovery of oil was largely based on observation by the owner/manager, and lead to immediate and contingent reinforcement. Documentation of behavior, relations and business communication was non-existent. Nowadays, results from the HRM nationalization-directed government organization Tanmia, show that profit-related pay systems, performance-related pay incentives, individual performance-related pay and formal performance appraisal are used in varying percentages of the small, medium and large private organizations. In the UAE, 65.9% of the large organizations, 51.8% of the medium organizations, and 36.4% of the small organizations report using profit-related pay. Performance-related pay is reported by 81.1% of the large organizations, 74.3% of the medium organizations, and 48.3% of the organizations. Individual performance-related pay was reported by 81% of the large organizations, 78.3% of the medium organizations, and 71% of the small organizations. Finally, the usage of formal performance appraisal was reported by 70.1% of the large organizations, 59.2% of medium organizations and 33.5 of small organizations (Suliman, 2006). As one of the goals of this nationalization project is to professionalize the HRM practices in the private sector, it can be expected that these percentages will increase. In Qatar, performance appraisal is performed through a variety of methods, of which the simple comparative approach (compare the performance of the individual to the performance of others) and the behavioral approach (behavior that the employee must exhibit to be effective on the job) are most common. The results approach (management by objectives) is less common, which is not to be expected in private organizations. Public organizations appraise the performance of their employees mostly by the attributive approach (how much did the performance of the individual attribute to the overall performance of the organization) and the comparative approach. The performance appraisal is mostly carried out by the supervisor, authoritative, centralized (the employee has no say), subjective, and confidential. In the private sector, the performance appraisal also knows a punitive element, because organizations use the results to fire poor performing employees, more so than to train them. Several elements in performance appraisal in Qatar limit the effectiveness of performance appraisal in organizations, such as the subjective element in the appraisal, or the egos and sense of pride and dignity among the Arabian Gulf people. Criticism is quickly taken personally, so that criticism avoidance behavior by the evaluators will have a negative influence on the effectiveness of performance appraisal in Arab countries (Abdalla, 2006).

Reward management trends

Trends in reward management in GCC countries are also discussed in literature on HRM in GCC countries. For example, research results from UAE's organization Tanmia show that the percentage of UAE organizations in which wages are set by management vary with the size of the organization. Of the large organizations, 98.4% of the questioned organizations claims to have wages that had been set by management. Among medium and small organizations, these percentages are 96.4% and 90.2%. However, Suliman also notices that UAE organizations are struggling to find ways to attract and retain quality employees, by providing adequate packages through developing clear compensation structures, such as grade and step systems, grade and open range systems or market-based systems. Organizations in UAE have started to develop policies for work-life balance and for pay plans such as pay for performance, skills-based pay, competency-based pay and gainsharing. However, in most organizations in UAE, wages are still determined by the management. Furthermore, wages set by the public sector are still several times higher than wages in the private sector, so issues need to be resolved here. Also, problems in the payment of salaries in the private sector of UAE need to be resolved. A considerable amount of the private organizations delay payment of salaries, or even do not pay the salaries at all. Reforms are necessary here, and the development of a national professional HR entity should facilitate these reforms (Suliman, 2006). This also accounts for the other GCC countries, for example in Kuwait (Ali & Al-Kazemi, 2006) and Saudi Arabia (Mellahi, 2006). In 2000 in Saudi Arabia, a non-Saudi earned around a third of what a Saudi earned. In the banking and insurance sector however, non-Saudis are employed in top-management positions and therefore are paid higher salaries. Also, salaries vary according to country of origin. Western expatriates are the highest paid, followed by Saudis, skilled workers from Arab countries, such as Lebanon and Egypt, Indo-Pakistanis, and, finally, workers from east Asian countries (Mellahi, 2006). In UAE, organizations have started to develop policies for work-life balance and for pay plans, such as pay for performance, skills-based pay, competency-based pay, and gainsharing. Nonetheless, in most organizations, wages are determined unilaterally by management. No minimum wage exists in UAE, but 1000 dirham (142 pounds) a month seems to be the usual minimum. No labor unions exist and freedom of association is not recognized as a fundamental right (Suliman, 2006). A similar trend is visible in Oman, where a mixed compensation approach is emerging, which takes into consideration total work experience, performance, skills and competencies of employees (Al-Hamadi & Budhwas, 2006). In Qatar, salaries of natives are higher than the salaries of expatriates performing the same job, mainly due to differences in benefits. Some of these differences are attributed to the higher education of the natives and subsequently to the kind of jobs they perform. Another reason for the differences in salaries is that, according to the Qatari Government, the native employees ought to enjoy benefits by sharing in the oil and gas revenues of Qatar. The salaries of expatriates in Qatar depend on the type of job they perform, the wage system in the expatriates' home country, and on the bargaining power of the employee (Abdalla, 2006).

Convergence, divergence, or other movement?

The differences in HRM practices and policies develop over time. To characterize these developments, a terminology is introduced. Convergence and divergence will be introduced here, followed by an introduction of a term for an in-between form in trend development; namely crossvergence.

Convergence versus divergence

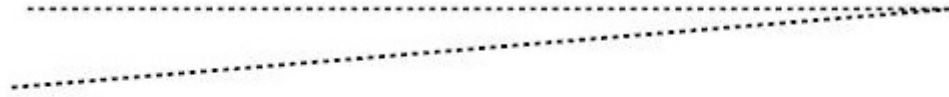
The main discussion in contemporary literature that is introduced here considers the influences that several factors have on HRM practices and policies and, following these influences, the effect these

factors will have on the differences between HRM practices and policies in Western countries and HRM in GCC countries. In other words, the following literature discusses the subject whether differences between these HRM practices and policies are increasing (the HRM practices and policies are diverging), or decreasing (the HRM practices and policies are converging). Also, a third possibility will be discussed here in the form of crossvergence, which will be introduced in the next section (Witt, 2008).

The central elements of analysis for convergence and divergence are the values of an individual. Several influences on individual-level values can be identified. Based on theories of value evolution and the time-change clusters perspective by Ralston, these influences can be grouped in sociocultural influences and business ideology influences. Schuler et al. and Brewster identify similar distinctions in a drive of value evolution coupled to the development of HRM practices and policies by technological factors as objective approaches from literature and theories on the one hand (i.e. convergence) and by cultural factors as religion and habits on the other hand (Schuler et al., 2007; Brewster, 2004).

The distinction was made by the time orientation that logically clustered the influences among sociocultural influences and business ideology influences. With sociocultural influences, factors are meant that take generations or decades to change. Also, Ralston identifies national culture as "*those beliefs and values that are widely shared in a specific society at a particular point in time*" (Ralston, 1993, quoted in Ralston, 1997). Also "*...religion, proximity, history and education are factors that have been identified as important in defining a culture.*" (Harris, 1979, Ronen and Shenkar 1985, quoted in Ralston, 1997). With the business ideology influences the economic, political, and technological influences are meant that take several years to several decades to change (Ralston, 2008). In this older literature from 1997, Ralston used the term economic ideology, instead of the wider term business ideology in his article from 2008. Ralston identifies capitalism and socialism as two major economic ideologies today. Also Ralston states that "*...while economic ideology most likely evolves from the legal and political systems of a society (Kelley et al., 1987), economic ideology does not equate to the political ideology of a country. The business environment and the political environment of a society can differ.*" (Ralston, 1997). In other words, the economic influences can follow from the legal and political influences, but cannot be seen as the same as the legal or political influences. They can be different. Another distinction made by Ralston is the orientation of cultures on the individuals and groups. As Ralston states, capitalism is commonly coupled with an individual-level ideology, while socialism is commonly coupled with a group-oriented ideology. Also, Western culture is coupled with a individual-oriented ideology, while eastern culture is coupled with a group-oriented culture.

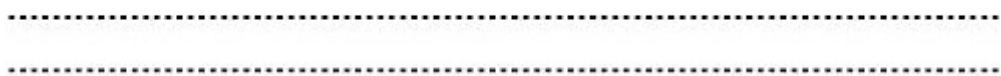
In the case of convergence of HRM practices and policies, Ralston states that "*...managers in industrialized nations will embrace common values with regard to economic activity and work-related behavior (England and Lee, 1974) Convergence implies that as nations become industrialized, there is a significant change in values towards behavior that embraces free-market capitalism (Eisenstadt 1973; Pascale and Maguire, 1980)*" (quoted in Ralston, 1997). Also, Ralston states that "*...technological influence is the catalyst that motivates individuals to develop a values system that is consistent with the technology of their society, regardless of the sociocultural influences*" (Ralston, 2008). This is called convergence, and as stated it identifies the technological influences as a driving force instead of the sociocultural influences. The convergence of HRM practices and policies can be represented as in the following typology.



Convergence of individual-level values

McGaughey et al. mention yet another variant (originally stated by Adler et al.) on the convergence model stated by Ralston, namely that *"perhaps... organizations are becoming more similar in terms of structure and technology (macro-level variables), whereas people's behavior within those organizations (micro-level variables) continues to manifest culturally based dissimilarities"* (McGaughey et al., 1999). Brewster comes to a similar conclusion when he states that the practice of HRM cannot be divorced from its institutional context. He states that *"what they have in common is the need to adopt a multilevel view of the actors in the system and to see business strategy, HR strategy and HR practice located within an environment of national culture, national legislation, state involvement, and trade union representation"* (Brewster, 2004). According to these authors, the differences between HRM practices and policies in different contexts will likely be the same on a macro-level (structure and technology) and different on aspects influenced by legislation and culture.

Based on the earlier identified sociocultural and business ideology influences, it is possible to identify a contrasting evolutionary direction of the value systems.. Ralston identifies divergence, stating that *"sociocultural influence is the driving force that will cause individuals from a society to retain the specific values system of a societal culture through time, regardless of other possible influences, such as technological, economic and political change"* (Webber, 1969, quoted in Ralston, 2008). Ralston also states that *"...national culture, not economic ideology, drives values, and that even if a country adopts capitalism, the value systems of those in the workforce will remain largely unchanged. individuals will retain their diverse, culturally determined values regardless of economic ideology. Eastern countries with a history of socialism would not shift their work values toward those held in Western capitalistic countries, regardless of how individualization occurs."* (Ralston, 1997). In other words, the contrary of convergence in this individual-level values debate states that sociocultural influences, rather than technological influences, determine the direction of evolution of individual-level values. The divergence of HRM practices and policies can be represented as in the following typology;



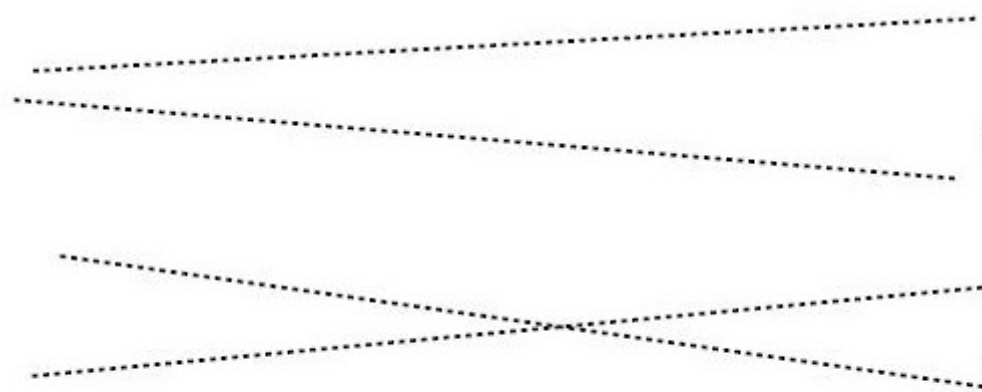
Divergence of individual-level values

HRM practices and policies of multinational organizations in host countries is discussed in literature as well. Brewster et al. discusses three broad schools of thought on HRM in multinational corporations within host countries. First they identify theories that will follow common practices regardless the country they are in, because of global homogeneity or ethnocentricity. A second school of thought discusses theories of local isomorphism, arguing that organizations will adjust their policies to reflect cultural or institutional realities in the countries they are in. A third school of thought discusses duality theories, suggesting that organizations face conflicting pressures both towards and away from local practices, which may be further influenced by factors as size, structure,

market conditions and strategic choices made by the managers of the organizations. Ralston notes that being a global organization implies having a universal corporate culture. He argues that *"...if a multinational is going to become a truly global organization, the diverse individual work values from the various geographic locations of a multinational corporation (MNC) must converge and be integrated into a common set of values to create a universal corporate culture."* (Ralston, 1997). Also he states that *"...the degree to which a universal corporate culture is feasible may depend upon the degree to which the diverse work values of the various local operations are capable of evolving (i.e. converging) toward a common set of values."* (Ralston, 1997). From this can be concluded that the different local cultures of a global organization lead to a global culture in this organization. The influences that are mentioned earlier can be identified from this as well, namely the national culture in the host country and the global economic ideology.

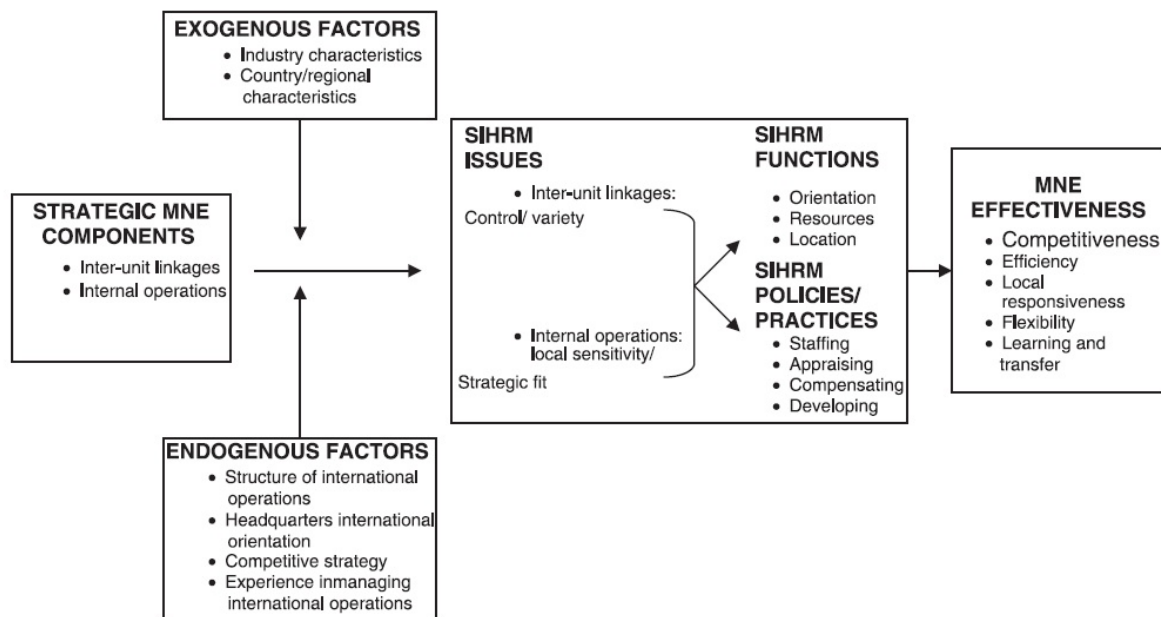
Crossvergence

A third direction is more recently introduced, and is called crossvergence. Ralston states that "crossvergence advocates that the combination of sociocultural influences and business ideology influences is the driving force that precipitates the development of new and unique values systems among individuals in a society owing to the dynamic interaction of these influences." (Ralston, 1993, quoted in Ralston, 2008). In other words, in the case of crossvergence, both technology factors as sociocultural factors influence the individual-level values. Ralston also states that *"...neither of these views (convergence and divergence, red.) is adequate to explain the dynamic interaction of economic ideology and national culture"* (Ralston, 1997). Furthermore, Ralston introduces the melting pot philosophy in the same article, stating that *"...proponents of crossvergence argue that there will be an integration of cultural and ideological influences that results in a unique value system that borrows from both national culture and economic ideology"*. Finally, Ralston states in the same article that *"...the findings largely support the crossvergence perspective, while also confirming the role of national culture"*. However, Ralston also stated that crossvergence should be seen as something in between values supported by both the national culture as the economic ideology, though it should be seen as "something different", rather than "something in between". Also, Ralston states that crossvergence *"...occurs when a an individual incorporates both national culture influences and economic ideology influences synergistically to form a unique value system that is different from the value set supported by either national culture or economic ideology."* (Ralston, 1997). In other words it could be stated that crossvergence is a form in between convergence and divergence, and involves both national culture influences as economic ideology influences. The crossvergence of HRM practices and policies can be represented as in the following two typologies.



Crossvergence of individual-level values

Based on a model by Schuler et al. (2007) a coupling of the individual-level theories on convergence, divergence and crossvergence by Ralston can be coupled to the HRM practices and policies. Whereas Schuler et al. identify exogenous factors (industry characteristics and country characteristics), endogenous factors (among others structure of operations), and strategic multinational organization components, the following model was offered (Schuler et al., 2007);



In this model it becomes clear that the effectiveness of organizations is a result of HRM practices and policies, which is the result of both exogenous as endogenous factors, as well as strategic components of the multinational organization.

Research methods

The literature that was introduced here will be used in further analysis in the next chapters. Also interviews will be done on this subject, based on the research question, sub questions and the literature that was introduced here. Based on the analysis of the literature and results of the interviews in chapter 4, conclusions will be drawn in chapter 5.

H3 - Methodology

This chapter shall provide insight in which procedures have been followed to perform this research in a correct manner, and thus to produce valuable results that will lead to a correct answering of the research question and sub questions. First the search and selection of the literature will be described, followed by the methods to attend the literature to form a basis for a theoretical overview. After this, the methodological background of the field research will be explained, and the manner in which the analysis will be performed will be discussed.

Formation of research

After choosing the subject for this research, it soon became clear that it was necessary to strongly focus the direction of the research. Not focusing this research would not only result in a research that would be far too wide and would not provide the reader with any clear conclusions, but also result in a research that would not fit in the boundaries that a bachelor thesis has for performing the research. By choosing to focus on clearly marked out countries and their Human Resource Management practices and policies, it has been prevented that too many different social factors would influence the results of the research. By choosing to limit the in-depth research on Human Resource Management practices to only three Human Resource Management practices, namely selection practices, performance appraisal practices and reward management practices, it has been attempted to prevent that too much information will be discussed leading to a research that would not fit in the framework of a bachelor thesis.

Literature selection and processing

Because the literature study is a fundamental element of this research on the differences and similarities in HRM practices and policies in western countries and GCC countries, the selection and processing of the literature is a relevant element of the methodology chapter of this report.

For the literature search several scientific sources have been used to search for relevant scientific articles. The websites scopus.com, jstor.org, scholar.google.com and the digital library of the University of Twente have been used to search for articles. In this search procedure, the used keywords were "Human Resource Management", "Kuwait", "Saudi Arabia", "Bahrain", "United Arab Emirates", "Qatar", "Yemen", "convergence", "divergence", and "crossvergence". These keywords were used in different combinations to find a large amount of articles on the named subjects. The selection of the articles was done by evaluating the quality, applicability, usability, and actuality of the found articles. Also care was taken that information was found on every area of the subjects of the research. In this selection process, the primary goal was to find articles that contributed to answering the research questions. This was done by analyzing the abstracts, introductions and conclusions of the articles. The articles that showed a link with the research question and sub questions were further analyzed, and the articles with the most resemblance with the research questions were selected and used for this literature research. This selection process led to the found and used amount of articles.

From these articles, a literature overview has been made by structuring all used information in a way that allows the reader to obtain a balanced and clear overview of the findings in the literature. Because this research is describing in nature, the literature overview has been written in a way that offers the reader a cumulative approach on the available knowledge by starting to define the basic

terminology and building on this basic knowledge to provide the reader with more expert knowledge on the subjects. This has been done to make the research subject understandable, and to let readers with no experience with the subject follow the line of reasoning. The ultimate goal of the literature overview as it has been written was to gradually build a knowledge basis on which the answering of the research questions can commence. The structure of the literature overview should thus be a good starting point for the analysis of the information (chapter four) that will lead to the answering of the research questions and sub questions (chapter five).

Field research

To complete this research with empirical data, five interviews with employees in Gulf Cooperation Council countries will be performed. For this the semi-structured interview protocol will be used, implying that the major lines of the research will be secured by formulating some main questions to be answered during the interview, but the interview itself will not be too stubborn. This way the respondents hopefully provide the research with a richer insight in the research subject by mentioning examples and anecdotes, so that the results can be placed in the right perspective. The interviewees for these interviews have been selected based on their expert status on the subject of HRM in GCC countries, based on their function and track record. An attempt will be done to find interviewees in several different GCC countries. The interviews will only be held with employees in GCC countries to provide a practical overview of HRM in these Middle Eastern countries, while the richer availability and better knowledge of HRM in western countries provides less need to find empirical knowledge on HRM in western countries.

The interview questions are derived from the choices made for the theoretical basis and the results found in the theoretical research. Based on the knowledge found in the theory, the right questions can be asked to the respondents to find some examples and anecdotes that make the results of this report more clear.

Important for this research is that the few research questions in a semi-structured interview represent the research question and sub questions. In other words, the interview should be directed at answering the research question, and should not just provide the researcher with broad information that offers no contribution to the research itself. For the interview, information found in "*The practices of Social Research*" by E. Babbie on qualitative interviewing has been used. Babbie states that less-structured interviews are more appropriate to field research than rigidly structured questionnaires, because the less-structured interview leads to an interaction with open questions between interviewer and respondent with richer answers than would be possible when the interviewer would only ask closed questions to the respondent. Babbie also warns that the interviewer needs to be fully familiar with the questions to be asked to allow the interview to proceed smoothly and naturally. Also Babbie warns for the tricky business of formulating questions, because questions have the tendency to be biased before the answer has been given. Furthermore Babbie states that interviewers need to be good listeners, and should be more interested than interesting by listening actively. This is done by responding on statements of the respondent by asking a question that provokes the respondent to further clarify the made statements and enrich the given answer. This probing (or requesting an elaboration) will lead to a richer result of the interview. The result of these guidelines can be found in the form of the interview outline in the appendices of this report.

The interviews that will be performed in this research will be performed by telephone, which implies that the interviewer should be even more clear in his formulation of questions. Also the interpretation of answers should be done with utmost care to avoid misunderstandings. The probing

of a first answer of the respondents thus not only leads to a richer answers, but also helps avoiding a misunderstanding between the interviewer and interviewees.

The analysis of the interviews should lead to a more thorough understanding of HRM practices and policies in the middle eastern countries by offering practical examples and anecdotes that clarify and support the answering of the research question and sub questions. By comparing the information that is found in the answers of the interview respondents to the information from the literature, interesting differences and similarities can be found through the analysis of the results of the literature and the interviews. The structure that was set up for the literature review and interviews was in the basis the same, so that the reactions in the interviews answered the same questions as were the basis for the literature research. By asking probing questions to the interview respondents, an attempt was done to get the respondents to explain the situation even further and hopefully come to the cause of the current situation. In the ideal situation a more complete understanding of the situation will be created by having opinions of multiple interview respondents, that can be compared to the opinions of literature authors that have a more scientific approach of the HRM situations in both the western countries and the GCC countries.

Analysis

Considering the methodology that has been discussed in this chapter, a complete and well argued answer on the research question and sub questions will be sought through an analysis of the found information in the literature and the interviews. Because of the kind of information that was gathered during the literature search and interviews, it was impossible to come to statistical analysis, and a qualitative approach was chosen. Opinions and statements of literature authors and interview respondents were analyzed to come to general conclusions on the subject.

After the analysis of the literature and the information, examples and anecdotes from the interviews, an attempt was done to find similarities and differences in the information from the literature and the interviews. From the literature and interviews some holes in the information in either the literature or interviews were found (some issues that were mentioned in the interviews were not yet mentioned in the literature) so additional literature was sought to have a completely covering array of information from both the literature and the interviews. An attempt was done to cover the subjects of the sub question as completely as possible in both the literature as the interviews.

All found information from the literature and the interviews was structured in a logical and clarifying manner in the tables, that will support the answering of the research question and sub questions. In the tables an analysis was done of the findings (see chapter four) from the literature research and the interviews. Outstanding findings were mentioned, expected and unexpected similarities and differences between the literature and the interview results were pointed out and by analyzing all mentioned elements, more general findings were sought. All findings were summarized in a structured manner in tables, and these tables formed the basis for the concluding section in chapter five.

The findings of chapter four were the basis for the concluding section of chapter five. Based on the many findings a structured approach was chosen to get to a set of conclusions. The findings were presented in the order of the sub questions, followed by the formulation of the research questions.

H4 – Findings

In this section of the research report the findings in the literature and the interviews will be discussed and compared. Also an analysis will be made on the factors that determine convergent, divergent or crossvergent trends in the differences and similarities in HR practices and policies in the GCC countries and western countries. Based on this analysis, an attempt will be made to order all information in such a manner that the implications of this analysis can be used to draw conclusions in the fifth chapter of this research; the conclusions.

Literature research

The literature research on differences and similarities in HRM practices and policies in western countries and GCC countries, as well as on trends in these differences and similarities provided a base for a theoretical comparison of the selection, performance appraisal and reward management practices and policies. A side note that should be taken into account regarding the literature research on HRM in western countries and GCC countries is that there is an enormous amount of literature available on HRM in western contexts, but less literature is available on HRM in Arab contexts such as the countries of the GCC. Also the literature on HRM in GCC countries is written by local practitioners only, so it could be questioned whether these researchers have a sufficient wide perspective on HRM in the increasingly global context.

The findings of the literature research can be summarized as in the following table. The segments of this table will be examined more thoroughly in the next sections.

	Western countries	GCC countries	Differences/Similarities
Selection	<ul style="list-style-type: none"> -Rational approach -high-validity/low adverse effect methods, -cognitive and non-cognitive methods, -customized simulations, -online assessment 	<ul style="list-style-type: none"> -women in workforce -influence nationalization programs -attraction of expatriates versus attraction of locals 	<ul style="list-style-type: none"> -Difference; employment of women -Difference; regulations and quota from nationalization programs -Similarity; rational approach; right person for vacancy -Similarity; basics of the approaches by western literature
Performance appraisal	<ul style="list-style-type: none"> -goal driven organizational focus -evolution lead by organizational changes -many known methods of individual appraisal -coworker appraisal 	<ul style="list-style-type: none"> -Collectivistic approach; role of individual in group is hard to describe for individual -Honesty is hindered by habits and culture; criticism are easily taken personally -Tribal and family ties 	<ul style="list-style-type: none"> -Similarity; basics of the approaches by western literature -Difference; collectivism versus individualism
Reward management	<ul style="list-style-type: none"> -variable payment schedules -flexible salaries -participation as reward 	<ul style="list-style-type: none"> -strong monetary focus -larger differences in salary levels -work-life balance, working from home, working part-time less known in GCC countries 	<ul style="list-style-type: none"> -Similarity; basics of the approaches by western literature
General	<ul style="list-style-type: none"> -objective methods -broader view than just monetary compensation -individualistic perspective 	<ul style="list-style-type: none"> -influence of islamic culture, norms, values and habits -collectivistic perspective -traditional organizations and management -limited future orientation -small/medium organizations do not have clear policies like larger organizations 	<ul style="list-style-type: none"> -basis of the policies are the same in GCC countries and western countries, but implementation seems to be different.

In selection, performance and reward management, it is clear that the modern governments policies to increase the performance of the private sector and decrease the reliance on a foreign workforce are derived from Western knowledge on selection, performance and reward management.

Interviews

The interviews provided this research with insights directly from practice. People who experience HRM practices and policies in GCC countries and western countries on a day-to-day basis ventilated their experiences and supported them with examples and anecdotes. Based on these experiences, some interesting similar points can be found in the stories of the interview respondents. The relevant elements of the interviews will be mentioned in the sections of this chapter on selection practices, performance appraisal practices and reward management practices. These relevant results from the interviews will be used to have some views from practice on the knowledge that was found in the literature on HRM practices and policies in western countries and GCC countries. General points of analysis from the interviews will be posed here.

From the interviews it became clear that the view that follows from the literature is not always the view from HRM practitioners in the GCC countries. The positive image that is sketched by the literature on nationalization programs for instance is not fully felt by the practitioners, and in some cases the implications of the nationalization programs are even seen as a threat to the private sector in GCC countries. The hard quotas on percentages of national employees in the private organizations combined with the small amount of competent and willing national employees leads to situations in which private organizations need to offer high compensation packages to the national employees to attract and retain them in the organization.

Another interesting general finding in the interviews is that differences between HRM practices and policies in western countries and HRM practices and policies in GCC countries seem to be smaller in practice than would have been expected from literature. Of course there are limitations to the interviews as they have been performed (in the fifth chapter more attention will be paid to this), but the interview respondents argued that the HRM models as they are used in western countries, are used in multinational private organization basically in the same way as they are used in western countries. The differences that are to be found in the practices in western countries and GCC countries can be traced back to differences in habits, culture, or legislation. An example of the influence of the different backgrounds can be found in the argument of the western individualistic culture versus the Arab collectivistic culture, with which HRM practitioners in GCC countries have to cope in for instance the discussion on performance of an individual in a group. This will be further elaborated in the analyzing sections on selection, performance appraisal and reward management. In general could be stated that the rational approach as it is used in western countries (making use of STAR, SMART, Balanced Scorecard, Big Five etc) are being used in multinational private organizations in GCC countries just as they are being used in western countries in which the multinational operates. Differences can for instance be found in the way how Arab individuals are approached in the case of selection interviews or performance appraisal interviews. An interview respondent mentioned that a difficulty in that situation is that an Arab individual will not mention his or her attribution to a performance of a project team as an individual performance, but is eager to mention this success as a group performance. The role of an HR manager in this situation should then be that the role of the individual in this performing group should be made clear to be able to evaluate the personal performance of this individual. More in general could be stated that the large differences in HRM practices and policies in western countries and GCC countries should be sought in the implementation and use of the practices and policies, instead of the practices itself.

One of the conclusions that can be drawn from a general view on the interviews is that the way the practitioners experience the regulations set by the nationalization programs of the governments is very different from the way these nationalization programs are described in the literature. Where the literature mentions some advantages of the nationalization programs for private organizations, the practitioners can only mention the limitations they experience from trying to comply to these regulations. The advantages of nationalization programs mentioned in the literature are for instance

that the fit between the labor demands of the private sector and the characteristics of the national labor force should be improved. Some training and development programs for the national workforce should develop the national solicitors and employees to be better able to perform in private organizations with a western way of working, but the interview respondents don't see the results of these trainings funded by the government. Also, the private organizations complain about regulations such as the quota for the amounts of nationals that should be employed in the organization. One of the interview respondents complained that the quota to employ 20% national employees is aggressive, because only 20% of the total population is willing and capable to work. Because of these aggressive quotas, organization need to offer higher reward packages to be able to attract and retain the national employees, and be of permanent concern that these national employees can leave the organization for a better offer in another organization.

General HRM issues

When HRM practices and policies in general in western countries and in GCC countries are compared based on the literature research and the interview data, some general differences and similarities can be identified, as well as some trends the both regions have in common or are specific for one of the two regions. This section will focus on the more general view on HRM practices and policies, before the more specific selection practices and policies, performance appraisal practices and policies, and reward management practices and policies are considered.

One development HRM practices and policies in both regions have in common is that both have developed from a organizational pay rolling department to an organizational section that has a direct influence on the organizational achievement of the organizational mission and goals. HRM has developed as a organizational element with a strategic role, by attempting to plan the needed HRM resources to achieve the strategic goals of the organization. This can be found both in literature on HRM in western countries as literature on HRM in GCC countries, as it was mentioned in the interviews with HRM practitioners.

In literature a lot can be found on the efforts of social scientists and HRM practitioners in the last decades to find a universalistic best practice model that can be directly applied in every organization in every situation or country. After many efforts, no fully applicable best practice model for HRM in every context was found, so the efforts of HRM practitioners and social scientists were focused at finding a contextual contingency approach for HRM practices and policies. This contextual contingency approach was partly found in the results of the literature research on selection, performance appraisal and reward management, but was much clearer to be found in the reactions of the interview respondents. In the responses of the HRM practitioners that were interviewed, all respondents reacted that HRM practices and policies in the different multinationals they were employed in performed their HRM tasks in the same way in every country, with only minor adjustments to the way social conversations such as interviews or discussions are performed. The social context regarding for instance individualism/collectivism issues makes that an HRM practitioner has to be aware of the context and the social habits of the employees in this context.

Some trends in HRM that have started recently in organizations in western countries are the upcoming globalization, E-HRM and lean management. As followed from reactions from the interview respondents, the newly introduced HRM models and practices that are introduced in western countries like the Netherlands are in a later stadium also introduced in the more western-oriented countries of the GCC, as follows from the literature research and the reactions from the interview respondents. One of the interview respondents mentioned lean management as a recent HRM issue in western countries at this moment, and expects this subject to be issued in more

western-oriented GCC countries as well in an unknown amount of time. The term "progressive" is sometimes used to compare countries on their HRM policies of the organizations, but for this research the term "western-oriented" will be used because of the western background of the writer of this report. Progressive can be regarded to as an opinion, when it is taken in mind that the background of someone determines what is regarded to as "progressive" and "conservative". "Western-oriented" is a more objective term to describe what is meant here.

Differences between the countries of the GCC are present as well. Following from the literature and from the interview respondents it becomes clear that Qatar and the UAE are leading in the development of HRM practices and policies. Because many of the large organizations in Qatar and the UAE are from western countries, many of the modern HRM practices and policies from western countries find support in GCC countries via the offices in Qatar and the UAE. As was stated by the interview respondents, organizations in countries as Kuwait and Saudi Arabia eventually adopt the HRM practices that were earlier adopted by organizations in Qatar and the UAE. This accounts for instance for the structure of the work forces. The structure of the work forces in the different GCC countries and in western countries is an issue that should be taken into account for this analysis as well. The participation of women in western countries and countries of the GCC is an important issue for HRM practices and policies in these two contexts, when is considered that in a more western-oriented country as the UAE 40 per cent of the workers is female, compared to only 4,8 per cent of workers in Saudi Arabia. This again shows that there are leading countries in the development of HRM in GCC countries, when is considered that the percentage of female workers in the UAE has risen sharply in recent decades. In comparison with the female participation in the workforce in a western country as the Netherlands (45,7% in 2008, CBS.nl), in could be stated that more western-oriented countries as UAE in this example follow the example of western countries in the employment of women, while more conservative GCC countries have far less female workers employed, with the exception of the large amount of female workers in the Kuwaiti medical sector. A reason for this can be found in the literature in the choice that a woman in a conservative GCC country (in this case Saudi Arabia) has to make in life, namely between a professional career on the one hand, and social acceptability and family on the other hand. Given that the participation in the more western-oriented countries of the GCC have increased in recent decades to the current levels due to a growing focus on economic growth, a reduced dependence on the oil and gas production, and reduced dependence on a foreign workforce, one could expect that over time the realization in the more conservative countries of the GCC will come that the women are needed in the workforce to become an independent and economically stable country, and will follow the example of the western-oriented countries and will be more open-minded in the employment of women in the work force. It can be read in the local newspapers as the Kuwait Times that as this report is written, some of the GCC countries are reducing the regulations that hinder women's participation in the work force. In the Kuwait Times of 06-07-2010 it can be read that "*...the National Assembly in Kuwait revised the restrictions imposed on women's labor in certain professions, which could stipulate a bigger share for female workers in the country's economy*". Also can be read in this article in the Kuwait Times that the female participation in GCC countries is averaged on 33 percent in 2005, ranging from 18 percent in Saudi Arabia to 50 percent in Kuwait. From this could be understood that Kuwait, regarded as a more conservative country in the GCC, already has a female participation in the workforce comparable to that in a western workforce, and will even more follow the example set by the more western-oriented GCC member states like Qatar and will reduce the restrictions for female workers even more. From this could be expected that when all GCC countries follow these examples and will bring their female participation to a economically healthy level, they will be able to reduce their dependence on foreign labor some more. A final notion that should be made here is that the generalizations that have been made here about HRM practices and policies in GCC countries only account for organizations with a professionally set up HRM structure. From literature and reactions from interview respondents in turned out that only the large organizations have such a HRM

structure, while medium and small organizations in GCC countries don't have the resources for a professional HRM structure. From the reactions from the interview respondents it turned out that the small and medium organizations depend on interviews for selection and subjective judgment for performance appraisal and reward management. From the literature research followed that external HRM bureaus are only affordable for the large organizations, so small and medium organizations depend on less sophisticated HRM practices to perform the HRM tasks.

The dependence on foreign labor, as was mentioned in the above section, is a relevant issue in the analysis of HRM differences between western countries and GCC countries as well. Whereas western countries have a majority of the labor force that is from the home country, the GCC member states have to look abroad for enough employees with the right education, competences and work ethics to perform in the private sector of the GCC countries. The public sector of the GCC countries don't seem to have this problem with finding enough national employees to perform the tasks, as the public sector is a popular employer for the GCC national employees. For the analyses of HRM differences between western countries and GCC countries, a first notion that could be made is that the focus for HRM practitioners regarding the attraction, selection and performance appraisal of employees will be very different. This will be further discussed in the discussion on differences between selection practices and performance appraisal practices in western countries and GCC countries, further in this chapter. More in general one could state that the way HRM practitioners have to address to employees in both contexts differs per situation. Whereas an HRM practitioner in a western country will be able to use a routine for discussions and meeting with the more homogeneous group, an HRM practitioner in the GCC countries will have to be aware of the different background of the solicitor and/or employee in the more heterogeneous environment with many different nationalities, backgrounds, habits and cultures.

Regarding the foreign labor force of the GCC countries, nearly all of the lower, medium and higher management employees of the private sector of the GCC countries have been attracted abroad and employed in the GCC countries on an expatriate basis. This expatriate based employment has clear implications for the way selection procedures are performed in the private organizations in GCC countries. From the literature research and the reactions of the interview respondents came forward that the expatriate employees are attracted in a different manner than the national employees or the manual labor from Asian countries. The used methods as described in the literature research and interview reactions imply that, whereas an HRM practitioner in western countries has a rather homogeneous array of attraction channel and corresponding selection methods, an HRM practitioner in GCC countries has to cope with a more heterogeneous array of sources for the attraction and selection of employees. As a result, differences between HRM practices and policies, and in this particular case the selection practices and policies, are determined by the amount of different attraction and selection processes that follow from the different sources that are used. This leads to a situation for HRM practitioners in GCC countries that prescribes an awareness of the larger cultural differences of the different backgrounds of the employees. Whereas a western expatriate employee demands a safe working environment and good secondary conditions, an Asian manual worker will be focused on the monetary reward of the employment. Local employees are focused on the monetary reward as well as on the social status following from the employment. These differences in the demands of the different employees will determine the way an HRM practitioner will approach solicitors or employees, and determine the tools an HRM practitioner can select to influence behavior of employees in the favor of the organization. A difference in HRM practices and policies in western countries and GCC countries following from these different bases for employment will thus be that the HRM practitioner in GCC countries has to operate in a context with more different wishes, demands and backgrounds.

Islamic norms and traditions have been influential in the past. Traditional Arab management has been the norm in GCC countries for decades, when the subjective vision of the owner or manager was the leading opinion in decisions in selection, performance appraisal and reward management in GCC countries. Nowadays the small and medium organizations in GCC countries still perform HRM tasks in this manner, while the larger organizations are more and more using the western, more objective HRM practices. The role of arab habit and islamic backgrounds in HRM practices in organizations in GCC countries is described in HRM literature as well, where can be found that HRM decisions are sometimes still influenced by tribal and family ties, and knowing someone in the higher management. According to the HRM literature these are practices in public and private sector organizations in the GCC countries. The interview respondents are employed in large multinational organizations, and state that these practices take place in the small and medium organizations that have no fully functional HRM function in the organization. These small and medium organizations show another important difference in HRM practices and policies, when compared to HRM practices and policies in western countries. Traditional Arab management is known for a limited future orientation and a lack of delegation of authority. Islamic work ethics influence the way an employee in a GCC country performs his job; several ethical principles are prescribed by the Islam, for instance directed at fair chances for everyone and good treatment of others. *Tawheed* for instance prescribes that on the day of judgment, every good and bad thing an individual has done will be weighted, and the judgment will be based on the outcome of this weighing. In practice, the literature writers and interview respondents state that not much is to be experienced from this ethical prescriptions, so no real differences are to be experienced from these factors when HRM in GCC countries and in western countries is compared.

Selection practices

To compare the selection practices and policies in western countries and GCC countries, the knowledge from the used literature on selection practices in western countries and GCC countries is analyzed, combined with the information and stories from the HRM practitioners. The selection practices in western countries and GCC countries obviously are similar in their goal to find the right person for the right position. This selection process is preceded by an attraction process that is performed using different sources in western countries and GCC countries. In western countries, five general trends are notable, namely (1) a focus on more reliable and valid assessment tools (meta analyses over these tools to provide validity), (2) greater use of high-validity/low adverse effect assessment tools (more reliable, less influence of race and gender), (3) increasing importance of assessing non-cognitive qualities (biodata, structured behavioral and situational interviewing, situational judgment), (4) increasing use of customized simulations (focus on wider competencies and not just job-specific skills), and (5) an increasing role of online assessment. From this can be seen that the focus for HRM in western countries is on more reliable, valid methods with a clear utility for the organization, and that efficiency through online assessment practices are playing a role. Finally, both cognitive, non-cognitive, as performance-based qualities of individuals are measured during the selection procedures in organizations in western countries, with various manners to measure these elements. In other words, to reach the goal of finding the right person for the right position in an organization in a western country, a rational approach with the highest probabilities of finding the right match is sought and found.

Selection practices and policies in GCC countries are different in some aspects than selection practices and policies in western countries. In the literature on selection practices and policies in GCC countries, elements can be found that are significantly different from selection in western countries, mostly as a result of differences in government policies and cultural habits and norms. The government policies that are meant here are the nationalization programs that all GCC governments

have employed. For HRM practitioners, these nationalization programs mean that there are quota set by the government on which percentage of the employees should be local, and how many of the employees can be attracted from abroad on for instance an expatriate base. As mentioned, the nationalization programs should incorporate training and development programs to make national employees better suitable for a job in a private organization, but according to the interview respondents the results of this are not visible. Also the training and development programs of the nationalization programs should alter the attitudes of national employees towards jobs in the private sector. The national employees strongly prefer jobs in the public sector over jobs in the private sector, due to social acceptance and pride that comes with jobs in the public sector, combined with a low working pressure and a high salary. The willingness for local employees to apply for a job in the private sector instead of the public sector thus is reduced to a minimum by these differences, and the nationalization programs are meant to change this willingness of national employees. The goal of these nationalization programs of the GCC governments is to reduce the reliance of the GCC countries on foreign labor, but as said, the interview respondents do not perceive much results of the efforts by the government, and still rely largely on foreign labor to fill vacancies in their multinational organizations. The reliance on foreign labor does not seem to change much, due to a continuing unwillingness of the local employees to be employed in private organizations.

Where the primary sources in western countries are advertisements and websites, the role of personal contacts inside the organization still is important in the attraction process in private organizations in GCC countries. From the literature research follows that knowing someone influential in the higher management of an organization significantly increases the chances of an solicitor to be employed in the organization. From the literature follows that the hiring process in the more traditional management of the small and medium organizations is under the influence of social habit and values of the decision-makers; "people of trust and loyalty" are preferred over "people of competence". The literature writers state that in the private sector most job seekers search for vacancies through direct contact with the organization, advertisements, or information from website or friends, while in the public sector job seekers search for vacancies through direct contact with current employees. Expatriates who search for jobs in the public sector also search through advertisements. As was mentioned, national job seekers prefer the richer compensation packages of the public sector, while the employee-searching private sector prefers the productive, lower paid expatriate workers. Finally, from the literature follows that professional recruitment firms are present in GCC countries such as (in this case) Saudi Arabia, but are very expensive so that only the largest organizations can afford them. These factors all combined leads to over employment in public sector, clear differences between HRM practices and policies in western countries and GCC countries, and for hard challenges for the HRM practitioners.

Objective measurement by the western reliable and valid assessment tools, and meta analyses over these tools are finding ground in GCC countries as well, but only in the large organizations. Small and medium organizations still rely in many cases on subjective impressions and opinions by the manager or owner. As was mentioned before, the employment of women in the workforce still has a long way to go in the conservative countries of the GCC, while the western-oriented countries of the GCC are finding their female employment at more western levels. For the differences between selection practices and policies in western countries and GCC countries this thus implicates that more and more women will apply for vacancies in the more western-oriented countries of the GCC, while the female appliances in the conservative countries are falling behind due to cultural and religious differences with western countries.

Regarding the recruitment practices, one could say that a felt need for more efficient, timely and maybe even aggressive recruitment practices lead to changes in HR practices in the countries of the GCC. From the literature follows that Qatari public organizations have well prescribed hiring

methods, while private sector organizations don't. Also, Qatari organizations give absolute priority to nationals, while private organizations just seek the well-qualified employees who need a minimum of training to perform well. From this could also be expected that the private organization will develop their hiring methods to the higher effective and efficient level of practices from western countries.

The interview respondents further stated that the large multinational organizations in GCC countries perform the same selection policies as the multinational organizations do in western countries, regarding the way solicitors are selected based on rational criteria. The stressed that multinational organizations will try to use the same HRM practices and policies in all countries they are active, and stated that the minor differences in the execution of the selection practices should be sought in the different social habits of Arab solicitors and employees. As was mentioned, the collectivist habits of Arab individuals regarding their role in a group performance offers a challenge for HRM practitioners in finding the actual attribution and thus the competencies and qualities of the Arab individual. Interview respondent 5 referred to this difference. Three of the five interview respondents mentioned the local legislation as the biggest influence on the differences between HRM in western countries and GCC countries. The local nationalization programs form an influence on the freedom of choices from solicitors that organizations in western countries might be used to, while the lack of labor unions or employee participation boards in GCC countries compared to western countries offer differences in the way HRM is performed in western countries and GCC countries, as for instance interview respondent 5 mentioned. Also situations are mentioned by respondent 1 in which local solicitors are hired just because of an influential family or tribal bond of this solicitor. Furthermore respondent 4 mentioned situations in which the preferred nationality of solicitors is mentioned in the advert for a vacancy, for instance in the situation an expatriate from the USA would be more suitable to perform a task than an expatriate from Asia.

However, all interview respondents mentioned that the basis of the HRM in both contexts remains the same. The search for the right person on the right place is performed with the same goal in mind. Methods like STAR, the Big Five personality test and competencies in general are mentioned by interview respondent 1 as the strongest influences on the way HRM is performed in every location worldwide in the multinational the respondent works for. The other respondents gave similar reactions, acknowledging that the global policy of multinational organization is leading in every location the policies are performed, and that the local legislation provides the largest influence on the occurring differences in the implementation of the HRM practices.

Performance appraisal

A comparison of performance appraisal practices and policies in western countries and GCC countries was made based on the results of the literature research and the reactions of the interview respondents. To start this analysis, a clear vision on performance appraisal practices and policies in western countries was outlined in the literature research, by stating that the overall issue of performance appraisal in western countries is to achieve the organizational goals through the performance of individuals. By setting personal goals in such a way that they contribute to the achievement of the organizational goals, and by measuring to which extent the personal goals have been achieved, the attribution of the individual to the overall achievement of the organizational goals can be determined. By focusing performance appraisal of individuals on the organizational goals, the development of performance appraisal as an HRM practice is made dependent on the changes that are made in the organization. Some methods for performance appraisal are used in an increasing rate in western countries, namely upward appraisal, 360 degree performance appraisal, customer appraisal, team-based appraisal, and competency-based appraisal. Through these methods, combined with counseling, training, awards, and promotion opportunities, employees are

motivated to increase their performance to attribute more to the achievement of the organizational goals. In western countries, the harder forms of performance appraisal (improving current performance by using rewards) are used more often than the softer forms (career planning and identifying future potential). A problem with performance appraisal in organizations in western countries is that the meetings tend to be disliked by both managers as subordinates. For both managers as subordinates, factors as high costs of the time spent on performance appraisal meetings, little perceived value of the effort in practice and thus the little contribution contribute to a negative image of performance appraisal as an element of HRM. The general critiques of the managers and subordinates is that more objective measurement methods would lead to a more functional performance appraisal practice in organization. This should also lead to a better possibility to measure performance of individuals in situations in which the performance of the individual is difficult to measure because their efforts can't be covered by a bureaucratic system. A final notion that should be made about performance appraisal in western organizations is that all measurements are done with a individualistic mindset of both the manager as the subordinate; the focus of performance appraisal meeting between managers and subordinate is mostly on the individual.

In contrast, as follows from the literature on HRM in GCC countries, the focus of performance appraisal in GCC countries is more a collective one. Appraisal of individuals is done based more on the performance of the team they operated in than on the individual performance. According to the interview respondents, this also leads to difficulties in performance appraisal in western organizations in GCC countries, when managers will try to figure out the role of the subordinate in a team performance, while the subordinate is used to telling how the team as a whole performed. According to the interview respondents some effort is needed to let the subordinate speak about what was his or her contribution to the team performance.

In western countries it is seen as normal to base a functional promotion in the organization on personal performance, while anecdotal evidence from the literature in GCC countries shows that promotion based on family or tribal ties still is common in organizations in GCC countries. This anecdotal evidence stands directly opposed to the Islamic rules, that forbids prejudices in these situations. The anecdotal evidence of an advantage of family and tribal ties seems to be in line of the subjective traditional way of performance appraisal in GCC countries before the discovery of oil, namely that observation of the owner or manager of the organization lead to appraisal of an individual, with immediate reinforcement of the promotion, demotion, award or punishment. Subjective judgment for performance appraisal still is common in GCC countries. However, nowadays the more western-oriented countries of the GCC are using more and more performance related pay incentives. The percentage of organizations that use these more performance related pay incentives is highest in the larger organizations and lowest in the smaller organizations. This could be analyzed as being in line with the professionalism of HRM practices and policies in the different sizes organizations in GCC countries. The methods used in the more western-oriented GCC countries as Qatar are according to the literature most commonly the simple comparative approach and the behavioral approach. Results approach is less common. In public organizations in Qatar, the most used method for performance appraisal is attributive approach and comparative approach. In GCC countries, the performance appraisal is mostly performed by the supervisor of the employee, in an authoritative, centralized, subjective and confidential manner. In the private sector, the punitive element is also used as incentive in the performance appraisal methods. A problem that is experienced by HRM practitioners in GCC countries is that criticisms of a supervisor to a subordinate in a performance appraisal situation are easily taken personally, and is influenced by strong egos, sense of pride, and sense of dignity. Those influences hinder the possibilities to give honest feedback and thus hinder the honesty of performance appraisal in organizations.

From the interview responses follows furthermore that the structure of performance appraisal in the GCC countries is again similar as the way performance appraisal is implemented in western countries. All interview respondents mention that the basis remains that goals are set at the start of a certain period, and the performance of the individual on these set goals are measured at the end of the period. The methods that are used for this are also similar, and just as with the selection practices the multinational organizations use global policies to make sure that their personnel is treated in a similar manner worldwide. But again, the interview respondent mention some differences in the way the global policy is implemented in the different locations. Respondent 4 for instance mentions the influence of a more collectivistic culture in the GCC countries, that leads to difficulties to distinguish the role of an individual from the performance of the team as a whole. Also this respondent mentions that employees in GCC countries have difficulties with giving their personal opinions on work related subjects in general, and this respondent mentions that the link between the performance of the individual and the monetary reward that follows is not as clear in GCC countries as it is in western countries. Respondent 5 further mentions that the focus of performance appraisal in the oil industry is more directed at the performance of the large and lucrative projects the individual works in, rather than on the individual performance. Also respondent 1 mentions that the implementation of performance appraisal in the countries of the GCC is dependent on the industry in which the implementation is done. Furthermore, respondent 2 and 3 mention that the personal development plans of the local employees in the GCC countries are far more aggressive than for employees in western countries, due to the attention of the governments for the development of the workforce as a whole. As conclusion to this section on the differences and similarities in performance appraisal in western countries and GCC countries, one could state that the core of the use of performance appraisal remains the same, as is the function of it in HRM policies as a whole, while the implementation of the performance appraisal practices leads to differences. The differences that are found the reactions of the interview respondents on performance appraisal seem to be larger than the differences that are found in selection practices.

Reward management

Regarding the reward management practices and policies in western countries and GCC countries, one could also identify differences and similarities between the two researched contexts. Reward management practices and policies in western countries can more and more be characterized by the term variable payment schedules. The performance of an individual determines the level of reward to a certain extent, which shows the link between performance appraisal practices and reward management practices. It should be distinguished that performance appraisal practices only regard the measurement and appraisal of the individual performance of employees, while reward management is considering the actual reward package. Performance-related pay and payment by results determine the way flexible payment of employees leads to the total compensation of employees. Governments and local institutions play an important role in the practices of reward management in western countries. Government regulation sets the boundaries for the relation between employer and employee, but also set the boundaries for the role that labor unions can play in a country. In the case of western countries with a social background like the Netherlands, the role these labor unions can play is rather far going. Negotiations regarding salary levels are done in cooperation with employer unions and labor unions. Governments in western countries set a minimum level for salaries at a level that ensures the employee that living according to western standards is possible. In other words, governments in western countries protect the weaker employee against the stronger employer. An issue in reward management in western countries that receives more attention is the difference in salary levels between a line worker and a Chief Executive Officer (CEO) of private organizations. The differences in salary levels between these two ends in the salary scales vary in western countries, from 600:1 nowadays in private organizations in the United

States to 11:1 in Sweden. Thus, there is a wide variation visible in different western cultures. A final important issue in western reward management practices and policies is that participation of employees in the organizational ownership has become part of the reward packages and especially as part of the flexible element of the reward package. By letting employees participate in the ownership of the organization, organizations hope to motivate these employees to perform better for something they partially own themselves. Share ownership, profit sharing, saving programs, and profit-related pay are forms of participation programs that are used in western organizations nowadays.

In comparison, reward management practices and policies in GCC countries show some different elements than the reward management practices and policies in western countries. Differences can for instance be found in the influence that nationalization programs have in determining the level of the wages, because the reward packages are an important motivator for national employees to stay with the organization. The monetary focus of employees in GCC countries rather than a total package focus as employees in western countries have led to higher wage levels and special compensation packages to retain employees in the organization and covering the risk that they will switch to another organization that offers a higher wage level. As follows from the literature, the risk of employees leaving the organization for a better paying one is real for organizations in GCC countries, considering the monetary focus of GCC employees, the fact that only 20% of the population is willing and equipped with the right competencies and work ethics to be employed in the private sector, and the fact that the GCC governments set quotas that oblige private organizations to have 20% of their employees being nationals. The interview respondents mention that this turns out to be a challenging goal in practice.

Problems with reward management practices and policies in GCC countries are present and clear as well. According to the literature, wages in the public sector of GCC countries are several times higher, while the literature also mentions that the productivity in the public sector of GCC countries is far lower than in the private sector organizations in GCC countries. This imbalance in wage levels of the public and private sector is one of the causes for the problems that the private sector has to find sufficient national employees that are capable and have the right work ethics to perform as expected in a private organization that has to compete with other organizations. This problem of imbalance in the wage levels occurs also in Saudi Arabia in a different manner, when considering that the wage levels of Saudis are significantly higher than wage levels of non-Saudis, even if they perform the same function. There are also differences in the salary levels of non-Saudis, depending on their country of origin. An exception on this are the banking and insurance sector, in which the non-Saudis are employed in top management functions and therefore receive higher wage levels. According to the literature, another problem with reward management in GCC countries is there still are some private organizations that delay payment of salaries or don't pay their salaries at all. These organizations contribute to a negative image of private organization among nationals who are considering a job in the private sector of a GCC country. According to the literature, the government of the UAE should set up a professional HRM entity to guide reforms in HRM practices and policies in the private sector of the UAE to improve the reputation of the private sector.

Development of western reward management practices and policies in the more western-oriented countries of the GCC is clear as well, regarding the attention in the literature for the development of policies for work-life balance, pay plans as pay for performance, skills-based pay, competency-based pay and gainsharing (receiving a share of the profit of the organization as a whole if the organization performs well) in organizations in the UAE. Also one could say that a percentage of 90-98% of the organizations (depending on the size of the organization) in which the management sets the wage of the employee is a percentage that could be expected in western organizations as well.

Just as with the selection practices and performance appraisal practices, the interview respondents start their reaction by mentioning that the basic structure of the reward policies is the same for the multinational organizations in every location they function. Interview respondents 1, 2, and 3 all mention the Hays model as leading in determining the reward level of an individual based on objective factors in the position and performance of the individual. However differences are found as well, mostly based on differences in culture and background of the individual. For instance respondent 1 and 5 explicitly mention the focus of the GCC individuals to be much more monetary than the reward focus of an employee in a western country, who will look at a greater reward package. Other interview respondents gave similar reactions. Another difference that is found is that due to differences in legislation between western countries and GCC countries, the differences between salary levels of low salary workers and high salary workers in GCC countries are far bigger than the differences in salary levels in western countries. Respondent 4 mentions that the focus of individuals in western countries is on the core values of an organization, a work-life balance, possibilities of working from home or working part-time, while the focus of employees in GCC countries is only on the monetary aspect. This respondent even claims that work-life balance, working from home, or working part-time are issues that are unknown in the GCC country he is employed in. Respondent 5 adds to this that the monetary focus can be caused by the history of instability of the region, from which GCC individual can have a feeling that monetary compensation gives them more security than a wider compensation package. Furthermore, respondent 2 and 3 mention that the high competitiveness on the attraction and retention of local employees due to government regulations leads to exceptionally high salaries and special reward programs for this group of employees.

Trends

From the above discussion on HRM practices and policies in western countries and GCC countries, and the differences and similarities, an attempt will be done to analyze whether the differences and similarities between HRM practices and policies in western countries and GCC countries are increasing, decreasing or remaining similar. This analysis should be started by stating that the interview information comes from employees of multinational organizations with a western background that operate in GCC countries. The reactions from the interview respondents should thus be seen with this background in mind. The literature research gives clear indications that the more western-oriented countries of the GCC (Qatar and the UAE for example) are leading the development of HRM for the GCC as a region. The more conservative countries of the GCC have followed the developments that have been started by the more western-oriented countries, such as has been the case with the employment of women and the use of some of the western originated objective HRM methods. This section will provide the reader with an overview of the trends in HRM in western countries and GCC countries, as well as the trends in the differences and similarities between HRM in these two contexts. The section will end with a schematic summary of the findings.

From the literature research and the reactions of the interview respondents can be analyzed that HRM practices and policies in western countries show a tendency towards even more objectively measurable indicators. Organizations seek methods that offer a proven contribution to the overall strategy of the organization. A reaction of the interview respondents was clear in this contribution, by stating that the main goal of HRM practices should be to influence the behavior of the individuals in the favor of the organization. By applying the right HRM practices in the right manner, organizations try to get the best out of their human assets. One of the ways HRM practices and policies in western countries have done this in practice is by looking further than only monetary incentives, but also looking at the effects of non-monetary incentives as training/development opportunities, work-life balance and promotion possibilities. These incentives are performed in a

rather individualistic manner, in which the performance of the individual is leading. In selection practices and policies these western trends can be identified in the search for high validity methods with low adverse effects, the search for both cognitive and non-cognitive methods, and customized simulations. Regarding performance appraisal practices and policies in western countries these objective methods can be identified through the focus of the individual performance appraisal on the overall organizational goals, and the several methods for performance appraisal by coworkers, subordinates and superiors. In reward management practices and policies in western countries, the trends in objectivity of HRM practices and policies can be identified by the use of variable payment schedules that have a performance-related element in them, and organizational participation as reward for performing employees.

Another important issue that should be mentioned in the discussion of trends in HRM practices and policies in western countries is that there is a growing amount of organizations that acknowledges the strategic importance of HRM practices and policies in the achievement of the organizational strategic and tactical goals. The organizations see more and more that through influencing the behavior of individuals to the favor of the organization, the organization as a whole will benefit of the efforts. It is no coincidence in this that some of the most influential organizations are investing in their HRM departments, while due to the current crisis most of the organizational departments are cut down. Also should be noted that the earlier pursued best practices package of HRM methods is replaced by a pursued contingency approach that offers room for local influences of the location in which the HRM package is implemented. Following from the literature it can be expected that this contingency approach will be further developed in the coming years or decades.

It has become clear that the subjective judgment of selection, performance and reward criteria that were used in the traditional Arab management methods have been replaced by more modern HRM practices and policies. Nowadays it can be seen that organizations in the GCC countries are more and more using the objective western HRM practices and policies that are based on the vision that HRM can contribute to the achievement of the overall organizational goals. After the literature research and the analysis of the reactions of the interview respondents it has become clear that the more western-oriented GCC countries set the direction of HRM development for the more conservative countries of the GCC. This was the case with the now implemented selection, performance appraisal and reward management practices, and can be expected from the HRM practices and policies that are now used in western countries. The objective and scientific view that stands at the basis of the HRM practices that are used in western countries make them just as useful in GCC countries, when during the implementation of these practices the Arab habits and Islamic labor rules are taken into account. For this, one could think of the individualism versus collectivism discussion in the performance appraisal practices in the GCC countries. Another trend that can be identified in the GCC countries is that the employment of women is coming out of the taboo spheres of Arab countries. Whereas countries as Qatar, the UAE and Kuwait are having percentages of employed females that are like the western percentages. In the other GCC countries an increase in employed females can be seen, but in conservative countries of the GCC women still have to choose between social acceptability and family on the one hand, and a career on the other hand. It can be expected that in long term the conservative countries will follow the example that is set by the more western-oriented countries, especially when is considered that the GCC countries are doing efforts to reduce their dependence on foreign workers. Female workers can be expected to have a role in this reduction of dependence on foreign workers. The overall analysis that the GCC consists of some more western-oriented countries and some more conservative countries can be an important element in the analysis of trends in HRM practices and policies in GCC countries as a whole. From the literature research and reactions from the interview respondents can be understood that Qatar and the UAE as more western-oriented countries lead the way in HRM practices and policies that the less western-oriented or even conservative countries of the GCC will follow a certain time later.

In a discussion on the trends in HRM practices and policies in GCC countries, the nationalization programs need to be noted as well. The regulations that are set by the GCC governments for the nationalization program reduce the choices and possibilities that HRM practitioners have. If the GCC region will remain stable and without conflicts, and the current governments will stay in place, the nationalization programs will be implemented successfully and there is a good chance that the long term goals of the nationalization programs will be achieved. However, when conflicts might arise in the region (for instance when the Israel-Palestine conflict will escalate, or if Iran will start a conflict), the stability in the region might be endangered and the nationalization programs might be halted. Also, when a very conservative government will take over after the next elections or a revolution will take place with a new conservative government, the traditional Arab methods and habit might return in the field of HRM. It thus depends on the stability of the region in the coming years and decades to determine whether the nationalization programs will be further developed to create countries that have HRM practices and policies that are largely like the western HRM practices and policies, or that the countries of the current GCC will be returning back to traditional methods.

If the circumstances in the region will remain as discussed above and the nationalization programs will continue to develop the HRM context in the GCC countries, it can be expected that the regulations for HRM practitioners will continue to decrease the flexibility and limit the choices an HRM practitioner has in performing the HRM practices and policies the organization wants to perform. For instance, the role of expatriates in the GCC countries will remain a difficult story. Based on the literature and reactions from the interview respondents, one could expect that this situation can't be retained. On the one hand the countries depend on the foreign labor of Asia and the expatriates from the United States and Europe, and thus should make it easy for organizations to import the labor they need, while on the other hand the governments are well aware that the dependence on foreign labor also makes the countries and their economies vulnerable. The countries will have to find a mediating solution for this, which seems to be found in the organizational quota. However, when these quote don't seem to work out that well for HRM practitioners as the interview respondents, the governments might have to reconsider their choice for organizational quota regarding the amount of foreign employees versus the amount of national employees. As long as the national employees don't seem to be willing to work in the private sector, HRM practitioners will continue to have problems in achieving the government's quotas. For the trends in HRM practices and policies in GCC countries this could implicate that it should be expected that as long as there are no changes in the dependence of the GCC countries on foreign labor, the quotas of the GCC governments will remain in place and private organizations will have to find better ways to cope with these regulations. The role of expatriates will remain a difficult one, as the governments can be expected to remain eager to reduce the dependence on foreign labor. The role of education and development of nationals to improve their work ethics and make them more suitable to work in a private organization environment. While it seems inevitable that the government will make the public sector a less interesting option for job seekers to force the national job seekers to seek a job in the private sector, this can't be expected based on the literature research or the reactions of the interview respondents. The GCC nationals are too used to a well paying and status offering public sector that a 180 degree turnaround from the GCC governments regarding the attractiveness of the public sector as an employer can't be expected. In this reforms, one could expect that the balance between Islamic norms and habits on the one hand, and western objective, measurable HRM practices and policies on the other hand should be sought and found.

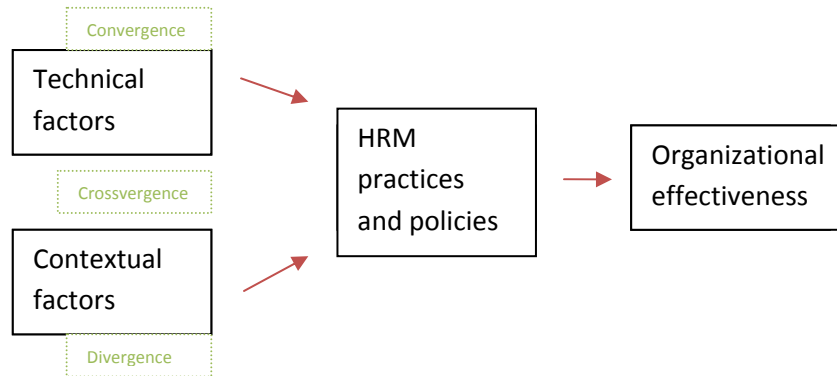
Further reforms yet are to be expected based on the literature research and reactions of the interview respondents, considering that the awareness of GCC governments of the depletion of the oil reserves will offer a great challenge in 50 years from now. Reforms are now necessary to be able to cope with the new situation in the future by now starting new private segments.

To finalize this section on trends in HRM practices and policies in western countries on the one hand and GCC countries on the other hand, an answer should be sought on the question whether HRM practices and policies in western countries and GCC countries are converging, diverging or crossverging. Based on the above discussion on selection, performance appraisal and reward management practices and policies in both contexts, it becomes clear that the western (anglosaksian) literature on HRM is introduced and used in the GCC countries as well, however somewhat later than it was introduced and used in western countries.

From this could be analyzed that selection practices and policies, performance appraisal practices and policies, and reward management practices and policies in GCC countries are converging towards these practices in western countries. From the reactions of the interview respondents followed that the HRM practices and policies as multinational organizations use them in western countries, are similarly used for their establishment in a GCC country. Only differences in the application of the practices can be found, for instance when considering the way a performance appraisal meeting is performed in an Arab context compared to how this meeting is performed in western contexts. This is in line with the opinions of McGaughey et al. (1999) and Brewster (2004), as they stated that the differences between HRM practices and policies in different contexts will likely to be the same on a macro-level (structure and technology) and different on aspects influenced by legislation and culture.

	Trends in western countries	Trends in GCC countries	Convergence/divergence /crossvergence?
Selection	Rational approaches with high validity and low adverse effects	Ways to perform selection practices in Arab context	Convergence, but with a delay. GCC countries seem to develop in the same way as western countries, but with a delay of years or decades.
Performance appr.	-Increase of appraisal by several parties; customers, supervisors and subordinates. -Direct coupling of performance of individual to performance of the organization as a whole.	-HRM practitioners try to individualize performance appraisal, but have difficulties with culture and habit. -Introduction of performance related incentives. -Increase of use of objective methods instead of classic Arab management	Convergence, but with a delay. GCC countries seem to develop in the same way as western countries, but with a delay of years or decades.
Reward management	-Use of performance related incentives and gainsharing is well established -Broader focus than just the monetary element.	-Introduction of performance related incentives. -Monetary focus	Convergence, but with a delay. GCC countries seem to develop in the same way as western countries, but with a delay of years or decades.

All this information and reactions should remind the reader of the model by Schuler et al. on the causes that form the HRM practices and policies in a multinational organization, that was offered in the literature chapter. When this model is kept in mind with aforementioned line of reasoning, the model of Schuler et al. can be simplified to a more simple version;



This simplification of the original model by Schuler and Tarique combined with the theories of Ralston, by the author of this paper gives insight in the literature background as it was offered in the second chapter of this report. It shows that when the technical factors (the objective methods, practices, policies and models that the HRM literature of the past decades has offered us) become the strongest factor in the determination of HRM practices and policies in the different contexts in which HRM practices and policies are developed, ultimately a convergence of practices and policies will exist. The way HRM is implemented in different contexts worldwide will be fully adapted to the objective technical factors and therefore become more alike. When contextual factors (legislation, culture, habits, and other locally originated factors) become the strongest factor in the determination of HRM practices and policies in the different contexts in which HRM practices and policies are developed, ultimately a divergence of practices and policies will exist. The way HRM is implemented in different contexts worldwide will be fully adapted to local influences and therefore become less alike. The third option -crossvergence- is right in the middle of the technical factors and the contextual factors, and will show both influences of technical factors as contextual factors in similar strengths. Therefore completely different HRM practices and policies will emerge in every context in which HRM practices and policies are developed.

After this analysis of the found information, an attempt will be made to come to clear, useful and valuable conclusions to this research. This will be done in the next chapter.

H5 – Conclusions

This chapter will attempt to formulate adequate conclusions based on the performed literature research and the reactions of the interview respondents. Based on the findings, an attempt has been done to identify the answers on the research questions, the implications of this research for science, the implications of this research for HRM practitioners and managers, the limitations of this research, and suggestions for further research.

Conclusions from literature and interviews

This section will focus on the center of this research, namely providing the reader with a concluding answer on the questions that have been introduced in the first chapter of this research report. The basis for the conclusions of this research report should therefore be the research questions that have been posed at the start of this research. The research question for this research has been formulated in the first chapter as;

- *To what extent are HRM practices in companies in the Gulf Cooperating Council (GCC) countries converging, diverging or crossverging towards Western-based HRM practices?*

To answer this research question, the following sub questions that cover the different focus areas of this research have been formulated;

- *How can HRM in western countries and GCC countries be characterized?*
- *What is known about selection trends in western countries and GCC countries?*
- *What is known about performance appraisal trends in western countries and GCC countries?*
- *What is known about reward management trends in western countries and GCC countries?*
- *What is con/di/crossvergence?*
- *What is known about con/di/crossvergence of HRM practices and policies in the western countries and GCC countries?*

Based on this research question and these sub questions, the literature research and interviews have been performed. The answering of these research question will be done by first answering the sub question one by one, followed by an answer on the research question. This way the cumulative answers on the sub questions will help the reader to understand what lead to the answer on the main question.

The first sub question was asking how HRM in western countries and GCC countries can be characterized. Based on the literature research and the reactions of the interview respondents a clear answer to that question has been provided in the analysis chapter, and can be summarized as follows. To start one can state that HRM in both western countries as in GCC countries has evolved from a pay rolling department with only an administrative function to an organizational with direct influence on the achievement of the organizational strategic goals. In western countries this HRM function is performed by a rational and objective approach, where the measurement of criteria is done in manners that provide the HRM practitioner with a valid and reliable vision on the individual and on the performance of the employee. In western countries the HRM processes are influenced by the boundaries that the government sets through regulations, but the western government regulations are not as limiting as the tough regulations that have been set by the governments of the GCC countries. The GCC countries' governments have introduced nationalization programs to reduce the dependence on foreign labor, improve the own national work force and get the national labor force willing to look for a job in the private sector of the GCC countries, instead of only in the public sector that already has overcapacity. Islamic traditions and habits play a role in the developing HRM

practices and policies of organizations in GCC countries, but western HRM methods, tools, practices and policies can be used in organizations in GCC countries. Multinational organizations in the GCC countries for instance use the same methods, tools, practices and policies as they do in western countries.

The second sub question of this research was asking what knowledge was available on selection trends in western countries and GCC countries. To give a clear answer on this question, the findings chapter first sought a description of the current state of selection practices and policies in western countries and GCC countries, followed by a description of the differences and similarities in the selection practices and policies in these two contexts, and a description of the trends that are observable in the selection practices and policies in these two regions. To answer the question, one could start with stating that selection practices and policies in western countries focus their efforts on finding reliable and valid assessment tools, that have high validity and low adverse effects, measure both cognitive and non-cognitive qualities, use customized simulations and use online assessment to in the end have selection practices and policies that will find the best candidate for the vacancy. In GCC countries a problem lies in the governments' nationalization programs to reduce the dependence on the foreign labor force by setting quotas for the organizations regarding the percentage of national employees that a private organization must employ in order to keep their permits. To make the national labor force better able to perform in private organizations, the governments have started training and development programs that the private organizations themselves should implement. Cultural habits, norms, labor attitudes and the low willingness to work in the private sector makes it difficult for private organizations to find enough national employees that are capable and with the right work ethics to perform well. The reliance on foreign labor however remains high, as the manual labor in the GCC countries still is mostly performed by Asian employees. Middle management in private organizations still is performed mostly by European and American expatriate employees. It follows from literature and papers that the female participation in the GCC countries should increase, as it has already done in the more western-oriented countries of the GCC like Qatar and the UAE. At the same time, a need is felt in the GCC countries for a more objective measurement of indicators in HRM in private organizations in the GCC countries, just as there is a felt need for more efficient, timely and maybe even aggressive recruitment practices lead to changes in HR practices in the countries of the GCC. In the selection process in organizations in the GCC countries it turns out to be difficult to determine the role an individual had in a group performance due to the collectivistic background of Arab organizational culture, while HRM practitioners would like to know this individual role in the group to determine the match between a vacancy and the competences of the individual. Again it should be noted that multinational organizations in GCC countries are able to perform their global HRM practices and policies in the context of Arab habits, culture and religion with only minor adaptations to the implementation of these global practices.

The third sub question for this research regarded the knowledge that is available on the performance appraisal trends in western countries and GCC countries. Again, a clear answer was built in the findings chapter by first identifying what the present state of performance appraisal practices and policies is in western countries and GCC countries, followed by a description of the differences between performance appraisal practices and policies in these two contexts and the trends that are observable in these two regions. In western countries, the performance appraisal practices and policies are focused on finding ways of setting goals for individuals that in the end will contribute to the achievement of the organizational goals. By setting these individual goals prior to a period and measuring the achievement of these goals at the end of this period, the HRM practitioner can determine the extent to which the individual contributed to the organizational goals, and can determine which reward should be offered for this. To measure individual performance in western countries upward appraisal, 360 degree appraisal, customer appraisal, team-based appraisal, and

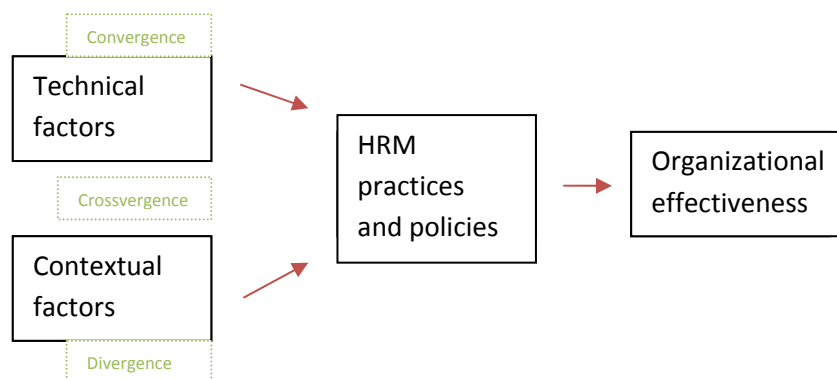
competency-based appraisal are tools that are used to provide the HRM practitioner with an as rich as possible vision on this performance. The individual performance is not only measured, but is also coupled to counseling sessions, trainings, rewards and promotion opportunities. However, the meetings are disliked by both supervisors as subordinates. The common believe in the organizations is that more objective measurement of performance of individuals will lead to more functional performance appraisal. In organizations in western countries, the performance appraisal is performed with an individualistic mindset, in which the performance of an individual is the focus of the appraisal. In GCC countries however, the focus of appraisal is more collectivistic. Promotion based on tribal or family ties still occurs, just as subjective judgment by superiors, managers and owners of organizations. However, objective appraisal like performance related payment is now increasing in presence in organizations in GCC countries. The used methods for performance appraisal in GCC countries nowadays are the simple comparative approach, the behavioral approach, while the results approach is less commonly used. In the private sector of GCC countries, the use of a punitive element with the measurement of the individual performance is still done, and criticisms in performance appraisal meetings between supervisor and subordinate are easily taken personally. Yet again, just as with the selection practices and policies, it should be noted that multinational organization use the same global practices for performance appraisal in the GCC context, with only minor adjustments to the local habits and culture.

The fourth sub question for this research was considering the available knowledge on reward management practices and policies in western countries and GCC countries. Yet again, a clear answer was built in the findings chapter by first identifying what the present state of reward management practices and policies is in western countries and GCC countries, followed by a description of the differences between reward management practices and policies in these two contexts, and the trends that are observable in these two regions. Reward management in western countries can be characterized mostly by mentioning variable payment schedules. By creating a link between performance appraisal and the reward packages, western organizations strive to create an higher motivation to perform well, as the reward level will depend partially on the performance of the individual. Governments and local institutions like labor unions have a role in the reward management of organizations by setting regulations such as the minimum wage levels or by negotiating general wage levels of larger groups of employees. A trend in western countries is to let employees participate in the organization ownership as part of the reward package, by for instance offering gain sharing programs. In organizations in the GCC countries, influences of the nationalization programs on the reward management practices and policies are notable, such as the quotas that are set by the government regarding the percentage of national employees an organization has to employ compared to the percentage foreign employees. These percentages are set at a tough level, leading to higher reward levels for national employees in private organizations in GCC countries to retain these employees and prevent them from switching to another organization with a higher reward level. Due to a rather monetary focus of the employee in GCC countries, this is a real risk for private organizations. Another issue in reward management in GCC countries are the far higher reward levels of the public sector of the GCC countries, while the productivity in this public sector is much lower than the productivity in private organizations. This leads to problems for the private sector to find enough competent nationals with the right work ethics that are willing to work in the private sector. Further there are large differences in wage levels between nationals and foreign employees, and there is the problem that some of the private organizations delay the payment of salaries or even don't pay at all. Therefore reforms in HRM in the GCC countries are needed to change the negative image of the private sector in the GCC countries. However, with the increasing use of work-life balance, pay plans, pay for performance, skills-based pay, competency-based pay and gainsharing, the private sector in GCC countries seems to have found the directions of good employee treatment that has been the norm in western countries for a long time now. Also here it should be noted that multinational organizations in GCC countries use the same reward

management practices and policies as they use globally, with only minor adaptations to the local norms of the local context.

The fifth sub question for this research regarded a formulation of convergence, divergence and crossvergence in this context. The answer on this has been provided in the discussion in the second chapter of this research report, in which some definitions of convergence, divergence and crossvergence have been discussed. The answer to this sub question was partially given in the second chapter and the analysis in the fourth chapter by explaining that convergence will behold a decrease in the difference between HRM practices and policies between western countries and GCC countries under the influence of technological factors that in this situation will behold the objective scientific literature, theories, and practices. Divergence is in that case that the differences between HRM practices and policies in western countries and GCC countries will increase under the influence of the contextual differences such as culture, habits, norms and religion. Crossvergence is in the differences and similarities in HRM practices and policies in western countries and GCC countries defined as a combination of convergence in some practices and divergence in other practices, leading to a mixed view.

The sixth and final cumulative sub question of this research regarded the application of the convergence, divergence and crossvergence concepts on the trends in the differences and similarities between HRM practices and policies in western countries and HRM practices and policies in GCC countries. Based on all former discussion in the sub questions, an answer on this sub question can be formulated. It seems that western HRM practices and policies are finding ground in organizations in GCC countries, with small adaptations to the implementation of the practices like adapting the selection interviews and performance appraisal meetings with supervisors and subordinates to the different habits and cultural differences. Also it became clear that the western HRM practices and policies are introduced in organizations in GCC countries with a certain delay of some years. Whereas some HRM practices or methods are long implemented in organizations western countries, they are now introduced in the GCC countries. Also it became clear that the more western-oriented countries in the GCC like Qatar and the UAE are setting directions for the rest of the GCC countries, which will follow at another delay. Following that line of reasoning, one could state that the HRM practices and policies in GCC countries are converging to the HRM practices and policies in western countries at a certain delay, and with minor implementation adaptations to make the western practices more suitable in GCC countries. The following model further makes that clear;



When this model is viewed for this conclusion, one could state that the technical factors are regarded the strongest in the multinational environment, while the contextual factors should be regarded as less strong and leading to smaller differences in the implementation of HRM practices and policies in

the multinational organizations. Therefore, the term convergence should be considered the right conclusion, and the answer to the research question.

The given answers on the sub questions lead to an overall answer on the main research question ("*To what extent are HRM practices in companies in the Gulf Cooperating Council (GCC) countries converging, diverging or crossverging towards Western-based HRM practices?*"). An answer on this main question should behold the cumulative answers of the sub questions, and can be formulated as follows. The HRM practices and policies in GCC countries are converging towards the western HRM practices and policies, with minor implementation adaptations to the practices and policies to make them more suitable for the context of organizations in the countries of the GCC. Also it should be stated in the answer to the main research question that the convergence of the HRM practices and policies in the GCC countries towards the HRM practices and policies of organizations in western countries happens with a certain delay. This delay is smallest in the more western-oriented countries of the GCC like Qatar and the UAE, and is larger in conservative countries of the GCC like Saudi Arabia. The objective approach that is common in the western literature finds ground in the GCC countries as well, and seems to be implemented in such a way that it fits in the context.

Implications of this research

The research results that have been presented in this report have some implications for both Human Resource Management as a scientific subject, as for HRM practitioners who work on a daily basis with the researched difference and similarities between HRM practices and policies in western countries and GCC countries. These two segments of implications will be discussed in this section of the concluding chapter.

Implications for Human Resource Management as a science

A first implication for HRM as scientific subject is that the influence of the cultural differences between western countries and GCC countries on HRM practices and policies don't seem to be as large as was expected prior to this research. From this research can't be concluded that the cultural differences themselves are smaller than expected, only the effect they have on the differences and similarities HRM practices and policies in the two contexts can be regarded in the implications of this research.

What also can be regarded as an implication of the results of this research for Human Resource Management as scientific subject is the fact that nearly all literature on HRM practices and policies is written in western countries, that might result in a global use of the conclusions of this literature by the HRM practitioners in all different contexts. In the case of the HRM practices and policies that have been discussed in this research, one could state that this might be the result of the use of the same western literature by HRM practitioners in both organizations in western countries as in organizations in GCC countries.

Also could be stated as an implication of this research that the results of this research can be evidence for the contingency approach for globally useable HRM practices and policies. Minor adaptations to further identical practices and policies seem to provide evidence that the best practice approach that states that there is one model for HRM practices and policies that can be used in every context isn't correct, because of the needed adaptations to the western HRM practices and policies to use them in the context of the organizations in the GCC countries.

Implications for HRM practitioners and managers

For HRM practitioners and managers, an implication of this research is that the nationalization programs in the GCC countries seem to slow down the development of HRM in organizations in GCC countries, as well as the development of the organizations themselves. This is a contradiction to the (mostly local) literature on the nationalization programs, that focuses on the positive elements of the nationalization programs like the training and development programs of nationalization programs. This contradiction between literature and practice was made even clearer by the reactions of the interview respondents.

Another implication of the results of this research for HRM practitioners and managers is that there should be a discussion on the functioning of HRM in GCC countries under the strain of the limitations that are set by the local governments. To reach the goals of the nationalization programs regarding the reduction of the dependence on foreign labor in the GCC countries, tough quotas are set by the government to force organizations to employ national employees that don't seem to be willing to work in the private sector. For HRM practitioners and managers in organizations in the GCC countries this leads to friction, high reward packages to attract and retain local employees, and problems regarding lack of correct work ethics, competences and capabilities. HRM practitioners, managers and the GCC governments should together search for a better solution in this situation, as this situation doesn't seem to be ideal for both the organizations as the development of the GCC countries as a whole. Also HRM practitioners and managers can and should attempt to adapt the implementation of the western HRM practices and policies to better suit the national employees, to achieve an extra motivation for nationals to apply for jobs in the private sector.

Limitations of this research

This research obviously has some limitations to the validity and reliability of the results, which can partly be attributed to the fact that the time and resources for this research were limited. The interviews that were performed for this research were done with HRM practitioners and managers at multinational organizations, and not with HRM practitioners and managers from local organizations. From this could be stated that the vision that follows from this research would be even more valuable when it would have been enriched with visions and opinions from HRM practitioners and managers from fully local organizations.

A second limitation to validity and reliability of the results of this research might be that the GCC countries have been regarded as similar in their habits, norms and culture, while there obviously are differences between these countries. The fact that Qatar and the UAE have been regarded in this research report as being more western-oriented countries than a conservative country such as Saudi Arabia already shows that the countries are alike, but not completely cultural identical. However, regarding the HRM practices and policies one could state that the less western-oriented countries have followed the directions in HRM that have been set by the more western-oriented countries, so the influences of differences between the GCC countries on HRM practices and policies in organizations in these countries might be seen as minor.

Yet another limitation of this research might be that the literature on HRM in the countries of the GCC is only available written by local HRM practitioners and scientists, so the objective view of this literature might be questionable. A real objective view on HRM practices and policies in the countries of the GCC might be sketched by an HRM practitioner or scientist that has an objective view on HRM in this context, and that objective view might not be the case when someone who has been busy with HRM practices in policies in this context for his whole career conducts research in that context. The reactions of the interview respondents might confirm a discrepancy between theory and

practice, as they have a different opinions than there is sketched in the literature. The literature and the interview respondents seem to disagree for instance on whether the results of the nationalization program should be seen as positive or negative.

One could also state that a limitation of this research might be that the Middle East has little push to change. While the awareness exists that the status quo will not last forever and change will definitely be necessary to alter the current dependence on the petroleum industry, the incentive to change the current structure doesn't seem strong enough to change at the speed that would be needed. An exception to this might be the more western-oriented countries of the GCC as Qatar and the United Arab Emirates.

A limitation of this research is also that the focus of this research was on selection, performance appraisal and reward management, while there are more subjects of HRM relevant to create a good view on trends in the differences and similarities between HRM practices and policies in western countries and GCC countries. This research might thus be enriched when subjects as attraction, retention, motivation et cetera are added to the discussion on trends in the differences and similarities in HRM practices and policies in western countries and GCC countries.

A final limitation of this research might be that a large portion of the literature knowledge on HRM practices and policies in western countries comes from one book. The writers of this book collected information on the different HRM practices and policies from all relevant literature writers in western countries, as follows from the references of this book, but still the writers of this book made a selection that could imply a focus on one or some opinions. This limitation has partially been undone by adding some other articles on contemporary HRM in western countries, and the fact that the book is very recent, is from known authors and consists of a very wide array of well known sources.

Suggestions for future research

In this final section of this report some suggestions for further research are done. As already mentioned, the research on trends in differences and similarities in HRM practices and policies in western countries and GCC countries might be enriched if the HRM elements that haven't been discussed in this research would be researched in a next research. These HRM elements could for instance be attraction, motivation or retention of personnel in both contexts. Another suggestion for future research would be to conduct a research on HRM practices and policies in the local small and medium organizations in western countries and GCC countries. This research has focused on organizations that have explicit HRM practices and policies, so the HRM practices and policies of large organizations in western countries and GCC countries were compared, while the HRM practices and policies in small and medium organization have received less attention in this research. This might be done in a next research. A final suggestion for future research might be to focus a research on differences and similarities in individual value systems of employees in western countries and GCC countries, instead of HRM practices and policies in western organizations and organizations in GCC countries. This might shine another light on the reasons why HRM practices and policies in western countries and GCC countries have developed in the way they have done, which could be considered as a result of these value systems. Also the influences of local culture and habits on HRM practices and policies might be researched in that context.

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Appendix 1 - Interview results

Elaboration interview 1

Background respondent 1 and his organization

Respondent 1 nowadays performs in a function as HR manager for a multinational organization in the building segment. In recent years, he performed in a regional HR function in Abu Dhabi (2003), and in HR functions in Hungary and Russia. After his function in Abu Dhabi, he returned there often on a professional basis. In his current function for the multinational organization, the respondent is responsible for HR practices and policies in Asia and Australia. The respondent is nowadays responsible for HR operations and tactics in the Middle East, as a reaction of the strategic HR decisions that are made by a higher positioned HR manager. HR employees are placed at three locations in the Middle East; three in Qatar, one in Oman and several in Dubai.

HR practices and policies within the multinational organization; at the start of the employment of the respondent at the multinational organization many HR practices and policies were in place, but a rigid structure in all these practices and policies was lacking; many loose ends didn't form a rigid set of HR practices. According to the respondent, this kind of HR management is part of the building business the multinational is part of. From this point, the respondent started to professionalize and structure the HR practices and policies of the multinational organization.

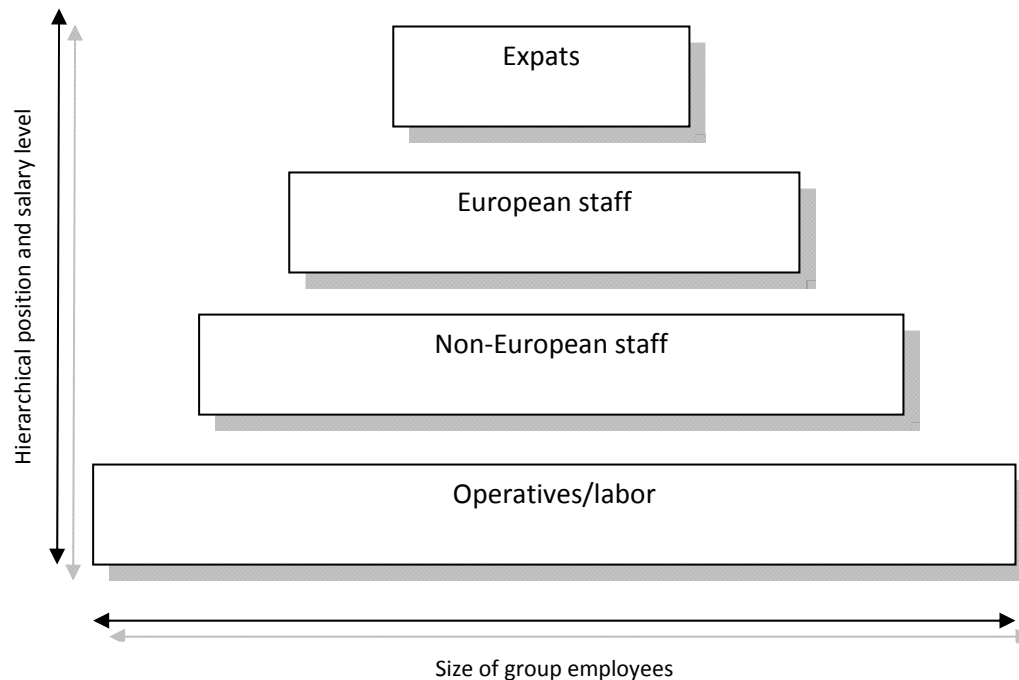


Figure 1: representation of labor distribution of this multinational in Middle East

As is represented in figure 1, there are four general groups of the employees of this organization in the Middle East, depending on their hierarchical position, origin and activities. The expats (expatriate employees) form the smallest group of the four, and are assigned and employed by the head office in Gouda, the Netherlands. The European staff employees are assigned by the local organization, and thus are employed under local legislation. As the name of the group states, this bigger group consists of mostly European employees. The even bigger Non-European staff group consists mostly of Pakistani and Indian employees who are employed under local legislation. Finally the Operatives/Labor group consists of Pakistani and Indian employees who are employed in manual labor function as concrete pourers, carpenters and other manual labor. This group is the largest of the four, and the cheapest. The most expensive are the employees in the "Expats" group, who are employed under Dutch legislation. The goal of these regional HR practices is to reduce overall labor costs, without reducing the quality of the results. A clear trend is that Pakistani and Indian salaries are increasing at a higher rate than the western salaries, so the advantage of employing these employees for different kinds of labor is decreasing.

Selection practices

There are differences to be identified in the attraction of employees, depending on the kind of function the employees are attracted for. In the Netherlands, most of the attraction of employees takes place via internet, and solicitors are invited for a first interview after they reacted to the advert. In the GCC countries, 90% of the employees is attracted from abroad, so different approaches are needed to attract the right employees for the right functions. As mentioned, there is a differences in the kind of function the attraction is for. For functions with a higher necessary educational level, most of the selection interviews for are done via internet and phone calls. After several selection rounds the solicitors are invited for a one-on-one interview, after which they are hired or discarded. This process is much more time intensive. In this long distance process, the competencies of solicitors are tested in the same objective manner as is done in western situations, but then on long distance. Also other ways of determining the references of the solicitors are used, and possible employees are attracted via cooperating with bureaus in western countries. The most important in this long distance attraction situation is that the organization has to be 100% sure that the attracted employees is the proper candidate for the function, because of the large investment it takes to fly a foreign employee to the GCC country, settling this person and providing this person with all necessary equipment to get this person fully functional in the role of expatriate.

The attraction of manual labor is done in a totally different manner. In a Pakistani or Indian village a meeting is scheduled with a local and regional unemployed men. In one week time up to a hundred short interviews are planned. Simple living facilities are arranged for the Pakistani or Indian men, and they are flown to the GCC countries to set them to work for a salary that exceeds the local Pakistani and Indian salaries by several times. In other words, the attraction of manual labor employees takes place in a much more en masse manner than the other levels of employees.

There are also situations in which a local employee had to be hired based on a powerful tribal or family connection in the organization or as part of an agreement in the external environment of the organization.

All GCC countries have a form of nationalization programs, which imply some regulations on HRM practices in these countries. The license of foreign organizations to operate in GCC countries depend on whether the organizations adapted their policies and practices to these regulations. Especially Oman is very strict in the fulfillment of their regulations regarding the selection of local personnel by foreign organizations. Part of the nationalization programs should be that local employees receive training organized by the local government to pursue a better fit between western organizations and local employees. However, for a foreign organization as this respondent works for, nothing can be

perceived from this government training efforts. For an organization as this multinational, the nationalization programs provide only negative effects regarding the obligatory hiring of local solicitors who do not have the right competencies to perform well in the open functions.

Many of the projects of this multinational building organization take place at a very remote locations, at which the employee will have to work together on a one-on-one basis for weeks. The technical capabilities of the employee have to be at level, but the social aspects of the employees who work together for weeks are even more important.

Clear similarities between selection practices and policies in western countries and in GCC countries can be identified. The starting point of both selection practices is to put the best fitting individual on the right position. Both situation are demand driven, and are dependent on the circumstances and environment of the organization. Tools such as the STAR method (Situation, Task, Action, Result), competency directed selection, the Big Five Personality test (Openness, Conscientiousness, Extraversion, Agreeableness, Neuroticism) are used in this organization as well.

Differences can be identified as well. The large distance to attract western employees to GCC countries has already been discussed, just as the work permits that organizations are dependent on. Another important difference in selection practices is that the GCC government's legislation on personal work permits for foreign employees is discriminating towards certain origins. It is more difficult for non-white foreign employees to gain a work permit. This can be perceived in all of the GCC countries. Local sponsors are also needed for foreign organizations to be permitted to operate in the GCC countries. A local influential person has to invest in the operations in the UAE country before the organization is allowed to operate there.

Trends in these differences and similarities can be identified as well. In the case of the United Arab Emirates, still 85% of the Emirati workforce has been attracted from abroad. According to the interview respondent, many of the Emirati still won't work. This would show that the nationalization programs (at least in the UAE) are not reaching their goal to get local Emirati to work. Regarding the expatriates in the Emirati workforce, it can be stated that age and background of expatriates is shifting. Until now expatriate employees moved to the country in which they would be employed, with their non-employed partner moving with them. Nowadays, expatriate employees are younger, with a partner who will not travel with the expatriate employee. According to the interview respondent, this points to a higher awareness of the work-life balance, not only from the expatriate but also from the working partner. Also the flexibility of expatriate workers seems to be lowering according to the interview respondent. For Indian and Pakistani foreign workers in the UAE, the only work driver still remains the financial reward (the respondent compared it to a Maslow reaction, in which the monetary element is the primary focus for the individual). However, the salaries in countries as Pakistan and India are increasing at an higher rate that the salaries in other countries, leading to a decreasing gap in salaries and thus a lower motivation to attract Pakistani and/or Indian employees for manual work.

Performance appraisal

Differences in performance appraisal practices and policies are not very large. Multinational organizations use the same policy worldwide, for every organizational level. The core for this remains the setting of goals at the start of a period and the measurement of the achievement of these goals at the end of the period. The Balanced Scorecard approached is a central element in the procedure for performance appraisal worldwide. The next step for the multinational for which the interview

respondent works is to develop a worldwide applicable personnel information system that not only holds biodata, but also qualitative information on motivation, perception and opinions.

A difference can be found in the behavior of individuals from different origins. HR managers should be aware of these differences, and should adapt their approach of individuals to this background. For instance, the interview respondent gave the example of individuals with an Asian background (in this case, the interview respondent used "Asian" to refer to Pakistani and Indian employees, red.). According to the interview respondent, these individuals come from an environment with a large power distance, and show conflict avoiding behavior. This results in confirming reactions to their superiors in a discussion of performance of the individual. These individuals try to avoid a public disgrace, as result from their pride. According to the interview respondent, the implications of this behavior of Asian individuals in a situation of performance appraisal can be avoided by the HR manager performing the performance appraisal by adapting the conversation techniques. According to the interview respondent, an HR manager discussing performance with an Asian employee should be done without playing a role as superior, but still reaching the point to communicate the performance of the individual. The goal of this performance appraisal meeting with the Asian individual is to influence behavior of this individual. Another distinction this interview respondent makes regarding the Asian individual in an international business context is that the Asian individual in his organization are mostly driven by a monetary impetus, while in comparison with Dutch individuals a personal development impetus and doing socially significant work as impetus are much more relevant. According to the interview respondent, this has to do with a difference in welfare in the country of origin.

The interview respondent also mentions the role of the local legislation in GCC countries regarding firing of an individual. If an individual doesn't perform in his/her function, an appraisal moment can be scheduled and a discharge can take place in one day.

Regarding trends in performance appraisal differences and similarities between GCC countries and western countries, the interview respondent mentions the influence of industries in which the HR is functioning. The organization of the interview respondent performs in the building industry, in which HRM has to catch up with other industries. The technical skills, which have been the main point of interest for HRM in the building industry for years, are nowadays one of the points of interest combined with a behavioral approach. Competencies, approaches of tasks, behavior, cooperation with colleagues, et cetera, are becoming more important in performance appraisal in the building context.

Reward management

The interview respondent identifies several factors as leading for determining the level of the reward in western countries in which the multinational organization is active. The last appraisal of the performance of the individual, the local budget of the organization, the position of the individual, and the salary-scale of the individual are all factors that influence the total level of compensation of the individual. The Hays model for reward determination is used worldwide, and uses these aforementioned factors as part of the total determination of the reward level. This total reward level is monetary, but also non-monetary based. The money element remains a central element of the reward package, but also training, housing, etc, are important elements of the total package. Taxes on salaries are not present in the UAE.

Differences are also to be found. For instance, the non-European staff in contrary, are not familiar with salary-scales as leading element in the compensation package. Also, differences in salary levels

in GCC countries are much greater than in the Netherlands, where salary differences are much more moderate. In short; HR managers in GCC countries have much more possibilities than HR managers in western countries, as result of a lack of regulation. According to the interview respondent, one could thus say that trends in reward management are determined by the legislation set by the host country. In the Netherlands, organizations try to find loopholes in the legislation to avoid high taxes on the benefits for the employees, and the Government reacts to these loopholes by adapting their legislation. Recent trends in reward management in western countries are that organizations focus more on compensating good performance of employees by offering the employee more possibilities for development and promotion. These trends are more relevant in western countries and less in GCC countries, because of the strong monetary focus of employees in GCC countries. This strong monetary focus of employees in GCC countries is clear in the case of Pakistani and Indian labor in the UAE, who were used to making a lot of overtime hours and the following extra money. At one point in time the Pakistani and Indian employees were told by their management that no longer overtime hours could be made. Some of the Pakistani and Indian employees resigned as a reaction on this, stating that they searched an employment in which they could make as much hours as possible.

General influences and trends

The Netherlands are focused on the United States for new HR issues (for instance lean management) in HRM literature. These new issues from the US are much earlier adopted by Dutch organizations than by organizations in GCC countries. The knowledge driven economy in the Netherlands is the main cause for this according to the interview respondent, especially in comparison to the people driven economy in the GCC countries, where these new HR issues are adopted much later.

Another main driver for the differences in HRM practices and policies in GCC countries compared to western countries according to the interview respondent is that the cost over personnel in GCC countries is a much lower than it is in western countries. Redundant manual labor is thus not a big problem, and is even used as a possibility to provide numerical flexibility to organizations who have to cope with fluctuating demand levels.

Elaboration interview respondent 2 and respondent 3

Background

Both the interview respondents are employed in the same function in a multinational organization in the oil and gas industry. In the Qatari department of this multinational where the two interview respondents are employed, both respondents are employed in the same HR function. In this function the two respondents are employed to bond the organizational and departmental goals with a fitting HR policy and practices through talent acquisition and retention, training and development, compensation and benefits, succession planning, employee relations, performance management, and organizational changes.

Selection practices

The organization respondent 2 and respondent 3 work for is a multinational with one global policy for all HRM elements. The interview respondents mention that this global policy is performed in the same way in all countries the multinational operates in, and no detail adaptations are notable in the way this policy is performed in different countries.

The interview respondents do remark that local organizations in Qatar only perform interviews with candidates to determine whether the individual fits the vacancy. Also the interview respondents mention the quota's regarding the amount of local employees versus the amount of foreign employees. Because the government tries to reduce the dependency of Qatar to the foreign workforce, and tries to further involve the local population in the Qatari workforce. The oil and gas sector this multinational operates in has difficulties to achieve the targets regarding the quota's on local employees set by the government, as do the government entities. When taken in mind that the local population of Qatar is 20% of the total population of Qatar (80% is foreign), the targets set by the government to oblige organizations to have 20% of their employees to be local. These targets are experienced by the respondents as being rather aggressive. These targets are not obligatory to the small organization. For local large organizations like the local banks the targets are set at an even higher level. For local employees, the offering of education and sport facilities is an important issue in the value proposition the organization has to offer. However, in the opinion of the interview respondents, the expatriates are needed to supply enough labor to keep up with the growth of the Qatari economy.

Concluding; the biggest influences on HR practices and policies for foreign organizations like this multinational come from the local legislation and the available local workforce. The organizations (and thus Qatar as a country) depend on employees from India, Sri Lanka, Bangladesh, The Philippines for the manual labor. The origin of these employees and the employed amount of the foreign employees is dependent on the industry that is considered. Most of the mid-level management is done by local employees according to the interview respondents, while most of the higher-level management is done by Europeans. The top management positions are filled by Qatari employees.

Performance appraisal practices

Again, the interview respondents mention that the organization they are employed in is a multinational with one global policy for all HRM elements. They mention that this global policy is performed in the same way in all countries the multinational operates in, and no differences are mentionable in the way this policy is performed in different countries and under different cultural and governmental influences.

The interview respondents state that it is difficult to generalize the local organizations as one category. For instance, some of the local organizations have performance appraisal practices while some others have no explicit methods of performance appraisal. In other words, there are large differences between the local organizations. The multinationals that have offices in Qatar use their globally developed practices and policies, as do some of the local organizations, but others haven't developed this as explicit. A generalization that can be made regarding the local organizations is that national employees have far more aggressive personal development plans as do the foreign employees. In the opinion of one of the interview respondents, this difference is caused by the governmentally issued awareness that the national workforce should develop quickly to replace the foreign workforce with a national workforce. The personal development practices themselves are not issued by the government, but are performed at company level based on the target set by the government.

Reward management practices

Just as with selection practices and performance appraisal practices, the organization the interview respondents work for is a multinational with one global HR policy and linked practices. The interview respondents again mention that there are no differences in the way this global policy is performed in different countries with different cultures.

The reward management policy of this multinational is to create a benchmark of the salary levels of the location on which the reward management is performed. Based on this benchmark, the organization adapts its own salary level of the functions. The Hays procedures are used for a benchmark that is as objective as possible.

According to the interview respondents, a difference in reward management procedures between procedures in GCC countries and western countries is that there are special retention programs for local employees in countries as Qatar. Due to the aggressive quotas that are set by the government regarding the amount of local employees compared to the amount of foreign employees, organizations have difficulties to keep the local employees in the organization. The competitiveness on the attraction and retention of local employees among organizations in Qatar is high, so the special reward programs for local employees are necessary to prevent the local employees from leaving the organization for another organization.

General remarks

The background of the management influences the focus of the management in Qatari organizations, and influences the way Qatari HRM develops itself. The interview respondents stress to mention that HRM in Qatar is still developing. The trends that determine the development of HRM in Qatar depend on the industry that is regarded. For instance the development of Qatari HRM in the oil and gas industry follows an American approach, and is mostly based on a global organizational HRM policy.

The biggest differences between western HRM practices and policies and HRM practices and policies in GCC countries are to be found in the presence of nationalization programs, the less strict labor laws in GCC countries and the absence of labor unions in GCC countries, according to the interview respondents.

Elaboration interview respondent 4

Background

The interview respondent has worked for a multinational in the resources business for a longer period now. After a function as local HR manager in the Netherlands, the respondent became active as a regional HR manager in the Gulf region for some years. After that, the interview respondent returned to the Netherlands as global HR manager. Recently the respondent returned to the Gulf region to again perform a task as regional HR manager, with a special focus on his task as policy maker; he focuses on terms and conditions, and on reward management, and to a lesser extent on performance appraisal.

Selection practices

The selection practices of this multinational in GCC countries are the same as the selection practices in all other countries worldwide. The multinational tries to perform a worldwide approach to selection, with a guiding influence of the local culture. For the GCC countries this implies that the accessor is aware of the more collective culture ("we have performed...") in the Middle East, compared to a more individualistic culture ("I have performed...") in western countries as the Netherlands. In practice this implies that if a selection accessor in a GCC country who asks a solicitor what this person has performed in the last employment gets an answer in a collective ("we") manner, will ask specifically to his/her role in this performance to get a better picture of the role of this employee in the collective. In other words, the selection accessor has to be aware of the role the culture plays when performing an interview like it is performed worldwide in this multinational.

A similarity in selection practices is thus that this multinational tries to perform the same practices in all his locations worldwide, and thus that rational approaches such as the capacity tests are performed in each of the locations.

A difference in selection practices and in HRM in general that is mentioned by the interview respondent is that western countries are further developed in their HRM practices and policies than GCC countries. A difference can also be found in the fact that the focus of selection in (especially) Dubai and Qatar is more short-term than the selection focus in western countries, as result of the high amount of foreign workers in these countries. The interview respondent points to a higher economic uncertainty in Dubai and Qatar as cause for this short-term focus. The interview respondent points to the high percentage of foreign employees in Dubai, compared to other countries of the GCC.

Again another difference in selection practices in GCC countries compared to selection practices in western countries is that for the attraction of employees in GCC countries the preferred nationality of respondents is mentioned in the advert. This discriminatory approach is unthinkable in western countries, where an approach of equal chances is found of importance. There is legislation in GCC countries that forbids this discriminatory practice, but the control on this legislation is absent.

The interview respondent comments that there are enough suitable persons with the right education and intelligence in the GCC countries for the vacant functions in the large companies, but the local population just will not apply for these vacant functions.

A more general comment made by the interview respondent is that the level of conservativeness in HR policies in the GCC countries varies. Oman, Qatar, and Dubai are the most oriented on western

HR policies of the GCC countries, while Kuwait and Saudi Arabia are more conservative. Bahrain is in between those two clusters regarding their level of conservativeness in their HR policies.

Performance appraisal

There is a distinction that should be made between the multinationals in GCC countries and the local organizations in GCC countries. Multinationals in GCC countries use a global approach. In GCC countries, local organizations have no link between the appraisal of performance on the one hand, and reward management on the other hand. For reward management in local organizations in GCC countries, the length of the employment in that organization is more important.

A difference in performance appraisal practices and policies in GCC countries in comparison to performance appraisal practices and policies in western countries according to the interview respondent can be found in the length of the incentive plans as they are used in these regions. Whereas the incentive plans used in western countries are focused on a long term, the incentive plans in GCC countries are focused more on short term. Another difference identified by the interview respondent is again to be found in the collectivism against individualism differences that have been mentioned in the section on selection practices. Whereas according to the interview respondent it is normal for managers in the Netherlands to point to the best performing individuals and worst performing individuals in a department to determine the distribution of rewards and punishments, this individualistic approach can't be applied in GCC countries. In GCC countries the performance of the whole group is evaluated and rewarded, so the whole group will be awarded the same bonus. The identification of the individuals that perform well is much more difficult in GCC countries due to this collectivism, according to the interview respondent. Individual performance appraisal is therefore a difficult issue in organizations in GCC countries. A more general difference between HR in GCC countries and in western countries is that employees in GCC countries have more difficulties with giving their opinions on work related subjects than employees in western countries.

The measurement of organizational performance is active in determining the performance of parts of the organization, which are in most cases functional teams. In GCC countries, the team performance is discussed, but adaptations to the team as a result of this team performance discussing are not usual in GCC countries. These adaptations are far more usual in western countries as the Netherlands. In this light one could say that the measurement of organizational performance is not functional in the GCC countries, because the conclusions of this discussion of performance will not lead to concluding changes in the structure of the organization.

Reward management

According to the interview respondent, the core of reward management is the enterprise value proposition; why should you as possible solicitor want to work for this organization? The individual has preferences in what he/she seeks in a value proposition, and every organization has a balance in its value proposition. The reward management practices and policies of an organization are part of the value proposition, among other factors as the quality of working circumstances and work-life balance. In western countries, the focus for organizations and solicitors is on this greater package of an organization, while the focus in GCC countries is mainly on the monetary element of the reward package. Also the status and prestige of a job is a focus of solicitors in GCC countries. For solicitors in the Netherlands for instance, the focus is on the package as a whole.

Core values of an organization are not mentioned for an organization in GCC countries, while it is of importance for solicitors in western countries. Also work-life balance is no issue in GCC countries, while it is a point of attention for solicitors in western countries. Working from home is a normal

element for employment in western countries, while this is more extraordinary in GCC countries. Working part-time is almost unknown in GCC countries, while a still growing amount of employees in western countries is choosing a less than full-time employment in search of a better balance between work and life.

According to the interview respondent, the cause for this should be sought in the differences in the assignment of HR tasks in GCC countries and in western countries. In western countries, a special assigned and well educated HR manager has a specialty in this field, while in GCC countries another employee gets the HR tasks as an extra task to his/her portfolio of tasks. The employee who gets HR as an extra task lacks the knowledge of HRM as a field of specialty, and is thus less aware of the possibilities that HR can have for reward management for the attraction of solicitors and retention of current employees.

General influences and trends

The interview respondent stresses that the role for HR in multinationals is crucial for its success. Also the interview respondent notes that more and more western influences on reward management and HRM in general are present in GCC countries. However, the respondent stresses that it will take years for the region to come to the same level in HRM as the western countries are at this moment. In other words, the respondent points to a convergence in HR practices and policies in GCC countries towards HR practices and policies in western countries. His opinion is that there will certainly not develop a special Arab HR system. He predicts that at least 80% of the HR practices and policies will become the same in GCC countries as it is in western countries. According to this respondent, Qatar and the UAE will be leading for the region in this convergence process, while the other countries will follow eventually on a longer term. According to the respondent, differences in HR practices and policies will remain in the manner organizations cope with non-nationals and the influence this has on the attraction of these employees, because Bahrain, Qatar and Doha still employ mostly foreign employees.

Finally the interview respondent points to the HR policy of the Dubai government as a reaction to the crisis situation the country is in at this moment. This new HR policy is introduced countrywide, and is a boost for HRM in any organization in this country. Also the respondent makes a short notion of other differences in management in GCC countries in general, as the financial concept (called Sharia finance by the respondent) is different from the financial concept in western countries. The main elements are the same, but the details are tweaked to better fit the muslim backgrounds of the employees. For instance, the Sharia finance will not use interest in their financial system as it is forbidden in their religion to charge interest over loans. Instead, the term "profit" is stretched in such a manner that the loan provider will gain an income over the loaned financial volume.

Elaboration interview respondent 5

Background

Respondent 5 is employed in a multinational organization in the oil and gas sector in the Gulf region to set up HRM practices and policies for the southern Iraqi region. The base for his employment is set in Dubai, UAE, so a clear distinction between HRM practices and policies in the countries of the GCC, compared to HRM practices and policies in a less developed Arab country like Iraq. Also respondent 5 is able to compare the HRM practices and policies in the GCC countries and Iraq with HRM practices and policies in western countries like the Netherlands. Although the comments he made on the challenges he finds in the Iraqi situation are not relevant for this research as Iraq isn't part of the GCC, this makes the perspective of respondent 5 an interesting view on the region and the effects the religion, culture and habits have. The comments he made on the situation in the GCC countries are even more valuable, due to his extended view on the surroundings of the GCC countries.

Selection practices

Iraqi situation; the country has been closed for almost 30 years, so to employ employees from outside Iraq there is a challenge. The local people there aren't used to IT systems, processes in general, and talks with non-Iraqi superiors. Iraq develops quickly, but suffers under the burden of dictatorship of the past decades. An example in this is that a simple question like "how are you?" is answered with a fear for the reaction to become known by the secret service of Iraq like was the case in the time of war. In other words, employees are superstitious in everything they do or say in daily working life. Nowadays Iraq opens its borders for foreign organizations to run the local oil business, but large HR differences exist between more developed countries and underdeveloped countries like Iraq. For instance, in Iraq it is regarded as normal to base a pay rate on the level of education the employees has, while western pay rates are mostly based on the performance of the individual.

Dubai situation; the gap between selection practices in western countries and countries as Dubai seems to be closed. Criteria based interviewing is used in Dubai, as it is used in western countries nowadays. Practices based on the group dynamics play a more forefront role in recruitment practices in Dubai, as it does in western countries. The awareness of diversity in a workforce led to the use of a D&I (Diversity and Inclusiveness) approach in this multinational, and this approach is used in Dubai in the same way it is used in western countries. Differences in cultures can also be appointed, like a more "we"-based culture in GCC countries versus a more "I"-based culture in western countries. Also cultural differences regarding men and women in a work force play a role in GCC countries, while this play no role in western countries. However, these differences play a role in how the company-wide policies are applied, and not in whether these policies will be applied. The same would, according to the respondent, apply to a large retailer in a shopping street in Amsterdam. Normally this retailer sells sausages from pork meat to his customers, while the shopping street in Amsterdam can show 80% foreign shoppers. In this case the sausages the retailer sells could be better replaced by, for instance, falafel. This way the policy of the retailer doesn't change, only the application of it.

Influences; in western countries like the Netherlands the influence of labor unions is strong, as is the influence of work councils and labor participation councils. These influence the HR practices and policies directly in the Netherlands. In the GCC countries however, the influence of personnel positioning is much less. In other words; because the position of employees in an organization is different, HRM is different. In the organization of the respondent, there is a presence of a global HRM policy, but the application of it in different locations differs. For instance; a trial period for a new employee has a very different role in countries like the Netherlands with a strong social background, than in countries like in the GCC. In the Netherlands, an employee is sort of protected

during his or her trial period, until the moment that the trial period has finished. In GCC countries, or countries like Iraq, there is no such thing as a trial period. If the new employee does not function, the employment will finish at that point. Also there are differences visible in the cost aspects of labor in GCC countries; manual labor is very cheap so a surplus of manual labor does not have to be a problem. In the case of expatriates, the cost aspect is much more important. This leads to labor redundancy; cost of local labor in UAE and Iraq is very low compared to other costs. It is thus no problem for managers to employ somewhat too much labor, for situations in which this is needed. However; expatriates are far more expensive for organization, so the selection has to take place in a very intelligent manner, to reduce cost risks.

In general; the principles of selection practices in a multinational organization are the same in every location. A reference check for instance is used everywhere.

Policy in the Emirates is based on the presence of foreign labor. People are attracted and employed with a clear objective. Once the comparative advantage of a foreign employee has gone, the foreign employee will be sent back. The exit strategy laws in countries like the UAE ascertain multinational organization that they do not have to make practices and policies for the exit strategies themselves. In the end, all HRM practices and policies have to do is to influence the behavior of the employees, in whatever circumstances or culture.

Performance appraisal practices

The use of a performance management systems, as is common in western countries, is less common in other countries. The respondent of this interview uses an example of the introduction of a performance management system in Latin America, where the use of measurable targets and coupled performance appraisal is less common than in countries as the USA or European countries.

The industry in which an organization functions is as important as the environment, culture and habits of the country in which the organization is present. As with the multinational organization in the UAE in which the respondent works, the performance appraisal cannot be used on an individual basis. Because the projects of this multinational are very large and lucrative, the sales department is less relevant for the organization. Therefore, performance appraisal in this multinational organization in the UAE is not based on individual performance, but on the performance on the large projects. The use of performance appraisal is thus industry dependent in this case, because the performance of these organizations is less dependent on the efforts of the sales force.

The setting of performance targets is not different in the UAE than in western countries, as is the push to deliver the performance to meet the targets. In the case of the expatriate employees, the pressure to deliver the required results is even bigger. Expatriate employees are far more expensive to organizations than the local employees, so organization are even more aware of the performance of their expatriates. The industry driven performance appraisal approach leads to a division of the organizational units, which performance is appraised separately. This leads to a sense of collectivity among the employees in the units.

The methods used in the UAE are no different from the methods used in western countries, such as the SMART method. The hardness and specificity of the application of the method can be dependent on the culture and habits of the location. In western countries these methods can be used much more thorough than with UAE local personnel.

Reward management practices

The methods used in the UAE are the same as the methods used in western countries. In this, a global vision on HRM practices and policies is clear. Culture, history and background are issues in the application of practices and policies, but the central elements remain the same. The respondent of

this interview notes the influence of the welfare state as present in the Netherlands, which leads to leaves from work for reasons as the birth of a child, but also compensation for transport, and bicycle compensation plans. In other words, the welfare state leads to a very wide array of special elements of the reward program for employees. In the UAE, the basis for compensation is much more sober. Compensation there consists of one amount of money from which the employee can choose what to do with it. Not relevant for this research, but interesting as side note in this interview is the example of reward management in Iraq; the needs of people there lead to a much wider array of elements in the reward package. Not only a base salary, but also housing, safety, health care, and a surplus on the salary for wife and children is provided to foreigners who decide to be employed in Iraq. For local employees in Iraq, the level of education sets level of payment.

For this multinational organization, the basic structure for payment is the same worldwide, but per country differences in the height of salaries can differ. The average salary worldwide and salary position of the multinational in the local labor market are leading in the setting of the salary levels. Different salary levels are used for expatriates and local employees. Practices and policies with respect for people is the leading value for this multinational organization. The discussion on minimum and maximum rewards is not present in the GCC countries as it in western countries. The same accounts for the discussion on bonuses for the top of organizations.

General remarks on HRM differences

A general remark on the application of HRM practices and policies is that the background of local employees is an important factor in the elaboration and application of HRM. An history like the political instability leads to a focus of local employees for survival instead of wealth, and people trust each other and organization less than in a situation with a stable history. In that case your HRM practices and policies should be adapted to the needs of these employees. The Iraqi HRM situation is a good example for this. The situation in the UAE is therefore far more similar to the western situation, but the argument that different population react to different triggers remains. The influence of social context is thus leading in this.

As mentioned earlier, HRM is all about the influencing of behavior, as a sort of Pavlov reaction. The application of the right instruments should lead to the achievement of certain goals.

Appendix 2 - Interview outline bachelor thesis

Before the interview

Before the interview some questions were asked via email and telephone to be able to start the interview directly. By knowing the function and background of the interview respondent, the questions of the interview and the structure of the interview can be formed in such a manner that the interview will be performed smoothly and without a need to elaborate a lot on the questions. Before the interview, the following questions were answered;

- What is the experience of this individual?
- What is the function of the employee that is to be interviewed?
- How does this function relate to the Human Resource Management practices and policies?
- In what way is the involved in Human Resource Management policy making?

After these questions have been answered, the goal of this bachelor assignment, the goal of the interview is explained and a moment for the telephone interview was sought. The length of the interview was communicated and the way the interview results will be processed is communicated.

During interview

After thanking the interview respondent for making time for the interview, a short introduction of the goal and structure of the interview is given. This introduction was kept short to prevent much time to be wasted on an introduction to could be done beforehand via email.

The interview started with explaining the four segments of the interview, based on the HRM practices of selection, performance appraisal and reward management, followed by a section that sought the more general trends and influences.

- In what way can you describe the **selection** procedures of your organization?
 - Can you think of differences comparing this to practices in western countries?
 - How do you expect the selection procedures to develop itself in the upcoming years?
 - What are the major influences on these changes in the selection procedures of your organization?
- In what way can you describe **performance appraisal** practices in your organization?
 - Can you think of differences comparing this to practices in western countries?
 - How do you expect the performance appraisal practices to develop itself in the upcoming years?
 - What are the major influences on these changes?
- In what way can you describe **reward management** in your organization?
 - Do you think this is different from practices in western countries?
 - How do you expect reward management to develop itself in the upcoming years?
 - What are the major influences on these changes?

-In **general**, what are the most influencing factors on changes in HRM practices in your organization?

-Is the way the HRM practices and policies are performed in your organization specific for your country?

-Or specific for your organization?

-Is there a difference between HRM in multinationals and HRM in local organizations?

-Why? How? What?

-What developments can you see in the HRM practices and policies?

-In what way do you expect the HRM practices and policies in your organization in 5 years from now will be different?

-Do you think these developments are specific to your organization?

-Why? How?

During the interview, sometimes the respondents were asked to explain themselves further or to give examples of their point. The goal of these probing questions was to have acquire examples, anecdotes and more illustrated understanding of the subject, and would provide a more practical understanding of the subject to the readers of the report. The probing questions were questions like:

- can you elaborate on that?

- can you tell me more about that?

- so if I understand well...?

-please give an example of that.

-can you give an example?

-are there tests/criteria/forms/profiles/other available for that?

In practice it turned out that using probing questions like these provided the respondents with an extra stimulus to use more examples and anecdotes to illustrate their opinions.

Finalizing the interview

After the questions had been answered and well illustrated, the interview had to be finalized in a correct manner. The respondents were thanked for their time and input, and were asked whether they wished to receive a version of the report once it was finished. The email address of the respondents were known before the interview, so the report will be sent when finished. Of course the respondents were wished a nice day.

After interview

After the finalizing the interview, the results were analyzed and elaborated. Possible holes in the results were identified and if needed an email was sent to get more clarification on the hole in the results.

Appendix 3: extra assignment

Human Resource Management in the Middle East: a structured literature review.

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July-August 2010

Management summary

As a supplement to a bachelor thesis report on "Human Resource Management practices in western countries and GCC countries: differences, similarities and a future projection" a structured literature research has been performed on literature on Human Resource Management that has been published in the past decade. 55 articles were found and their references have been analyzed, followed by a more in-depth analysis of the 10 most quoted articles from the references of the 55 found articles. From the analysis of the 10 most quoted articles followed that the role of nationalization plans of the Middle East governments is discussed a lot in the literature, just as the role of women in the Middle Eastern workforces. It turned out that the development of the workforce to make the supply of the workforce fit with the demand of the private sector is a major subject for HRM in the Middle East in the past decade, and will most probably be the major subject in the next decade.

1 - Introduction

This report is the result of an extra assignment to complete the bachelor Business Administration, and functions as a supplement to the report of the bachelor thesis "*Human Resource Management practices in western countries and GCC countries; differences, similarities and a future projection*". This report will offer the reader more insight in the developments that Human Resource Management (HRM) in the countries of the Middle East have come through in the past decade (2000-2010) by providing an overview of the available literature on HRM in the Middle East that has been published in the past decade. This insight will also provide the reader of this report with a better understanding of the background of the report of the aforementioned bachelor thesis.

The relevance of this structured literature review should thus be sought in the overview this report will offer on the knowledge on HRM in the Middle East and the development it has come through in the past decade, and the basis this knowledge will offer for future research. To offer the reader a background for the developments of Human Resource Management in the Middle East, it is useful to have an understanding of the background of HRM in the Middle East. This overview of the background of this report will be offered by the mentioned report on the bachelor thesis on HRM in the Gulf Cooperation Council (GCC) countries.

The overview on the available literature on HRM in the Middle East in the past decade will provide the reader knowledge on the kind of literature that was published on the subject. This research will look for similarities in the most important published literature on properties of the papers such as research methods and kinds of research that they resemble. A research question that will be answered in this research report will thus be;

"Which similarities in the characteristics of the most important literature on Human Resource Management in the Middle East that was published in 2000 to 2010 can be identified?"

In the second chapter of this report will provide the reader with insight in the used methodology to come to a viable answer on this research, followed by a chapter on the findings of this report. In the concluding chapter of this report the research question will be answered, and the implications of the findings will be characterized. The report will be finalized by providing an overview of the abstracts of the researched literature.

2 - Methods

For this report, the term "Middle East" should be defined by precisely, to be able to start a search on the available literature. The definition of the Middle East that is used for this report sets the borders of the researched region as follows; the countries that are part of the used definition of the Middle East are Oman, Yemen, Saudi Arabia, Qatar, the United Arab Emirates, Bahrain, Kuwait, Iraq, Iran, Syria, Jordan, Israel, the Palestine regio, Lebanon, and Egypt. This implicates that Turkey, Afghanistan, and the other countries of North and East Africa are excluded from this definition.

To perform a research on the available literature on the development HRM in the Middle East in the last decade, fifty articles have been sought in several online search engines. The websites scopus.com, jstor.org and scholar.google.com have been used to search on several search queries. The search on the search engines were started by searching on the rather general terms "hrm middle east" and "human resource management middle east". After receiving the results from these queries, the searching databases (especially Scopus) offer the possibility to filter the searching results for the sectors in which the articles fit. For this literature review, the filter "Business Management and Accounting" covers the field of HRM. Also a filter was set to only search for articles that have

been published between 2000 and 2010. After the application of these searching criteria and filters, the search results were analyzed based on their titles and abstracts. From the relevant results for this research, the abstract have been saved and the properties of the paper (title, authors, source, etc) were added to an Excel sheet. As a next step, "hrm" plus every individual country's name of the used definition of the Middle East (the fifteen countries that were mentioned before) were used as fifteen different search queries in the different searching databases. The results of these search queries were filtered and analyzed in the same way as the earlier search queries, and the results were processed in the same way as the results of the earlier queries. Finally, the terms "labor policy middle east", "labor policies middle east", "labour practices middle east", "selection middle east", "motivation middle east", "retention middle east", "performance middle east", and "reward middle east" were used as search queries in the three mentioned searching databases. The results of the queries were filtered in the same way as already mentioned, and were analyzed as already mentioned. The query "personnel" was also combined with several HRM terms, but that resulted in many results on the health care personnel subjects, which were not interesting for the literature review that is performed here. This searching efforts lead to a total of 55 scientific articles on HRM in the Middle East in the past decade.

From these 55 articles, the abstracts have been analyzed to offer the reader of this report an overview of the similarities that were found in the abstracts of these 55 articles. Also, an analysis was done on the impact scores of the 55 articles. Furthermore, the references of the 55 articles were grouped together into one Excel sheet of the 1994 references of the 55 articles. The authors of these 1994 articles were ordered alphabetically, and an analysis was started to find which articles were referred to the most in the 55 articles that were found. From this analysis, the 10 articles that were most referred to in the 55 articles on HRM in the Middle East in the past decade were found. These 10 articles have also been analyzed on several factors, such as the research subject, the used research methods, research questions, the findings, the future research suggestions, and whether they were based on western or Arab references. Finally an analysis was done on the overall impact scores of these 10 journals. The results of this analysis were compared to the results of the analysis of the 55 articles of the search efforts in the online search databases. The findings of the described analyses are discussed in the next chapter.

Also the impact factor of the sources was analyzed. The more the articles of the journal are cited by other journals, the higher the impact of this source is. Also, the amount of citable items is taken into account. The impact score is calculated as $\text{Impact score} = (\text{number of citations of articles of this source in the past period} / \text{total number of citable articles in the same period})$. The higher the impact score is, the more impact the source has, so it would be a better journal. Many discussion are running on this subject, but nonetheless the impact score gives an objective measure of the quality of the journal.

3 - Findings

First the abstracts of the 55 found articles on HRM in the Middle East in the past decade will be analyzed. Then the 10 most quoted sources of the 55 found articles on HRM in the Middle East in the past decade will be analyzed.

Analysis of the abstracts of 55 articles

Of the 55 articles that were found in the search efforts for articles on HRM in the Middle East in the past decade, 48 articles had an abstract. These 48 abstracts were gathered and will be shortly analyzed in this section.

Most of the articles of which the abstracts were analyzed were articles that described the current situation of the subject they described, thus they didn't focus their research efforts on changes or developments in this subject. This was as expected by the supervisor of this research. However, a quarter of the analyzed abstracts described a research that focused explicitly on the nationalization programs of the Gulf Cooperation Council countries. This, combined with the other articles that focused on developments in HRM issues in Middle Eastern countries could be seen as a sufficient amount of articles that describe developing situations instead of static situations.

More than half of the abstracts that were gathered and analyzed described articles of authors that gathered new information to base the research results on. This new information was gathered by either surveys, interviews, case studies, or a combination of these methods. From this can be concluded that there is a sufficient inflow of new information in the literature on HRM in the Middle East to base new review researches on and enrich the knowledge on HRM in the Middle East.

Another point of interest following from the analysis of the abstracts is that 15% of the abstracts that were analyzed covered articles that were whole or partly on the employment of women in the Middle East. In the literature on nationalization programs the role of women in the labor forces of the countries of the Gulf Cooperation Council is often discussed, but only 15% of the analyzed abstract mentioned this role of women in the workforce. It thus could be that this batch of abstracts focuses less on the role of women in the workforce, or that this subject is issued in the articles themselves without being mentioned in the abstracts.

A conclusion that can be drawn from this analysis of the abstracts could be that the abstracts show a similar impression as the more in-depth analysis of the 10 most cited articles from the references of the 55 articles on HRM in the Middle East in the past decade, on the percentage of articles that gathered new information, or the percentage of articles that focus on women, nationalization issues, or developments in HRM issues in general.

Analysis of the 10 most quoted sources

The analysis of the 10 most quoted sources will be done by first analyzing the general aspects of the 10 articles, followed by an analysis of the contents of the 10 articles.

General analysis

A general analysis of the 1994 references that were found in the 55 articles showed that the majority of the authors of these references were local, but only 3 of these local authors returned many references. K. Mellahi, P. Budhwar and A. Ali were the most referred to authors in the found 55 articles on HRM in the Middle East in the past decade. In the analysis of the 1994 references it became clear that most of the articles were only cited once, fewer are quoted twice, and there are only very few articles that are quoted more often. From this could be concluded that the literature on HRM in the Middle East in the last decade has for some part been based on the views of Budhwar, Mellahi and Ali, but it cannot be stated that their views on HRM in the Middle East have been the only leading opinion. Another remarkable finding from the analysis of the references of the 55 found articles is that western magazines, Arab newspapers, Ministries and even Wikipedia.org are used as references for scientific papers in scientific journals. A final remark from the analysis of literature on HRM in the Middle East in the past decade is that little or no literature could be found on HRM in Bahrain and Yemen, while literature on HRM in Saudi Arabia or the UAE was rather common.

From the analysis of the references of the 55 found articles, the 10 most cited articles have been identified. These are;

- (1) Al-Faleh, M. (1987) 'Culture Influence on Arab Management Development: A Case Study of Jordan', *Journal of Management Development*, 6(3): 19–34. 4 times cited.
- (2) Budhwar, P., Al-Yahmadi, S. and Debrah, Y. (2002) 'Human Resource Development in the Sultanate of Oman', *International Journal of Training and Development*, 6(3): 198–215. 3 times cited.
- (3) Hofstede, G. (1993) 'Cultural Constraints in Management Theories', *Academy of Management Executive*, 7(1): 81–93. 4 times cited.
- (4) Lumsden, P. (1993) 'Dealing with the Problem of Localisation', *Middle East Digest*, 37(10): 46–8. 4 times cited.
- (5) Mellahi, K. and Al-Hinai, S. (2000) 'Local Workers in Gulf Co-operation Countries: Assets or Liabilities?', *Middle Eastern Studies*, 26(3): 177–91. 6 times cited.
- (6) Mellahi, K. and Wood, G. (2002) 'Desperately Seeking Stability: The Making and Remaking of the Saudi Arabian Petroleum Growth Regime', *Competition and Change*, 6(4): 345–62. 5 times cited.
- (7) Robertson, C., Al-Habib, M., Al-Khatib, J. and Lanoue, D. (2001) 'Beliefs about Work in the Middle East and the Convergence versus Divergence of Values', *Journal of World Business*, 36(13): 223–35. 6 times cited.
- (8) Sagie, A. and Weisberg, J. (2001) 'The Transformation in Human Resource Management in Israel', *International Journal of Manpower*, 22(3): 226–35. 4 times cited.
- (9) Shaban, A.R., Asaad, R. and Al-Qudsi, S. (1995) 'The Challenges of Employment in the Arab Region', *International Labour Review*, 134: 65–82. 6 times cited.
- (10) Tayeb, M. (1997), 'Islamic Revival in Asia and Human Resource Management', *Employee Relations*, 19, 4, 352–364. 4 times cited.

The results of a structured analysis can be found in the table in the appendix. Some remarkable findings from this analysis will be discussed here. The article by P. Lumsden was quoted 4 times by the 55 articles that were found, but as turned out this article was not available to analyze for this research.

A first remark that should be made, based on the analysis of the 10 most cited articles is that they are both descriptive articles of the current situation in the described context as surveys to gather new information on the subjects. A fear that many of the most quoted articles in HRM in the Middle East are based on descriptive researches that offer readers less new and valuable information comes partly true based on this analysis. Four of the 10 found articles are based on newly performed surveys that did gather new information.

The research subjects that were described in the 10 articles that were quoted most in the found literature were comparisons of HRM among different Arab countries, the influences of HRM theories from abroad on HRM practices in Arab countries, work values of locals and foreigners, convergence or divergence of HRM policies towards more advanced societies, the influence that the size-differences of the public sector and the private sector have on the labor markets in Arab countries, and the influence of Islam on workplace behavior. It can safely be said that the found 10 articles are very different in their research subjects, so a conclusion could be drawn that the literature on HRM in countries of the Middle East focus on a wide array of HRM related subjects.

The future research suggestions also of the 10 most cited articles of the found literature on HRM in the Middle East show a common similarity in the fact that none of these 10 articles explicitly

mentioned their suggestions for future research in the concluding section of the paper. For this research it was necessary to find the suggestions for future research by analyzing the paper in search for the implicit mentioning of suggestions. By 8 out of the 10 papers these suggestions were found in an implicit manner. A similarity that was found in these implicit suggestions for future research is that all articles focused their research on a specific country of the Middle East or a specific part of HRM in a specific country. Not surprisingly, an implicit suggestion for future research therefore in most cases is to perform a similar research in a different country or on a different subject of HRM.

To create a view on the origin of the sources of the 10 most quotes articles, a short analysis was performed on these sources. No specific view emerged from this analysis, other than the origins of the sources were spread among local authors and western authors. Most articles had more local sources than western sources, but all analyzed reference lists showed one or a few western sources.

An attempt has been done to analyze the impact scores of the journals and the articles themselves, but difficulties have been found in the attempts to do so. Only three of the 10 sources were known in the ISI Web Of Knowledge database on scientific sources, with different results. The Journal of World Business scored very well with a score of 2,627, followed by the International Labour Review with a respectable score of 1,176. The International Journal of Manpower scored a less impressive, with an impact score of 0,329. The other seven sources were unknown in the ISI database, so it could be assumed that their impact is not significant. A conclusion that could be drawn from this is that the sources that are used in the literature on HRM in the Middle East in the past decade are not the most premium journals.

Analysis of contents

An analysis of the contents of the 10 articles will be done in a structured manner. Of the 10 most quoted articles, 8 were available as full-text at the moment of writing this report. The subjects of these articles varied widely, from work beliefs in organizations to growth regimes of governments and from government initiated human resource development programs to the influence of Islam on management styles and work-related values. This section of the report will provide the reader with an overview of the contents of the most quoted articles of the literature on HRM in the Middle East in the past decade. To provide the overview in a structured manner, a distinction has been made between articles that write about organization-internal issues as work beliefs and work-related values on the one hand, and government regarding issues as regulatory regimes and unemployment on the other hand.

Organization-level

In one of the articles an attempt was done to examine the extent to which three Middle Eastern countries vary in the core work beliefs of the employees, and to find demographic differences in work beliefs within each of these countries. A comparison was made of the work beliefs in Saudi Arabia, Kuwait and Oman, and it was researched if the work beliefs of the employees in these countries were susceptible for external influences (from western countries for instance), or that the work beliefs of the employees in the countries were more steadfast and holding on to the culture they were used to in the past decades. It turned out that were differences to be found between the three researched countries. While Saudi employees turned out to be very steadfast in holding their work beliefs the same as they have been for years, the employees in Oman and Kuwait turned out to be more susceptible to external influences from for instance western countries. From the conclusions of this article can also be found that the work beliefs of men in the researched countries differed more than the work beliefs of women, and that the work beliefs of men and women in Saudi Arabia are more likely to differ than in Oman or Kuwait. Also it turned out that Kuwait and Omani employees are more likely to experience differences in beliefs by age than Saudi Arabian workers. One of the conclusions was that Saudi work beliefs were unique in the region, divergent and

somewhat independent of the beliefs of Oman and Kuwait. Also the Saudis seem to be more individualistic, while employees in other countries of the Middle East seem to be more collectivistic (Robertson, Al-Habib, Al-Khatib, and Lanoue, 2001).

In the next article an outline is offered to characterize a country's view on management practices and theories. Four major indicators are identified here, namely power distance, individualism, masculinity, and uncertainty avoidance. The long-term versus short-term orientation of the management practices and theories is mentioned as a possible fifth indicating factor. In this article, no Middle Eastern countries are mentioned, but an the outline of indicating factors that is sketched in this article is applied on the contexts of Germany, Japan, France, Holland, China, South-East Asia, Africa, and Russia. This outline is applied on the Middle Eastern contexts in several of the 55 found articles that have been mentioned earlier in this report (Hofstede, 1993).

Another article that is discussed in the series of the 10 most quoted sources in the literature on HRM in the Middle East in the past decade states that in countries where Islam plays a dominant role, the values held by their people are reflecting the role of Islam. Examples used in this articles are that women in Saudi Arabia are not allowed to drive their own cars, or that in Iran women have to follow a strict Islamic dress code at work, as they do elsewhere. Work-related characteristics from Islamic texts are identified in this article, namely that equality should be put before God, everyone has an individual responsibility in a co-operation with others, people in power should treat subordinates kindly, fatalism and recognition of personal choice, and encouragement of consultation at all levels decision making. Also major Islamic values are identified, namely nobility, patience, self-discipline, good appearance, abstinence, resolve, sincerity, truthfulness, servitude and trust. This way the reader should develop insights in the influence Islam has on management styles and work-related values. However, the authors mentions that there is a difference between what should be expected from the ideals of Islam, and what actually takes place in the workplace (Tayeb, 1997).

To summarize the former section on organization-level literature, one could state that the individual work-beliefs is a frequently discussed subject, and that the western originated literature by Hofstede on the indicators to characterize a country's view on management practices and theories is much used to characterize the management practices and theories in the countries of the Middle East.

Government-level

The first article on government-level issues that will be discussed here is a descriptive article on the policies of the governments that should provide the countries with an economic growth based on the petroleum production as central economic driver. Saudi Arabia has originated such a regime, and this regime was mirrored by other Gulf states. In the basis a petroleum growth regime consists of a combination of economic, social and political conditions to coalesce to provide the basis for a successful period of economic growth. In this articles a comparison was made on several aspects of competition led growth regimes, finance led growth regimes and petroleum led growth regimes, in which factors as the wage nexus, the form of competition, and the state-society relation are discussed. While this article has no direct implications for HRM practices in organizations, some effects of the regulations following from the petroleum growth regimes for HRM in organizations can be expected. This regulation however are not the central subject of this article. The article does state that the public sector is the primary employer of the labor market in oil producing countries such as Saud Arabia, but now faces a situation in which the Saudi state can no longer afford to maintain this situation. Abandoning it however is no solution either, because of the large amounts of employees that work in the public sector. Another statement made in this article is that the effects of globalization do not necessarily lead to convergence , but national and regional institutions have specific growth regimes (Mellahi and Wood, 2002).

Another article on government-level issues that will be discussed here is a descriptive study on Human Resource Development in State Owned Enterprises. In Oman five-year plans have been set up by the Omani government to develop the skills and competencies of the Omani workforce, to meet the needs of employers and reduce the dependence of Oman on foreign labor. The program thus focuses on preparing the Omani workforce for the government's future economic program. The implementation of the HRD programs by the Omani government has not been successful, so the article offers some recommendations in this regard, as well as some suggestions for future research. The goals of this research were to assess the awareness and perceptions of Omani managers regarding the role of HRD in their organizations and to examine the dynamics of HRD policies and practice in the State Owned Enterprises of Oman. This article has no direct influence on HRM in general in the Middle East, as it only focuses on HRD in State Owned Enterprises in Oman, and thus is part of government policies. However some conclusions are interesting for the field of HRM as well. One of the conclusions is for instance that a significant number of HRD officers have been recruited from other departments that are not related to the field of HRD, which is not ideal. Also organizations do not have sufficient funds to support HRD programs and direct supervisors resist organizational changes. Recommendations are thus to be found in a better communication among departments, and a better briefing of staff members on the strategies, performance and objectives of the HRD staff (Budhwar, Al-Yahmadi, and Debrah, 2002).

A general opinion that is sketched in the next article on local workers in the countries of the GCC states that local workers have the reputation to be less easy to control than expatriate workers, and that the expatriate workers are more disciplined than the local workers. Respondents from this research however proves that this statement doesn't hold among managers in Oman and Saudi Arabia. The public sector has a much larger attracting power on the local workers, due to generous reward packages and good quality of working life, while the private sector mostly employs foreign workers and therefore the wages of the private sector are very low. This causality comes from the fact that foreign workers still earn more in the private sector in the Middle East than they would earn at home, while the wage levels in the public sector (thus the wage level for local workers in the Middle East) is several times higher. Finally, it is mentioned that in the GCC, the type of work, sector of employment and social interactions at work determine the social status of the worker and his family. To counter these damaging trends and set a direction for the future, political leaders in the GCC have appealed to locals to change their opinions regarding jobs in the private sector (Mellahi and Al-Hinai, 2000).

In yet another article the challenges of unemployment in countries in the Middle East are discussed. Again, just as in the former article, the discussion on the dominance of the public sector is brought up, while also the influence of military confrontations, fluctuating oil price, and reductions in the public sector are brought up as reasons for the increase in unemployment. This unemployment turns out to be largest among young workers. The goal of this article was to identify the mechanisms that influence economic and demographic forces to shape the current employment challenges of Arab policy makers. To reach this goal, the macroeconomic environment, demographic transition, sectoral employment shifts, intra-regional migration and recent major employment challenges have been researched. In the concluding section of the article reasons are mentioned for the current employment situation of the Arab countries (Shaban, Assaad and Al-Qudsi, 1995).

The last article that will be discussed here describes the transformation that the Israeli economy and labour market has experienced. Israel shifted from a Socialist approach of the society to a free market approach, and an high-tech sector emerged in the last 20 years. Following this, HR practitioners need to adapt their roles to the new situation and need to apply new strategies. Also the authors state that while in the newly emerged high-tech sector HR practitioners succeed in the

adaptation to the new situation, the HR practitioners in the low-tech sector remain behind in this adaptation process. Women in the workforce of Israel form a smaller percentage of the workforce than men, but they have a greater share in part-time, temporary work and other kinds of contingent work types. Women remain under the influence of the "glass-ceiling" phenomenon, in which their promotion is blocked by their gender. For HRM, the distinction between the high-tech sector and the low-tech sector is most important (Sagie and Weisberg, 2001).

To summarize the above overview on the articles that regard the government-level issues, a returning issue are the attempts of the governments to develop the local workers to get these workers more fitting to the wishes of the employers. The unemployment that is discussed in one of the articles should be related to these attempts to get workers more suitable, as is mentioned in that article. One could thus state that the development of the workforce in the Middle East countries is a central subject in the government-level literature.

4 - Conclusions

This research started in the introduction with the formulation of a research question, which will be answered in this concluding section. The research question was:

"Which similarities in the characteristics of the most important literature on Human Resource Management in the Middle East that was published in 2000 to 2010 can be identified?"

As follows from the analysis in chapter three, the similarities that were found are for instance that more than half of the articles that were found gathered new information to base a research on, and a quarter of the found articles focus their research efforts on the nationalization efforts. A rather low amount of the articles (15%) focus their research efforts on the role of women in the workforce of the countries. In the more in-depth analysis of the 10 most cited articles from the literature on HRM in the Middle East in the last decade followed that only 30% of these articles (3) were published in journals that have an impact score in the ISI Web Of Knowledge database, of which 2 journals had an impact that was higher than 1. It could thus be stated that the articles on HRM in the Middle East are in general published in journals that have less-than-average impact scores, or aren't covered in the lists of impact scores.

After reviewing the articles in-depth on organization-level and government-level HRM issues, a general view exists on future research directions and research forms. In the opinion of the author of this report, more literature should be available on practical, useful and realistic guidelines for governments and organizations on how the opinion of individuals in the Middle East on working in the private sector in the Middle East can be altered, so that the dependence on foreign labor can be reduced by having a well motivated and capable workforce that fits with wishes and demands of the employers. Recent experiences on this subject show that the problems lie in the large differences in wage levels between the public sector and the private sector, and in the fact that working in the private sector doesn't offer employees the social status as a job in the public sector will offer. Social research on how these trends should be turned in favor of the private sector and eventually the countries themselves should be performed. A large interview or survey research among the Middle East employees to find the core of the objections against the private sector should be performed, followed by a theoretical study on how these objections can be altered. Another issue that could be researched in the future is the effects of the governments nationalization programs on the public sector, private sector and finally the country's economy. From the current literature can be understood that the way the governments have built their nationalization programs doesn't lead to the results that the governments had in mind when the programs were designed. The economic

future is well planned by the countries of the Middle East, but the means to reach these goals don't seem to be very convincing given the results of the nationalization programs up to now. Research can be done on the wishes and demands of HRM departments in the Middle East, and the ways the governments can contribute to the healthy functioning of these HRM departments.

5 - References

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Appendix - Structured analysis of 10 most quoted articles

	1	2	3	4	5	6	7	8	9	10
authors	Al-Faleh, M.	Budhwar, P., Al-Yahmadi, S. and Debrah, Y.	Hofstede, G.	Lumsden, P.	Mellahi, K. and Al-Hinal, S.	Mellahi, K. and Wood, G.	Robertson, C., Al-Habib, M., Al-Khatib, J. and Lanoue, D.	Sagie, A. and Weisberg, J.	Shaban, A.R., Asaad, R. and Al-Qudsi, S.	Tayeb, M.
title	Culture Influence on Arab Management Development: A Case Study of Jordan	Human Resource Development in the Sultanate of Oman	Cultural Constraints in Management Theories	Dealing with the Problem of Localisation	Local Workers in Gulf Co-operation Countries: Assets or Liabilities	Desperately Seeking Stability: The Making and Remaking of the Saudi Arabian Petroleum Growth Regime	Beliefs about Work in the Middle East and the Convergence versus Divergence of Values	The Transformation in Human Resource Management in Israel	The Challenges of Employment in the Arab Region	Islamic Revival in Asia and Human Resource Management
source	Journal of Management Development	International Journal of Training and Development	Academy of Management Executive	Middle East Digest	Middle Eastern Studies	Competition and Change	Journal of World Business	International Journal of Manpower	International Labour Review	Employee Relations
year of publication	1987	2002	1993	1993	2000	2002	2001	2001	1995	1997
Research method	Survey	Survey: questionnaire survey in state-owned enterprises	Theoretical description: qualitative research and model building	NA	Survey: empirical study on perceptions of private sector managers by 160 self-administered questionnaires.	Theoretical description: qualitative research to the promotion of labour market reforms by a cluster of institutions.	Survey: 365 managers and employers in different countries are queried about work values to find shifts in cultural values	Theoretical description: quantitative analysis of data from statistics data.	Theoretical description: quantitative and qualitative analysis of the macroeconomic environment and the work force.	Theoretical description and modelling
Research subject	Shortage of managers and the cultural factors influencing behavior in organisations in Arab countries	Human Resource Development in Oman	management practices and theories in local contexts	NA	How to tackle problem with localization by providing employment to locals in the private sector without undermining competitiveness? How to overcome social and cultural values constraining the employment of locals in the private sector and especially manual work?	Description of the cluster of institution in the gulf countries and their promoting of the labour market reforms. Also the question is asked whether the recasting of the petroleum accumulation regime to forms will lead to a convergence to forms that are associated with more advanced societies.	Value systems of managers and employees are researched to test whether convergence and divergence based hypotheses are true or false.	In the transition from the socialist approach to the freemarket approach, HR practitioners find new roles, work values and strategies.	Analysis of macroeconomic environment, demographic analysis to analyze the work force, sectoral employment shifts, intra-regional migration, and major employment challenges for current Arab policy makers in the light of the earlier factors.	Organizations and employees don't live in a vacuum, but are influenced by culture, values, and attitudes. In a Muslim country, HRM will reflect the Islamic values. The core of this research is formed by HRM, the interface between HRM and religion, and Islamic values.
Findings	priority considerations in the formulation of future strategy	increased emphasis on HRD initiatives at a national level in Omani firms; significant awareness of benefits of a strategic approach to HRD among top managers; implementation not successful; recommendations are given	Ideas in management travelled from country to country, and were enriched by foreign influences. Context is relevant for the working of a management theory.	NA	The study found that managers do not perceive high differences between the groups of locals and foreigners regarding discipline, commitment or work or motivation to work. High salary demands of locals hinder, while organizations are unable to pay them. Locals are still more expensive than expatriates, regardless of new regulations.	The findings indicate that the new forms of petroleum accumulation regimes will converge to forms that resemble the forms from more advanced societies, but will continue to result in heterogeneity and will be context dependent.	There are differences found between the different contexts in the Middle East. Saudi Arabia is found to be more stubborn, while Kuwait and Oman are more open to influences by external forces.	HR practitioners in low-tech industries remain with traditional values and strategies, while in high-tech HR practitioners find new values and strategies, including hr programs, empowerment, higher salaries and better benefits, with new attention for individual's talents and qualifications. High-tech is on the new path, while low-tech is behind.	The large public sector compared to the private sector provides policy makers with a problem. Given the small size of the private sector, sufficient growth to absorb large numbers of new entrants is unlikely. Labour mobility decreased after policy changes after the Gulf War of 1990-1991.	Islam has little influence on workplace behavior, by analyzing little differences in workplace behavior in Iran between pre-Islamic-revolution and post-Islamic-evolution. It is however very difficult to view effects of Islam on HRM apart from other influences. Also differences among HRM in different Islamic countries are identified.
Future research suggestions	NA	implicitly; gain better understanding through more research	implicitly; gain better understanding through more research	NA	Implicitly; research to co-operative actions of GCC's governments and the private sector to safeguard the private sector's efficiency and competitiveness.	Implicitly; ways of reform without jeopardizing the foundations of the sustaining institutional configuration.	The same research can be performed in countries in the Middle East other than Saudi Arabia, Kuwait and Oman. Also future research can focus on cognitive beliefs rather than actual behavior.	Implicitly; when more societal changes emerge, the HRM strategies will change accordingly. New research on the same subject can than be done.	Implicitly; this research was done in 1995, just after the Gulf War. In the comments one could read that the authors think of other results in a more stable environment.	Extensive comparative studies of HRM in Muslim countries are needed to examine the influence of Islam on HRM.
Sources: Western/Arab	NA	most Arab, few western	NA	NA	most Arab, few western	half Arab, half western.	more western than Arab.	most local, few western.	most local, some western	most western, fewer local
Impact score article	NA	3 citations found	NA	NA	NA	NA	19 citations found	8 citations found	4 citations found	NA
Impact score source	NA	NA	NA	NA	NA	NA	2.627	0.329	1.176	NA
SJR	0,038	0,036	NA	NA	0,034	NA	0,047	0,041	0,051	0,041
SNIP	0,26	0,298	NA	NA	0,221	NA	1,12	0,325	0,552	0,258