

Chapter 15. LABOUR LOCALISATION AND HUMAN RESOURCE MANAGEMENT PRACTICES IN THE GULF COUNTRIES

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1. INTRODUCTION & BACKGROUND

The states of Bahrain, Kuwait, Qatar, Oman, Saudi Arabia and the United Arab Emirates make up the Gulf Cooperation Council (GCC). Each of these nations has enjoyed rapid economic growth, even while struggling with the social, economic and political consequences of extensive reliance on a large expatriate workforce. The need to create more employment opportunities for local citizens has gained increasing attention throughout the GCC over the past 30 years, with each member country adopting some form of politically-led localisation initiative (Al-Dosary and Rahman, 2005; Looney and Hamad, 2004; Rees, Mamman and Bin Braik, 2007).

Labor localisation programs can be described as the recruitment and development of citizens to increase their employability, thereby reducing the country's dependence on an expatriate workforce (Cave, 2004). These efforts have been formally defined as “a multi-level process through which dependency on the expatriate labor force is reduced and nationals are prepared to take up jobs performed by expatriates” (Abdelkarim, 2001:56). These efforts date back to at least the early 1980s in Saudi Arabia, but Oman adopted a moderately successful program in 1995 and the UAE has become something of a policy leader in recent years.

For member states of the GCC, the development of human capabilities, especially in nationals, is recognized as a major strategic priority. The Kingdom of Saudi Arabia's (KSA) economic strategy, Bahrain 2030 vision, Qatar vision 2030, Oman five-year strategic plan, Kuwait development plan and UAE strategy 2011-21 share a common emphasis on human development. Each of the GCC countries invests extensively in the education and development of its people. Government policy and legislation to enhance participation of nationals in the workforce have changed the human resources landscape in the GCC (Randeree, 2009), and made labor localisation a significant staffing consideration for international businesses operating in this particular region (Looney and Hamad, 2004; Mellahi, 2007; Rees et al., 2007). It has become increasingly unlikely for a large organisation to establish itself in the GCC without some plan to address the localisation of human resources (Randeree, 2009).

Human resources are the “organizationally relevant capabilities of groups and individuals” (Scott-Jackson et al., 2014a), and strategic HRM is defined as “the development of a consistent aligned

LABOR LOCALISATION AND HRM PRACTICES IN THE GULF COUNTRIES

collection of practices, programs and policies to facilitate the achievement of the organization's strategic objectives" (Mello, 2006: 152). According to these definitions, then HRM has a key role to play in the economic and social achievement of national and organisational strategies in the GCC countries (Scott-Jackson et al., 2014a).

However, although anecdotal records and literature on localisation exist in most GCC countries—particularly in the UAE, KSA and Oman—there is still a lack of academic and empirical research on localisation programs (Randeree, 2012) and the HRM practices that support them. Given the importance of these programs for the GCC countries and the enabling role that HRM could play, it is surprising to find relatively few published articles about HRM practices that further the employment of nationals. Although several researchers have addressed particular HR practices with respect to localisation, there has been no comprehensive study encompassing the key HR processes. The difficulty of collecting reliable statistical and empirical data as well as the challenges of conducting research in the region generally may be contributing factors to this deficit (Williams, Bhanugopan and Fish, 2011; Harry, 2007).

This chapter reviews the literature on labor localisation programs in the GCC countries and the HRM practices that facilitate the implementation of these programs. We searched the ABI/INFORM database for published peer-reviewed academic articles using the following keywords: "human resource management, HR practices, HR policies, HR strategies, HR roles, HR planning, job analysis, recruitment, selection, training, development, performance management, rewards, compensation, talent management" in combination with "localisation, nationalisation, Emiratisation, Qatarisation, Kuwaitisation, Bahrainisation, Saudiisation and Omanisation", without limiting the time frame. Out of the 17 articles we retrieved, only a few had an empirical focus on specific HRM practices that facilitate localisation. Other academic articles examined GCC demographics, educational systems, localisation policies, general challenges related to localisation programs, and suggested intuitive HRM practices that would facilitate employment of nationals. The most extensive studies on labor localisation and related HRM practices have focused so far on the UAE. However, their findings are relevant to the other countries in the Gulf region due to similarities in their labor markets and development patterns. Because the selected articles were not comprehensive enough to sufficiently inform readers about HRM practices that facilitate localisation programs, we extended our review to include other relevant empirical reports.

The chapter is organized as follows: first, we examine the literature on core issues pertinent to this theme, such as demographic and labor-market characteristics in the GCC, the objectives of these localisation programs, and the major components of localisation policies. Second, we review the literature on HRM practices that facilitate the implementation of localisation programs. Third, we review multiple challenges related to the implementation of these programs. Finally, we present some recommendations intended to enhance the impact of localisation efforts.

2. CORE ISSUES AND FACTORS INFLUENCING HRM

2.1 Demographic and labor markets characteristics in the GCC

The six GCC nations share similar demographic and labor market characteristics: rapid growth in total population, extensive reliance on expatriates, high rates of unemployment among citizens, low levels of private-sector employment for nationals, and low participation of women in the workforce.

Rapid growth in total population. The aggregate population in the GCC has increased more than tenfold in little over half a century, from four million in 1950 to 40 million by 2006 (Kapiszewski, 2006). This trend probably represents the highest population growth rate of any region in the world, representing both the active importation of labor and relatively high birth rates among the local population. The Economist Intelligence Unit (2009) estimates that the GCC population will rise to 53 million by 2020.

Extensive reliance on expatriates. Sustained increases in wealth since the 1970s have allowed GCC countries to undertake aggressive programs of investment in public infrastructure, which have in some nations paralleled a boom in private property development. Because the small local population had little interest in construction work and lacked the necessary skills, most of these relatively young states turned to the use of imported labor and developed relatively tolerant rules governing expatriate employment (Mellahi and Al-Hinai, 2000). Heavy dependency on expatriate workers is obvious across the entire GCC; 62 percent of the overall workforce is composed of non-nationals. In 2011, the UAE, Qatar and Kuwait had the largest percentages of foreign labor (96, 94 and 83 percent, respectively), while in Saudi Arabia, Bahrain and Oman the percentages are respectively 49.5, 64 and 71 (Forstenlechner and Rutledge, 2011, see Table 1). Rees et al. (2007: 33) suggest that dependence on an expatriate workforce has serious long-term political, economic and social consequences. Expatriates have a fundamentally different relationship with foreign employers than with those in their home countries, as manifested by lower long-term commitment abroad. Thus, having too many expatriate workers can negatively affect a country's human capital over the long term (Richardson and McKenna, 2006).

High unemployment-rates among citizens. The steady demand for imported labor creates an interesting paradox as unemployment among nationals increases in all GCC countries, especially among young citizens. The GCC countries all have an age pyramid with a wide base, resulting in substantial numbers of new labor-market entrants annually. Almost all reported unemployment is among nationals, as most of these countries require expatriates who lose their employment to return home if not able to find other work within 30 days. The so-called Arab Spring has highlighted the sensitive nature of high unemployment levels, particularly among young citizens, and GCC leaders recognize that unemployment issues must be addressed if political support is to be maintained. Forstenlechner and Rutledge (2011) reported unemployment rates in the GCC countries ranging between 8 and 28 percent for nationals in the 15-29 age bracket (see Table 2).

Table 1. Demographic imbalances in the GCC countries in 2010

Country	2010 population (millions)			Population %		Workforce %	
	Total	Nationals	Expatriates	Nationals	Expatriates	Nationals	Expatriates
Bahrain	1.05	0.51	0.54	48.57	51.43	36.10	63.90
Qatar	1.68	0.22	1.46	13.10	86.90	5.70	94.30
Oman	3.41	2.39	1.02	70.09	29.91	28.70	71.30
Kuwait	3.47	1.04	2.43	29.97	70.03	16.90	83.10
UAE	8.19	0.95	7.24	11.60	88.40	4.20	95.80
KSA	28.69	20.94	7.75	72.99	27.01	50.50	49.50
GCC	46.50	26.05	20.45	56.02	43.98	38.30	61.70

Source: Forstenlechner and Rutledge (2011).

However, even as unemployment rates are rising among national citizens, **their levels of participation in the private sector employment remain low** (see Table 2). This is because many GCC nationals have a strong preference for public sector positions due to higher compensation, cultural factors, and easier working conditions relative to business. This public-sector appeal makes it difficult for industry to attract and keep young nationals. Many would prefer to wait for a job in government rather than take a private-sector position immediately.

Table 2. GCC labor market characteristics, between 2004 and 2007

Country	Public Sector Labor force%		Private sector Labor force%		Unemployment among nationals %	
	Nationals	Expatriates	Nationals	Expatriates	All Nationals	Aged 15- 29
Bahrain	90.80	9.20	28.60	71.40	18.40	27.00
Qatar	52.80	47.20	17.00	83.00	3.20	11.00
Oman	80.50	19.50	15.50	84.50	6.30	
Kuwait	74.60	25.40	2.70	97.30	3.70	8.00
UAE	27.40	72.60	1.30	98.70	13.80	12.00
KSA	91.30	8.70	45.30	54.70	9.80	28.00
GCC	72.30	27.70	31.70	68.30	9.20	17.20

Source: Data aggregated in 2009 - Forstenlechner and Rutledge (2010)

The **participation of women** in the GCC labor force merits special mention. Although employment patterns for women have changed dramatically in recent years, their participation remains low relative to other OECD countries. In 1975, women represented between 2 and 8

percent of the total waged workforce in the different GCC countries (Willoughby, 2008). Between 2005 and 2008, the participation rates of national women in the labor force was 17 percent in KSA, 28 percent in the UAE, 30 percent in Bahrain, 35 percent in Qatar. Participation rates of all females (nationals + expatriates) were 25 percent in Oman, 42 percent in the UAE, and 51 percent in Kuwait (Shehadi et al., 2011). Even though fewer than half of the women in most Gulf countries are active in the labor force, unemployment rates among those who are active remain high—even among the most educated women—and most national women work in the public sector (Shehadi et al., 2011). It is fair to say that GCC national women form an interesting, but under-utilized talent pool for private sector organisations.

At least six factors should be converging to facilitate women's employment in the GCC. The first of these is the improvement in women's educational opportunities (Karoly, 2010; Williams et al., 2011). Kuwait took the lead in 1937 by instituting a scheme for women's education (Talhami, 2004). When the UAE was formed in 1971, it also established educational programs for women (Randeree and Gaad, 2008). Oman and the UAE have introduced women's empowerment programs (including, for example, credit counselling and business planning), reflecting the recognition and importance of entrepreneurship for women's employment (Al-Lamki, 2000; Metle, 2001). A second factor is the gradual liberalisation of social and cultural norms, with the UAE usually playing the role of leader, and with similar trends evident in the other GCC countries, notably in Qatar and Bahrain (Randeree, 2012). Traditionally in the GCC, cultural norms and practices ensured the exclusion of women from mainstream economic activities, and opportunities outside of the household were limited. However, attitudes in the region are changing, and women today increasingly have the education and desire to play a more central role in the region's labor market (Shehadi et al., 2011). Third, localisation programs created pressure to increase nationals' participation in the workforce, which has improved the employment prospects of women (Randeree, 2009, 2012; Rutledge, et al., 2011). Fourth, patterns of economic diversification towards a knowledge-based economy have led to the emergence of well-educated women in corporate leadership positions (Augsberg, Claus and Randeree, 2009) who serve as role models for the next generation (Williams et al., 2011). Fifth, growth in female employment has also been facilitated by increased political representation (Al-Lamki, 2000) and, sixth, by rapid urbanisation across the GCC (Williams et al., 2011). It is worth mentioning that in contrast to other geographic areas, the presence of extended families and live-in help with child care are common, so women in the GCC do not necessarily face some of the same constraints that might limit their employment opportunities elsewhere.

2.2. Objectives of localisation programs in the GCC nations

Nationalisation programs have multiple national, organisational and individual objectives that can be examined from diverse economic, social and political perspectives (Scott-Jackson, et al., 2014b). These goals depend on the viewpoint of the stakeholders and sometimes actually conflict. Economic objectives do vary across the Gulf countries and have an impact on the structure of the labor market. In some nations complementary proportions of expatriate workers are high, meaning that expatriates are doing jobs that nationals find undesirable. Nationals may actually be scarce in the labor market. In other countries, there are competing proportions of expatriates doing jobs that nationals would want, thus leading to high competition for jobs and the resulting unemployment as a major issue. UAE and Qatari nationals form a small proportion of the local workforce, for

example, so it is considered imperative that they maximize their impact and take up leadership roles, wherever possible.

Organisational objectives also vary according to the size and ownership structure of the employing institution. Public sector entities may have ‘national’ as well as organisational obligations. Of course, when employers must address government objectives they will try to do so in ways that will work to their own advantage. Forstenlechner and Mellahi (2011) examined the process and outcomes of cultivating legitimacy through the employment of UAE nationals by UAE affiliates of multinational enterprises. Their research used 48 semi-structured interviews with local managers of MNE subsidiaries. They found that in sectors where the employment of national citizens is almost taken for granted, such as in banking, MNEs are driven by a sense of appropriateness and social legitimacy. In contrast, in sectors where the employment of UAE nationals is almost nonexistent, those MNEs engaging in localisation efforts are driven by the logic of economic efficiency and tend to employ nationals in order to reduce the risk of being disadvantaged vis-a-vis local firms and to extract rents from the government. From a policy perspective, the findings suggest that coercive pressure to force MNEs to employ UAE nationals through laws and regulations are most effective when complimented with non-legal initiatives and voluntary agreements.

For their part, national citizens want to gain education and experience, maximize their personal growth, prepare for career and economic success, and proudly contribute to their country’s development (Scott-Jackson et al., 2014b).

2.3 Localisation policies

By the mid-1990s, shrinking public sector opportunities prompted most governments to focus on more effectively integrating local workers into the private sector. In general, all GCC countries, with varying degrees of commitment, adopted three types of localisation policies: enhancing educational attainment, diversifying the economy away from the hydrocarbons sector, and intervening directly in the labor market (i.e., introducing quotas and designating certain occupations to be staffed solely by nationals).

Education reform. Many authors have commented that educational attainment levels are inadequate in the GCC and suggest that education reforms present an important challenge in the region (Al-Dosary and Rahman, 2005; Stasz et al., 2007, Budhwar and Mellahi 2007; Lootah and Simon, 2009; Pech 2009).

As the GCC countries increasingly came to govern their own affairs in the 1960s and 1970s, the predominant focus of the few formal schools then available in the region was Islamic studies with an emphasis on memorisation. Most occupational training was on-the-job, with boys trained by watching and working with their elders while girls learned to become wives and mothers at home (Calvert and Al-Shetawi, 2002). Harry (2007) notes that well into the 1980s, the study of Arabic and Islamic teachings, culture, tradition and history remained the principle focus.

LABOR LOCALISATION AND HRM PRACTICES IN THE GULF COUNTRIES

The rigor of public secondary school programs remains low, often leaving students unprepared for university studies. Instruction in quantitative skills is particularly weak, leading many students to choose tertiary degree programs that require less mathematics. Although investments in physical infrastructure were often significant, school curricula failed to build critical thinking and analytical skills (Gallup, 2010). Lootah and Simon (2009) reported that fewer than 50 percent of executives responding to a survey in the region felt that national school leavers were equipped with the required competencies. Further, according to the *UAE Yearbook 2010* (2010), only 10 percent of the Emirati high school graduates meet the English eligibility benchmark to enter their first year at Higher Colleges of Technology without an expensive one-to-two-year academic bridge program to rectify skill deficiencies in English, math, computing, and personal development. (UAE Yearbook 2010, 2010). Some GCC governments try to address the reform needs of their secondary education systems by collaborating with nonprofit or foreign institutions to introduce up-to-date teaching methods and curricula. For example, Qatar worked with the Rand Corporation to update curricula and teaching practices in its schools, and the UAE engaged Singapore's National Institute of Education to help train its secondary level teachers (Noland and Pack, 2008).

There is a large gap between the traditional orientation of the educational system and nationals' preferred topics on one hand (e.g. Islamic and cultural studies) and the different, market-driven skills that are needed by employers, on the other hand. This divide is an important obstacle to localization. (Harry, 2007; Middle East Youth Initiative Report, 2009; UNDP, 2009). All GCC countries invested and continue to invest significant sums to reform their educational systems. Saudi Arabia allocated \$36.7 billion of its 2010 budget to education, or 25 percent of planned total expenditure. The UAE committed 22.5 percent of its total government budget, and Qatar allocated 20.5 percent of its 2008-09 budget (Bains, 2009). Leaders in these countries have also taken an active role in encouraging well-known foreign universities to set up branch campuses, as in Qatar's "Education City" or Dubai's "Academic City." Neighboring Sharjah has emphasized building its own educational institutions and pushing them to meet international quality and accreditation standards. Abu Dhabi reportedly provided very attractive terms to bring New York University and the Sorbonne to their emirate. Saudi Arabia opened a new graduate-level university reported to have cost \$2.6 billion (Bains, 2009).

Table 3 provides the Global Competitiveness indicators related to education for the GCC (Schwab, 2014). For comparison purposes, we included Switzerland, the most competitive country, and two other emerging countries, China and Korea. The higher education and training indicators contain measures of secondary and tertiary enrollment rates, as well as the quality of education as evaluated by business leaders. The extent of staff training is also taken into consideration because of the importance of vocational and continuous on-the-job training —for ensuring constant upgrading of workers' skills. Examination of these indicators shows that the UAE is the regional and even a global leader in higher education, followed by Qatar. But the table shows also that there are important differences among the GCC countries. Oman and Kuwait are still lagging behind, even in comparison to other emerging countries such as China and Korea (Schwab, 2014).

Table 3. The Global Competitiveness, education related indicators, 2014-2015, Rank: Out of 144

Competitiveness indicator/ country	Switzerland	UAE	Qatar	Bahrain	KSA	Oman	Kuwait	China	Korea
Quality of primary education	4	13	9	47	69	73	104	59	44

LABOR LOCALISATION AND HRM PRACTICES IN THE GULF COUNTRIES

Primary education enrollment rate	77	98	82	51	50	52	86	4	12
Higher education and training (global rank)	4	6	38	55	57	79	81	65	23
A. Quantity of education									
Secondary education enrollment rate	50	64	9	53	7	60	34	72	48
Tertiary education enrollment rate	47	N/A	107	76	55	83	67	85	2
B. Quality of education									
Quality of the education system	1	9	3	38	47	81	105	52	73
Quality of math and science education	4	11	6	58	73	95	102	56	34
Quality of management schools	1	18	10	59	78	113	87	85	73
Internet access in schools	13	18	25	39	63	60	80	38	10
C. On-the-job training									
Local availability of specialized research and training services	1	17	19	42	73	94	100	58	36
5.08 Extent of staff training	1	11	6	29	60	49	97	46	53

Source: Schwab, 2014

These figures raise an interesting dichotomy. The quality of public schools in the GCC is often low, but families with sufficient means generally send their children to one of the many tuition-based, English-language ‘international’ schools that strive to meet world standards.

Although women in the GCC tend to participate in the workforce at much lower levels than men, female students generally attain higher education levels. Women represent three-quarters of the students in post-secondary institutions in Qatar (Karoly, 2010), and about two-thirds of participants in tertiary programs the UAE and Bahrain (Randeree, 2009). Women’s educational attainment in the GCC seems driven by an increase in the visibility of female role models and increased ambition of young women, who are gaining higher levels of education in order to offset the traditional preference for men (Williams et al., 2011).

Economic-diversification strategies. GCC nations were heavily reliant on western technical expertise for the early development of their petroleum resources, but most have given high priority to employing nationals in the oil and gas industry. These efforts have met with significant success, but this is a capital-intensive business that requires few workers relative to the economic value created. Many managerial or professional positions continue to be staffed by geologists, chemical engineers and other experts from North America, Europe or Australia. Sometimes, these expatriate professionals are hired directly, but often as not they are seconded from the major oil companies with which GCC governments have joint venture projects.

Given the limited number of opportunities in oil and gas, most of the GCC nations have made attempts to diversify their economies in ways that would create more employment for nationals in

LABOR LOCALISATION AND HRM PRACTICES IN THE GULF COUNTRIES

the private sector. These efforts have met with mixed results. For both educational and cultural reasons, nationals in the GCC have been unable or unwilling to work in certain industries or in positions with less-than-ideal working conditions. Jobs that have traditionally been staffed with low-paid laborers from abroad are often considered inappropriate for GCC citizens. These include work in industries as diverse as manufacturing, construction, maintenance and retail. Although Dubai has been effective at attracting some production and assembly plants to its free trade zones, for example, nationals have shown limited interest and the workforce has remained overwhelmingly non-native. Likewise, in societies that have large personal services elements nationals are conspicuous by their relative absence, at least in the non-managerial ranks. Developing tourism has been a priority in the UAE and Qatar, but here again the number of local nationals taking up positions has been relatively small.

Spiess (2010) considered attempts to nationalize various sectors of the workforce to be an incomplete success at best. Some success has been realized through state-controlled enterprises which give priority to hiring nationals, particularly in the UAE. DP World, which operates more than 30 port facilities around the world, is owned by the Dubai government. Its management ranks are staffed overwhelmingly by Emiratis, though lower-level positions are often filled by foreign workers. Generally, these businesses are well run and globally competitive. Emirates Airlines is another prime example. The management, operational and administrative ranks include many nationals. The number of pilots from the UAE is reportedly increasing, but as with other airlines from the region there are few nationals in cabin crew positions or maintenance. Some airlines are making more use of local check-in and gate agents, however. State-owned enterprises are also active in insurance, banking, telecommunications and other industries as well.

Governments in the region have tried to invest in technologies in ways that will create more employment for nationals, either directly or indirectly. An early example was the Saudi government's purchase of military aircraft and radar systems under programs called Peace Shield and Peace Sentinel in the 1980s (see www.gobalsecurity.org/military/world/gulf/sa-peace-shield.htm). As part of their obligations under the contract, systems suppliers were committed to train Saudis to maintain the aircraft and to support other technology-based enterprises that could employ nationals. Although these efforts did not meet their localisation objectives, more recent efforts to invest in job-creating technologies may have better prospects for success. Mubadala, a government-controlled investment company in Abu Dhabi, has made a number of major investments in high-tech enterprises (Bains, 2009). Although some are based abroad and are likely to remain there, each must compete globally and make a profit on its own merits. Some of these initiatives are expected to create job opportunities for nationals in new industries that are associated with high skill levels and high wages in the UAE. For nationals these new jobs also lack the stigma of having been filled traditionally by low-wage foreigners. The most widely publicized example is Strata, a business that makes composite panels for new generation aircraft. Technical advisors report the need for extensive training in order to meet expected quality standards, but the company expects to have Emiratis making up half of its workforce and it has won some major contracts from Boeing and Airbus (Gale, 2010).

If any traditional sector can claim a degree of success with localisation, however, it may be finance and banking. Most of the GCC countries have pressured banks to meet hiring quotas for nationals, and both locally owned and international banks have felt the need to make a serious effort to

comply. Although often not remotely close to meeting the quotas, many of these institutions have adopted special recruiting and selection methods for national employment candidates. Some banks complain that national employees often leave as soon as they are trained, but others, such as Standard Chartered, have been active in developing retention programs to keep their local employees from jumping to the competition at the first offer of higher compensation.

Direct interventions in the labor market. The third pillar of localisation programs in the GCC is direct labor market intervention with measures such as quotas and the allocation of certain job roles to be staffed solely by nationals (Toledo, 2013). GCC nations have employed a variety of quota systems in attempts to stimulate hiring of nationals in the private sector.

The region's latest localisation program has come from the UAE. Historically, the government has imposed different employment goals for each sector, with banks typically facing the highest targets. In a new initiative, the UAE announced a tier-based system of targets, with financial incentives and penalties designed to encourage firms to achieve higher levels of workforce localisation. Under the new rules, companies achieving higher localisation levels will be rewarded by paying lower fees to process visas for their expatriate employees (GulfTalent, 2011). In contrast, Bahrain effectively taxes the use of expatriate labor, directly raising its cost relative to the use of national employees. Although no one knows the degree to which businesses may have decided against investing in the GCC due to these requirements, the number of MNCs relocating their regional offices outside of the GCC does not seem to be high. This may suggest that the market opportunities in the region outweigh rising employment costs.

Oman stands out as an interesting case study with respect to localisation. Probably more than in any other GCC nation, Omanis have been willing to take jobs that would have been filled elsewhere by low-wage foreign workers. The Omani nation has limited oil reserves relative to its population, so the government may be less able than most of its neighbors to sustain an overstaffed and well-paid workforce in the public sector. World Bank (2014) statistics for 2012 suggest that per capita income in Oman is about one-quarter of that in Qatar and less than three-fifths that of the UAE. Oil production is increasingly based on enhanced recovery techniques as the country tries to maintain production at past levels. Fiscal constraints dictate that social programs are more limited than in other parts of the GCC. More than in other GCC nations, employment quotas are actively enforced. This is accomplished primarily using a system that requires companies asking to import labor to justify each case, but certain occupational categories are off limits to foreign workers entirely.

As noted previously, some positions have been specifically reserved for national employees elsewhere as well. These include public relations officers in the UAE and procurement officials in Saudi Arabia. Perhaps due in part to the need to hire more local employees, the human resource function itself is increasingly seen as a target for localisation. In the public sector, government offices will often have difficulty securing approval to hire an HRM professional who is not a national, but the private sector is also beginning to replace more departing expatriates with locally trained HRM staff. This trend makes the need for effective HRM education more urgent.

In spite of some notable successes, most localisation efforts have failed to deliver significant growth in the employment of nationals in the private sector (see tables 1 and 2). Many local

workers are simply not interested in private employment paying market rates that are below public-service salaries and which offer more limited benefits than government jobs (Suliman, 2006; Harry, 2007). In Kuwait, for instance, more than 90 percent of the national work force is on the public payroll. Dr. Jassem Al-Saadoun, a leading Kuwaiti economist suggests that half of the total could qualify as “masked unemployment” through which the government “distributes oil dividends” (Spiess, 2010).

3. HRM PRACTICES THAT FACILITATE IMPLEMENTATION OF LOCALISATION PROGRAMS

Although workforce localisation strategies vary from country to country, they all involve key HRM activities such as recruitment and selection, training and development, career management, performance management, compensation policy and talent management for national employees. We organized our discussion accordingly into the following sections: 1) staffing processes to recruit and select GCC nationals, 2) training and development practices, 3) engagement and retention practices, 4) gender issues and HRM in the context of localisation and 5) key factors of success for implementation of localisation programs.

3.1. Development of effective staffing processes to recruit and select GCC nationals

Recruiting local talent is one of the most important challenges in the GCC (Scott-Jackson et al., 2014a). However, very few articles have focused specifically on recruitment and selection practices that facilitate localisation. Fortsenlechner (2010) identifies **three challenges related to the recruitment and selection** of UAE nationals. In order of importance, these are: 1) pressure to lower selection standards, 2) creation of a sufficient applicant pool, and 3) the difficulty of differentiating among many national CVs, particularly from fresh graduates without any kind of work experience. These challenges show the importance of developing strong recruitment and selection processes.

A first best practice approach to attracting more GCC nationals to private organisations is **to align employers’ brands and employee value propositions to the aspirations of nationals** (Scott-Jackson et al. (2014c). However, these authors found that most UAE employers do not understand the key motivations and aspirations of Emirati graduates. On one hand, young Emiratis professed to be most motivated by helping the country (41%), money (38%), challenge (37%), development (36%) and contributing to society (33%). On the other hand, Emirati employers felt nationals were most motivated by money (76%), challenge (48%) and pride (44%). Less than 1 in 10 employers felt they were motivated by contributing to society (8%), and no employers mentioned a desire to contribute to the country (0%).

A second practice to attract the best local talent is for employers **to promote their professional development practices and their respect for the national culture**. The Gulf Talent (2013) report shows that a small number of UAE graduates prefer the private sector due to perceived opportunities for greater challenge and learning in private companies, particularly multinationals. Moreover, the cultural atmosphere of the workplace also plays an important role in their job selection. Emiratis are attracted by the prospect of working with other Emiratis, and it is important for them to feel that their culture and values are respected in the workplace (Gulf Talent, 2013).

A third group of best practices to increase the recruitment base of designated employees is to use **multiple and specifically targeted external recruitment methods**. These include organisations developing strong relationships with educational institutions that have a high enrollment of targeted individuals, offering them internships, summer jobs or part-time employment (Mathias, 2006, Panaccio and Waxin, 2010). Scott-Jackson et al. (2014c) recommended a version of executive research to target lower-level nationals, involving careful identification of the social communities containing the most likely candidates, then making connections through mutual contacts and approaching likely candidates personally and proactively. Shehadi et al. (2011) point to the common practice of sponsoring students, noting as an example Saudi Aramco's identification of promising high school and undergraduate students for sponsorships that commit them to work with the company upon graduation. In contrast, the use of recruiting agencies is more common for experienced professionals (Shehadi et al, 2011). Finally, employers can specifically target under-tapped talent pools such as national women, lower qualified or non-graduates, nationals living in remote areas of the country, and disabled and special needs nationals (Scott-Jackson et al., 2014c). If these nationals lack the skills necessary for specific roles, employers can create intensive training centers and be more creative in finding ways to accommodate those under-utilized nationals who do want to work (Scott-Jackson et al., 2014c).

Finally, it is important for employers, to carefully **examine the characteristics of the local market** and the **preferences of the targeted candidates** in order to recruit efficiently. Scott-Jackson et al. (2014c and 2014d) highlight a mismatch between national job seekers and employers regarding preferred recruitment methods, both in the UAE and in Qatar. The three most popular ways for UAE university students to look for job opportunities were applying online (31%), seeking recommendations from personal contacts in the organisation (32%) and by attending recruitment fairs (32%). However, employers in the UAE preferred to attend recruitment fairs (52%), commission a recruitment agency (52%) and seek recommendations from senior business colleagues (44%). In Qatar, both employers (80%) and students (71%) relied heavily on recommendations from personal or professional contacts. However, 84 percent of employers used on-line job adverts, whereas only 38 percent of students looked for job opportunities online. We do not have relevant data on the preferred recruitment methods in the other GCC countries, but find it interesting to note that two countries sharing many common labor market characteristics are dissimilar with respect to preferred recruitment methods, demonstrating the importance of precisely examining the preference of targeted employees.

Regarding selection practices that facilitate localisation in the GCC, the only reported practice we found in the WL literature consists of **lowering selection standards** for GCC nationals (Forstenlechner, 2010). Whereas the literature on diversity management and selection of diverse employees offers some best practices (Panaccio and Waxin, 2010), these have not yet been examined in the context of WL in the GCC. We did not find any research so far that has examined how organisations evaluate the effectiveness of their recruitment and selection practices in a context of WL in the GCC.

3.2. Training and development practices

Based on recognized shortcomings of the educational system and the lack of market-related skills and experience, **effective training and development programs** are key for successful integration of national citizens into the workforce.

A first useful practice involves organizing **special recruitment and induction schemes, including special training periods** for new graduates in the GCC--particularly for those who lack experience (Al-Dosary and Rahman, 2005; Randeree, 2009).

Another practice is to organize sectorial **joint training or development initiatives** to attain a mass effect. Development initiatives could include joint intra- or inter-sector programs, partnerships with universities and other institutions of higher education, or cooperation with governmental organisations and agencies associated with localisation (Scott-Jackson et al., 2014 b and c). For example, the UAE insurance sector has developed a joint vocational training program with one of the UAE's largest education providers (Gulf News, 2006), and a major bank has established strong ties with a government-run university (Khaleej Times, 2007).

Of course, GCC nationals must not only be hired, but they must be adequately prepared to perform to a level that warrants their retention. Scott-Jackson et al. (2014c)'s research demonstrates the need for **development of leadership skills among GCC nationals**. Many educated expatriates occupy roles that are strategic in that they require leadership abilities or critical knowledge areas. In order to reduce the reliance on expatriates, nationals should be developed to acquire those strategic leadership capabilities. Training future leaders may be the most effective approach for promoting the growth of long-term human capital. According to these authors, the small population of Emiratis creates a scenario in which 64% of nationals should fill leadership roles, compared to approximately 10 percent in other countries.

Successful companies at localisation do not aim to simply meet quotas, but use **local talent management practices** to develop nationals into skilled positions and leadership roles over time (Scott-Jackson et al., 2014b, 2014c and 2014d). They identify fast-track career paths which utilize local strengths and support weaknesses with training, systematize the development of locals, and deploy a wide range of interventions across the whole talent management process. The authors advise that employers should use the best talent development methods, such as regular appraisal; career development reviews; individual development plans; mentoring or coaching; and systematic monitoring of developmental actions. However, Scott-Jackson et al. (2014c and 2014d) found that most UAE organisations **use the least effective development methods** (e.g., classroom instruction) most often and use the most effective methods least often (e.g., structured on-the-job learning). The two main methods UAE employers used to develop nationals were management training (48%) and personal development plans (20%). Less than 10 percent offered technical training (8%), secondments (8%), mentoring schemes (4%) or communicated internal job vacancies (4%). Sixteen percent did not use any development resources at all (Scott-Jackson et al., 2014c). In Qatar, over half of employers (57%) developed Qatari nationals through regular appraisals; others offered personal development plans (49%), and management or technical training (37%). Less than 1 in 7 employers reported using mentoring schemes that would allow Qatari nationals to learn from more senior professionals in the organisation (14%), secondments (12%) or job shadowing (8%) (Scott-Jackson et al., 2014d).

3.3. Engagement and retention practices

Employee engagement is one of the most important HRM priority areas in the GCC, cited by both HR and business leaders (Scott-Jackson et al., 2014a). Singh, Jones, and Hall (2012) studied the components of engagement in the GCC and expatriate workforces. Based on a questionnaire completed by 4,599 employees from 40 companies in the UAE, Qatar, and Bahrain, they found that **GCC nationals were less engaged than expatriates** (50.8% highly engaged versus 56.9%). Men were altogether more engaged at work than women (57.3% versus 49.7% highly engaged). Female nationals were the least engaged demographic, at 48.4 percent highly engaged. Compared to Aon Hewitt's worldwide scores of workplace engagement on this metric, these are some of the lowest recorded scores for a major demographic. Perhaps even more interesting is the **stratification of engagement across age cohorts**, with a significant trough during the years between 25 and 45 when the pressures of family life may take their toll. Moreover, Singh et al. (2012) highlight how much identity influences the approach to work and engagement in the GCC. Sixty-five percent of nationals responded "strongly" or "very strongly" that their national or religious identity influences their approach to work. This reaction was nearly double that of expatriate responses to this question (35% answered "strongly" or "very strongly"). The implication is that private foreign companies must keep identity in mind when aiming to engage their GCC workforce. Scott-Jackson et al. (2014a) explained that in order to maximize engagement, organisations must deploy both individual interventions (such as individual interviews, clear development and career plans, personal employee support) and organisation-wide general approaches (such as exit interviews, focus group surveys or engagement surveys). However, the authors found that very few organisations in the GCC use any kind of engagement survey and those that had tried them stressed the need for confidentiality and independent administration to avoid receiving unrealistically positive responses

Retention is another crucial topic in the GCC, where a transient environment with high turnover numbers and lack of commitment-oriented corporate culture do not provide employees with training or career paths (Al Ali, 2008). Retention rates among Emiratis in the private sector are at about 40 per cent, and one of the major reasons identified for low retention is the lack of career development plans within organisations (AMEInfo, 2007). Forstenlechner (2010) highlighted two specific challenge related to retention of national employees. First, starting in a non-managerial role is considered unappealing by many nationals, so it is important for local employees **to have a clear career path from the start**. Second, and particularly relevant for female staff, the need to move in order to advance within an organisation constitutes a serious constraint that undermines retention and motivation.

The broader social and psychological contract between employer and employee is often more important than financial rewards to engage and retain talent. **"Career growth" and "learning and development"** have been identified as the principal factors behind the engagement of national employees, with pay and benefits in third place (Aon Hewitt, 2011). The implication here is that employers may be too simplistic in relying on compensation as the key motivator. The private sector may have some comparative advantages over the public sector: private sector respondents reported greater satisfaction with growth and learning opportunities (Aon Hewitt, 2011). However, Scott-Jackson et al. (2014c) found that many employers in the UAE do not actively use developmental initiatives to retain their talent. Only 8 percent offered professional development programs and none sponsored further academic qualifications. Employers were most likely to offer bonus entitlements (64%), flexible working hours (56%) and pension schemes (48%) to retain Emirati nationals. Still, McDermott and Neault (2011) describe the development and

implementation of an in-house coaching program to support newly hired UAE employees in a financial services firm. The organisation arranged a partnership with a Canadian training provider to give its human resources and learning and development professionals career coaching skills. The first evaluation showed promising results in terms of employee engagement and retention.

3.4. Gender issues and HRM in the localisation context

Another research stream focusses on HRM organisational policies that support local women's employment and development (Metcalf, 2007; Scott-Jackson, Michie, AlSharekh, Druck, Kariem and Albury, 2014e). These authors suggest that national and organisational policies must be improved if they are to support additional participation of national women in the workforce.

Current studies of gender and HR management issues in the GCC tend to report concerns similar to those of western critiques of women in management (Al-Lamki, 1999, 2000; Metcalf, 2007). Al-Lamki (1999: 22) reveals how the perception of women managers in Oman is constituted in patriarchal ways, and suggests that the lack of HR policies and strategies addressing women is a major obstacle to their progress and development, without being more specific. Metcalf (2007) examines the employment experiences of women professionals from different nationalities in Bahrain, including (including national citizens), in relation to diversity and equal opportunity initiatives. The authors revealed that major perceived barriers to the progress of female managers were business culture (76.5%), few female role models (72.5%), child-related family commitments (62.7%), stereotypical perceptions of women managers (60.8%), limited training opportunities (56.9%), and family commitments related to grandparents or other relatives (37.3%). The author's qualitative analysis highlighted three key thematic areas. First, there is a lack of HR policy planning relating to women and to equal opportunity generally. Very few organisations had formal policies related to equal opportunity, mentoring programs for women, and sexual harassment. Second, training and development opportunities for women are very limited. Job appointments and training allocation were often not based on personal qualification and competencies, but on an individual's relations and family networks. Third, this study highlights the significance of Islam in a work environment. The lack of HR policies related to equality issues and training opportunities reflect the "equal but different" philosophy underpinning Islam. In this research the gendered formation of training structures and career paths created limitations for women.

A study by Scott-Jackson et al. (2014e) focused on the employment of women in Saudi Arabia. The researchers found strong preferences of Saudi women for working in female-only offices (73%). Part-time work options were favored by 56 percent of respondents, though 86 percent of employers had no such alternatives. Although these authors reported an unemployment rate of more than 60 percent of female graduates, most respondents were not pursuing employment with much determination. The level of preparation for the workplace, understanding of job roles and the degree of knowledge about science-related topics were judged to be inadequate in most cases. Limited advice about career options and transportation challenges were also noted as major impediments. For their part, Saudi employers pointed to a variety of complications in hiring women, though almost three-quarters indicated their willingness if these impediments could be

overcome. Employers pointed specifically to lack of appropriate facilities (viz. lavatories), family obligations, cultural obstacles and social attitudes. Although most expressed willingness to hire females, an overwhelming majority (83%) did not support the belief that women might be able to progress into management. Still, the report makes a number of useful suggestions for employers interested in hiring women, many of which might be relevant throughout the GCC.

3.5. Key factors of success of localisation programs implementation

Three key success factors for localisation programs in the GCC include management commitment to their implementation, treating localisation as a strategic talent management issue, and closely evaluating and monitoring the localisation processes. First, as with diversity management and change management generally, the **commitment of senior management** to Emiratisation is essential (Rees et al., 2007).

Second, successful organisations see localisation as an integral part of their **strategic talent management program**. Scott-Jackson et al. (2014b) found that organisations successful at localisation have a clear, business-related strategy, precise localisation policies and a plan with business outputs and objectives. They adapt their employer brand, staffing, development and retention strategies to fully exploit local talent. Successful organisations also tend to use their own tailored recruitment and development solutions, using, but not relying on, assistance provided by governmental entities. Unfortunately, many companies engage in costly one-time initiatives rather than pursuing a step-by-step approach to successfully roll out their Emiratisation strategy (Mellahi, 2007) and adapting their HRM strategies to localize their workforce.

Third, strategic HRM is based on facts and measures, emphasizing the **need to monitor and evaluate the effectiveness** of any HRM practices. At the organisational level, the success of localisation should not only be measured in terms of the percentage of GCC nationals in the workforce. A national talent management process should be carefully monitored and managed, with the different aspects of the program such as local talent strategy, acquisition, development, management, engagement and retention regularly assessed with appropriate measures (Scott-Jackson et al., 2014b). Rees et al. (2007) stressed the importance of using both quantitative and qualitative methods for evaluating an Emiratisation program.

4. KEY CHALLENGES RELATED TO LOCALISATION PROGRAMS IN GCC COUNTRIES

Based on our literature review, we identify five categories of significant challenges to the implementation of localisation programs in the GCC.

4.1. Demographic, educational and motivational challenges

The relative scarcity of qualified local candidates is related to the fact that they are a **minority** in the workforce, as discussed in Section 2.1 of this chapter. **Educational and training gaps** are related to the lack of market-driven education, discussed in Section 2.3. Local candidates have limited experience and lack the needed language skills in English that are typical required in the

private sector (Al-Ali, 2008; Randeree, 2009) and employers do not trust their work-readiness (Al-Ali, 2008). GCC nationals' lack of **vocational motivation** (aptitude to work), and aversion to business-oriented risk is found in several academic articles (Mellahi 2007; Rees et al., 2007). Based on a quantitative analysis involving HRM personnel from all nationalities, including UAE nationals, Forstenlechner, et al. (2012) found that the four specific factors that most often dissuade employers from hiring more Emirati employees are—ordered by degree of magnitude: lack of motivation, social status, cultural sensibilities and regulatory uncertainties. In terms of labor localisation policy direction, these suggest that the first two focus areas should be motivation and regulation, as these factors are easier to address than cultural and social issues.

4.3. Social and cultural challenges

Our literature review allowed us to find five social and cultural challenges. First, GCC nationals have a **strong preference for the public sector** due to better salaries and easier working conditions. For nationals, a government job often provides a salary several times higher than the equivalent private sector position as well as a very generous pension (Booz and Co., 2009; Abdalla et al., 2010). In part due to high wages in the public sector, GCC nationals often **expect a higher level of compensation** than private employers think justified by their qualifications and experience (Fusano and Goyal, 2004). Due to extensive social programs, many nationals may have lower income needs than their counterparts elsewhere, but as is the case in many other societies, a highly-paid job is considered an important contributor to status and image (Brown, 2007). It is not uncommon to meet nationals who forego the search for a private sector job in the belief that a public job will come available in the future (Achoui, 2009; Harry, 2007; Williams et al., 2011). Taken together, these attractions have pulled 85 percent of working Emiratis into the public sector, according to the UAE National Bureau of Statistics (Al Ittihad Newspaper, 2010).

Second, as noted earlier **the social status of the job** is important for GCC nationals. The type of work, sector of employment and related social interactions are important determinants of the social status of a person in GCC societies (Mellahi, 2007). Culturally speaking, many job categories are deemed socially unacceptable for Emiratis. The aversion to such positions is even more acute for female citizens (Baud and Mahgoub, 2001; Adam, 2003). Perceptions play an important role in the jobs nationals are willing to accept, with some authors arguing that nationals see themselves as a natural middle class that should only accept white-collar and managerial positions (Mashood, Verhoeven and Chansarkar, 2009). National employers are reluctant to recruit a compatriot for a position that they considered to be inappropriate (Forstenlechner 2010).

Third, cultural issues, such as the **fear of offending indigenous sensibilities**, particularly gender-related ones (Felder and Vuollo, 2008), and the HRM issue of a non-national **supervising a national peer or subordinate** often reduce an employer's willingness to recruit a national (Al Ali, 2008).

Fourth, **expatriate resistance** may hamper successful integration of national workers into the private sector, particularly if a successful localisation program will ultimately lead to the replacement of the expatriates themselves. It is not unusual for expatriates to be asked to train their national replacements (Mellahi and Wood, 2002; Rees et al., 2007). There are also perceived inequities when nationals receive higher compensation and experience faster career progression, a

reality in many private sector organisations which may encourage resentment toward national employees.

Fifth, UAE nationals suffer from **negative stereotypes**. Al-Waqfi and Forstenlechner (2010) were perhaps the first to empirically examine stereotyping of national citizens in the GCC region. Using quantitative data from expatriates and national citizens in the UAE, the authors showed that both nationals and expatriates share negative stereotypes about Emiratis' lack of relevant skills, competencies and work ethics. They present UAE citizens as a minority in need of acculturation to their own country's work environment: local citizens born and raised in a traditional, conservative, tribal society become foreign in their own country and have to adapt to a culturally different work environment in order to function in the workplace. However, the authors do not explore ways to overcome these stereotypes.

4.3. Employers' economic and employment rights uncertainties challenges

The **direct salary** cost of a national compared to the cost of a similarly qualified and experienced expatriate tends to be one of the first reasons cited by employers when explaining why so few nationals work in the private sector (Godwin 2006; Mellahi, 2007). Compensation data from the UAE Banking Forum in 2011 (Aon Hewitt, 2011), with 19 participating banks, indicates there is an average premium of 17 percent for national staff, 14 percent for junior management, 11 percent for middle managers and 23 percent for senior management roles held by UAE nationals as compared to expatriates working at the same level. In addition, nationals bring with them additional costs in the form of payroll taxes, mandatory pension contributions or, in some cases, minimum wage requirements that do not apply to expatriates. Employers often complain that nationals are expensive in part because so many quit during training or leave after their training to take up better offers elsewhere (Forstenlechner, 2010) or move to an expected job in the public sector.

Further, **uncertainties surrounding differences in employment rights** are likely to act as an additional deterrent to hiring national employees. Terminating the employment of unproductive nationals is not easy. A recently-passed law in the UAE bans the firing of Emirati workers except under specific conditions (Hafez, 2009). In contrast, the legal framework gives employers more control over expatriate workers, who usually have residence permits tied to one specific employer. Although certainly unintended, these policies may tip the balance in labor appeal unfavorably against nationals (Mellahi and Wood, 2002).

4.4. Policy level challenges

Finally, other important policy-level challenges are associated with the difficulty of developing, communicating, enforcing and monitoring effective employment regulations that support labor localisation, while at the same time protecting the global competitiveness of the whole workforce. Based on studies focused on these aspects, we conclude that localisation policy is progressing but still needs fine-tuning to be effective.

Marchon and Toledo (2014) studied the impact of occupational quotas on native employment and found that **its effect is ambiguous**. Their model demonstrates that the demand for native and expatriate labor responds to two forces. First, a binding quota for native workers increases the share of native workers in each firm. Second, it reduces the quantity of labor the industry hires, because of increased cost of production and output price. For expatriate labor, the two effects reinforce each other thereby reducing its demand. The authors show that the quota may backfire if set at a level higher than the quota that maximizes employment of native workers in the industry. However, so far, the authors note that employment quotas for native workers appear to have been set as arbitrary political targets, which attempt to equate the country's economic progress with employment instead of productivity (Toledo, 2013). Another criticism of quotas is that it does little to enhance the **effective utilisation** of local citizens. As Scott-Jackson et al. (2014b) point out, the quota system is intended to give nationals access to a share of jobs in the private-sector workforce, but it does little to ensure that these positions add real value for the organisation or contribute to the development of the employee.

Another challenge relates to the **effective communication** of localisation policies. Based on interviews with 180 respondents in the UAE, Baker (2013) argues that Emiratisation has made limited progress in part because the government has not made significant efforts to promote the idea with a concerted marketing effort. His research suggests that there are many misperceptions and stereotypes that could be addressed through a campaign to make localisation more appealing with a branding exercise that positions the policy as a positive benefit to several stakeholder groups. Pointing out that the absolute numbers of Emiratis looking for employment could be easily absorbed without major displacement of the existing expatriate work force in the private sector, he recognizes however that an economic environment giving employers great latitude in many aspects of their operations is not necessarily conducive to fostering policy compliance on matters of hiring and retention.

Finally, that few employers raise serious protests about these quotas is likely due to **the lack of serious enforcement** of the localization policies (Marchon and Toledo, 2014). Harry (2007) points out that most business owners are able to bypass restrictions and quotas. Because all foreign-owned businesses must have a local partner with 51 percent ownership, there is always a well-connected individual capable of sidestepping fines and renewing business licenses for enterprises not in compliance with localisation requirements. Compliance, when it occurs, may be motivated more by a desire to secure government favor in the awarding of contracts or it may take the form of a token effort intended to impress an influential decision maker.

5. RECOMMENDATIONS AND WAY FORWARD WITH THE GIVEN CONTEXT

Our review of the literature shows that there are some common barriers to labour localisation throughout the GCC: extensive reliance on expatriates; low GCC national participation in the workforce; education systems that fail to respond to market needs; very generous public employment benefits; a cultural focus on status and prestige rather than performance; ineffectual quota systems; lack of communication and enforcement of the localization policies; constraining cultural practices concerning women in the workforce; and HRM competencies that are still maturing. Individuals, organisations and nations in the GCC will need to invest in human capital

to achieve declared strategic objectives and to sustain the growth in physical infrastructure and financial investment in the region that has emerged over the last two or three decades. Localisation in the GCC will require committed and effective participation of nationals in both the private and public sectors. In the unique context of employment markets in the Gulf region, national employees may be characterized as a distinct ethnic and cultural minority (Williams, Bhanugopan and Fish 2011). In this respect, localisation policies should represent an attempt to integrate HRM diversity management methods with strategic talent management and change management practices.

At the national level, we recommend a holistic approach in designing, communicating, implementing and monitoring policies that effectively promote localisation in the private sector. These include upgrading the education and training systems in qualitative and quantitative terms to enhance the skills and productivity of local citizens as well as developing additional jobs in strategic non-extractive sectors. It will also be essential to implement employment policies for the private sector that recognize and respond to both economic and cultural challenges associated with hiring national employees, though these should be adjusted to match the ambitions and goals of each individual GCC country. Statistics on the effectiveness of localisation programs are already being collected in most GCC nations, with the methods and level of accuracy improving in each country, but we did not find any published research focusing specifically on evaluation of localisation effectiveness.

At the organisational level, the strategic implementation of localisation programs will require expertise in HRM, talent, diversity and change management. Organisations aiming to utilize national talent to achieve important objectives should see localisation as a form of local talent management and work to develop effective talent management processes to ensure that: 1) capability gaps are identified and planned for in terms that meet the organisation's strategic intent; 2) roles are staffed using continuously maintained databases of internal and external talent; 3) nationals, once recruited, are helped to develop themselves effectively in ways that understand and leverage cultural differences; 4) regular, useful information is maintained so that retention interventions can be targeted at high-potential nationals; and 5) the local talent management process itself is monitored and audited to ensure it is achieving the required results (Scott-Jackson et al., 2014b). Inclusion of women is crucial to successful localisation, as women are a key part of the educated workforce in the Gulf states.

Moreover, implementing localisation programs at the organisational level will require **expertise in diversity management and change management strategies**. Successful diversity and change management programs both require buy-in of all relevant stakeholders, active support from top-management, a careful analysis of the organisation's situation, the definition of precise objectives and plans, the nomination of a special "committee or taskforce" and the identification of an accountable manager. In addition, broad communication to all employees and managers, formulation and implementation of specific policies and practices, training and education of all employees and managers regarding the change, measuring and monitoring program progress, and regularly communicating about the program successes are also essential elements (Waxin and Panaccio, 2004; Waxin, 2009; Panaccio and Waxin, 2010). Shedhadi et al. (2011) insists that Board-level oversight and monitoring of key metrics by senior executives will help to reinforce the message within the organization. Individual and departmental commitment to national

employment goals should become an evaluation criterion in company reward programs (Shedhadi et al., 2011).

At the individual level, both men and women in the GCC who have had access to good primary and secondary education will also have opportunities to study at the university level. Those with the motivation and capacities to become professional leaders will have unprecedented opportunities to actively contribute to development of human capital in their countries.

Research implications. Our literature review allowed us to identify several specific research gaps. We note that too few empirical academic articles have been published on HRM practices that can facilitate effective localisation in the GCC. More quantitative and qualitative research is needed to determine what HR practices work in the WL context and suggest how they can be improved. It would be interesting to research the specific challenges and best practices used to recruit, select, train, develop, manage the performance, and enhance the careers of GCC nationals. We did not find any article on recruitment and selection or on performance management in the localization context, for example. Further, it would be interesting to examine the extent to which HRM diversity management practices apply to the workforce localisation context, and whether efficient HR localisation practices vary by industrial sector. How is localisation managed in public and semi-governmental organisations, specifically those organisations that have been created to help diversify the GCC economies? How do organisations evaluate the effectiveness of their HR practices in terms that are meaningful for localisation? Finally, it would be interesting to examine the individual, personal experiences of successful GCC nationals working in the private sector.

Our contributions. First, we reviewed the literature on core issues pertaining to labor localisation programs in the GCC, on the HR processes that facilitate their implementation, and on their main implementation challenges. This literature review extends our understanding of the ways in which HRM processes can be used to strategically integrate GCC nationals into the workforce. Second, we identified some precise research gaps in the literature and avenues of future research on this topic. By doing so, we hope to attract additional attention to some unique aspects of HRM in the Gulf region which are not yet addressed in international academic journals.

USEFUL WEBSITES

The Arabian Society of Human Resource Management, <http://www.ashrm.com>

The National Human Resources Development and Employment Authority, TANMIA, <http://www.tanmia.ae/english/Pages/default.aspx>

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