

Emiratisation: determining the factors that influence the recruitment decisions of employers in the UAE

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The Arab Gulf's labour market is being overhauled. The private sector is increasingly being 'obliged' to more actively support nationalisation programmes. This study seeks to quantitatively determine the recruitment decisions of the employers. We collated the views of just under 250 UAE-based HRM personnel, in order to identify which factors (social, cultural, economic, regulatory, educational and motivational) are most significant as cited in the relevant literature. Not having the necessary educational qualifications and high reservation wage demands were found to have less of a bearing than does the perceived lack of vocationally orientated motivation and the ambiguities over the differing rights afforded to employees.

Keywords: Arab Gulf labour markets; Emiratisation; labour nationalisation; UAE

Introduction

Since the early 1990s there has been a growing realisation that the public sectors of the six Gulf Cooperation Council (GCC) countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE) can no longer absorb all newly graduating nationals that seek employment. This incapacity is highlighted by the fact that all GCC labour nationalisation policies primarily focus on 'encouraging' this cohort to view the private sector as a viable career option, coupled with the growing levels of unemployment (to all intents and purposes, this is *national unemployment*, for when a non-national is made redundant they are obliged to vacate the country).

According to a recent survey of GCC nationals by Gallup (2009), unemployment figures for those aged below 30 are now in the double digits in all six countries (for the UAE it is 12%). This indicates that the various of the government labour nationalisation policies are yet to achieve their goals, and the majority of private sector entities are yet to fully sign up for the process. Identifying the underlying reasons for the latter is of both economic and political importance. Firstly, because the region's demographic pyramid characteristics (Chaaban 2009; Doumato 2010) and ongoing educational reforms indicate that in the coming decade or so a growing number of nationals, with tertiary level qualifications and concomitant salary expectations, will seek to join the workforce (Noland and Pack 2008; Bains 2009; EIU 2009). Secondly, because unemployment is often considered to be one of the region's key domestic policy challenges (Fasano and Goyal 2004; Toledo 2006; Al-Kibsi, Benkert and Schubert 2007; Harry 2007) as also evidenced by recent demonstrations and uprisings across the Arab world, which often started in relation to unemployment pressures and have affected all countries except the UAE thus far.

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In order to determine these factors and to establish why there appears to be some form of ‘internal resistance’ to a more proactive engagement with the Emiratisation process (the UAE’s labour nationalisation programme), six hypotheses were constructed (one for each of the factors analysed: social, cultural, economic, regulatory, educational and motivational). Taken together, these hypotheses are based upon what the literature considers to be the main reasons why regional employers tend to prefer non-national employees over national ones. Each hypothesis is then tested against these data collated from a questionnaire that sought the views of UAE-based HRM personnel on this subject.

Although, to date, many businesses have tended either to circumnavigate (e.g. reclassifying the job titles of incumbent non-national employees to avoid replacing them with nationals) or to superficially pursue labour nationalisation initiatives (e.g. hiring a token number of nationals to non-strategic positions), such practices are now becoming less acceptable and indeed more costly. It has, in fact, been noted that the adoption of a proactive strategy will increasingly be advantageous to – if not a prerequisite for – expediently navigating regional bureaucracies and retaining and securing lucrative government contracts (Forstenlechner and Rutledge 2010). Therefore there is considerable utility in quantitatively determining the factors that currently reduce the willingness of employers in the UAE to recruit national candidates.

This paper proceeds as follows: It first places Emiratisation in its economic and social context and also outlines business reaction to ‘top-down’ and ‘bottom-up’ policies implemented thus far. Following on from this, it sets out each of the hypotheses in conjunction with a critique of the literature on which they are based: the first two hypotheses test socio-cultural factors, the second two test the economic and regulatory factors and the final two test the educational attainment and motivational factors. The paper then provides a statistical and descriptive analysis of each of these factors in the results section. Relying in part on a Likert scale and Pearson correlations, we sought first to determine which factors are statistically significant in terms of reducing a given employer’s willingness to recruit from amongst the national cohort and secondly, to determine which of the factors had the most bearing. We then undertake further empirical analysis in order to explain internal resistance to Emiratisation through logistic and linear regression models. It concludes by suggesting ways in which policymakers and educators may be able to follow up on these quantitative findings to neutralise several of these disincentivising factors.

Background

In the early stages of the UAE’s economic development (1971–1990), the federal government realised that its ability to capitalise on its newly acquired resource wealth and expediently upgrade economic and social infrastructures hinged on the importation of large numbers of non-national workers (Halliday 1977). Consequently, the corresponding labour laws and regulations were designed to allow the exploitation of cheap labour by local and foreign-owned businesses alike (Muller 2003; Abdalla, Al Waqfi, Harb, Hijazi and Zoubeidi 2010). Labour laws, at least those governing the private sector, were not formulated to cater for a permanent workforce, let alone one that would increasingly need to cater for national employees. They were, and to a considerable extent still are, very ‘business friendly’ (*inter alia*, no minimum wage, no trade unions, the ability to easily recruit and lay-off staff).

Such a strategy undoubtedly afforded benefits to UAE: a rapid transformation of society from subsistence levels to ones of considerable affluence (Hourani 1991). By 2007 for instance, life expectancy in the UAE stood at 77.3%, considerably higher than 72.4% – the average of three resource-poor and labour-rich Arab economies (Jordan, Morocco and

Table 1. The UAE and GCC labour market characteristics, 2009.

	<i>Public sector labour force</i>		<i>'Private' sector labour force</i>		<i>National unemployment</i>	<i>Public sector preference</i>
	<i>National</i>	<i>Expat.</i>	<i>National</i>	<i>Expat.</i>	<i>Aged 15–29</i>	<i>Aged 15–29</i>
Bahrain	90.8	9.2	28.6	72.4	27.0	73.0
Kuwait	74.6	25.4	2.7	97.3	8.0	71.0
Oman	80.5	19.5	15.5	84.5	–	–
Qatar	52.8	47.2	17.0	83.0	11.0	63.0
Saudi Arabia	91.3	8.7	45.3	54.7	28.0	60.0
UAE	27.4	72.6	1.3	98.7	12.0	66.0
GCC	72.3	27.7	31.7	68.3	17.2	66.6

Notes: Some 'private' sector entities that are recorded in the labour market data – aggregated for the period 2004–2007 – are partially or, in cases, wholly state-owned. Unemployment figures for the 15–29 age bracket, for those 'neither in education nor in work', and along with the sectoral preferences for this age cohort, were collated in 2009 (Forstenlechner and Rutledge 2010).

Tunisia), while literacy rates for the 15- to 24-year-old cohort were 95% and 85.4% respectively. Indeed, the UAE has fast-tracked its way up the United Nation's Human Development Index and is currently ranked 35th globally. In this regard, it has been argued that such labour market policies were the optimal ones to be pursued (Toledo 2006; Elhussein and Elshahin 2008).

Nonetheless, according to Fasano and Goyal (2004) such a laissez-faire attitude to labour market policy is a key reason for why the market is now so highly segmented – see Table 1 – and has such low levels of 'inter-changeability between nationals and non-nationals'. Forstenlechner and Rutledge (2010) argued that the 'social contract's' primary transmission mechanism – the provision of a very well remunerated and undemanding public sector job to the citizens – is the primary cause of this segmentation (the 'social contract encompasses the mechanisms by which GCC ruling elites distribute oil wealth to their citizenry). For nationals, a government job often provides a salary several times higher than the equivalent private sector position as well as coming with tenure and a very generous pension (Booz and Co. 2009; Abdalla et al. 2010).

Harry (2007, p. 135) pointed to a regional socio-cultural idiosyncrasy that has been, and is, acting to further entrench such segmentation – 'needing to apply' for a private sector position, as opposed to being granted a government one, would indicate that the given national had insufficient 'connections' (in Arabic: *wasta* – the ability to use family or tribal affiliations to gain unmerited favour). The influence that these connections have, or lack of them, have in the UAE and its GCC neighbours cannot be understated. Taken together, these factors explain what might otherwise be considered a slip of the tongue: Saqer Gubash, the UAE's Minister of Labour, stated in February 2010, that less than 0.5% of the country's private sector labour force were nationals (Melly 2010).

By the early 1990s, however, having such a 'business friendly' labour market was increasingly becoming a cost rather than a benefit, directly and indirectly. By then the public sector had become overstaffed and the recurrent wage bill a serious drain on fiscal revenues. In most sectors of the economy, easy access to an elastic pool of cheap non-national labour had come to be taken for granted – indeed business models were based upon it. This has led to low levels of productivity, for the private sector had little motive to invest in productive technologies (i.e. labour-saving ones).

The fact that many businesses have a vested interest in the status quo was therefore understandable. For example, many nationals whilst employed by the government would,

at the same time and quite legitimately, be operating a private sector business. In most instances such businesses would be managed and staffed by non-nationals. Indeed opportunities for nationals to utilize non-national labour with almost no form of taxation (in Arabic: *kafala* – the practice whereby a GCC national can sponsor a non-national's work visa virtually free of charge) is considered to be another of the social contract's transmission mechanisms (Shah 2006).

While some of the richer GCC countries in oil-per-capita terms presently have the resources to go on providing most of their citizens with what in some cases amount to little more than sinecures, continuing to do so will exacerbate (and more deeply institutionalise) market segmentation and make private sector labour nationalisation targets much harder to achieve (Forstenlechner and Rutledge 2010). Of equal concern is the contention that the provision of such jobs reduces the average national's incentive to work hard vocationally speaking and their appetite to take business risks (Karl 1997; Amuzegar 1999; Minnis 2000). In the words of Davidson (2009b, p. 149), national employees had now become wholly accustomed to numerous 'material benefits [with] no forms of extraction'.

Nonetheless, during the 1990s, a decade characterised by protracted low oil prices and lacklustre GDP growth, all GCC countries launched labour nationalisation policies, homogeneous to the extent that they all considered the private sector to be the one capable of creating productive and sustainable job opportunities. To date, however, regional labour nationalisation policies have only had a negligible impact (Oman, which is relatively resource-poor, being the notable exception – see Forstenlechner and Rutledge 2010). For instance, during the 1990s the net number of non-national workers in the GCC increased by around two million (Cordesman 2002). Moreover, aspects of these policies namely the 'top-down' ones have been critiqued economically speaking at both the macro (Al Dosary & Rahman 2005; Toledo 2006; Rutledge 2009) and micro (Toledo 2006; Mellahi 2007; Rees, Mamman and Bin Braik 2007) levels.

Emiratisation has three core tenets, the first has been the long-term aim of trying to diversify away from an over-reliance on the capital-intensive hydrocarbons sector – one which is dominated by the state (Rutledge 2009; Davidson 2009b). The second ('bottom-up', in Arabic: *tatween*) has been to overhaul educational systems and more closely aligning the skills taught with the needs of the market (Bains 2009; EIU 2009; Davidson 2009a). The third ('top-down', in Arabic: *ihlal*) has been to implement a range of direct labour market intervention measures such as setting quotas and the allocation of certain job roles to be staffed solely by nationals. As Table 1 shows, however, Emiratisation's impact has thus far been limited (i.e. only 1.3% of the private sector is staffed by nationals, yet the number of this cohort, aged between 15 and 29, that are neither in education or employment is 12%). For instance, the Emirate of Sharjah's attempt to recruit nationals for taxi driving positions 'saw just one application in five years' (Sambidge (2009) and, according to Al Ali (2008: 370), only one of the 46 UAE-registered insurance companies had managed to reach the required 5% quota target.

From the perspective of many private sector operators, the advent of such policies was reportedly considered to be seen as a form of indirect taxation (Al Qudsi 2006). In the words of Harry (2007: 143) the default response has thus far been to resist them and 'if pushed hard' to 'undertake small-scale programs'. Moreover, many such 'programs' amount to little more than what has been termed a 'window dressing operation' – hiring the bare minimum that the given quota stipulates and placing such employees in non-strategic positions with no intention of investing in their HRD (Farrell 2004).

However, in the coming period, both state-backed and fully independent private sector businesses will increasingly have to adopt more proactive labour nationalisation

strategies – demographics alone necessitate this. Regional governments, all of whom have and are investing substantial sums in education (Bains 2009) will want to see increasing numbers of their newly graduated citizens finding ‘productive’ and ‘long-term’ employment positions without having to foot all of the wage bill. Thus, the focus will be on the entities operating in the more highly skilled industries (i.e. those that offer career opportunities that the national cohort will find relatively more attractive). It has in fact been argued that certain benefits are likely to accrue to those businesses that proactively pursue such strategies – primarily ‘goodwill’ from the given government. Forstenlechner and Rutledge (2010, p. 47) pointed out that one contributing factor to South Korea’s recent successful bid for a multi-billion dollar contract to build several nuclear power stations in the UAE was its core commitment to engage and train nationals at all stages of the project.

Determining the disincentivising factors

Accepting that regional labour market segmentation is largely a result of the way in which governments have historically chosen to redistribute oil wealth (i.e. the provision of a well paid, undemanding government job) there are a host of other factors that seemingly ‘disincentivise’ commercially run entities from ‘willingly’ employing national jobseekers. It is these factors and their relative degrees of magnitude that this paper seeks to determine. Our analysis is based on data collected from a questionnaire that ascertained the views of the employers in the UAE. It sought to document (1) their attitudes towards national employees (2) their willingness to recruit from this cohort and (3) the extent to which the company they represent either facilitates or resists the Emiratisation process (Rees et al. 2007).

Responses to a range of statements were used to test which factors (social, cultural, economic, regulatory, educational and motivational) influence a given employer’s willingness to hire a national candidate in preference to a similarly experienced non-national one (the dependant and explanatory variables are given in Appendix 1). The hypotheses presented below have been constructed in order to test these factors and are based on the assumptions and/or findings in the existing literature on this subject. Our primary objective is to quantitatively determine what factor(s) most reduce employers’ willingness to recruit a national jobseeker. We also wanted to determine which factor(s) contribute most to ‘internal resistance’ to Emiratisation.

Methodology

The questionnaire, on employer sentiment towards nationals both in the workforce and seeking entry to it, was posted for four weeks on an internet forum that is known to be popular with both national and non-national HRM personnel working in the UAE. The majority of the questions were, in fact, statements with a five-point choice of response options (i.e. a Likert scale ranging from ‘strongly agree’ to ‘strongly disagree’). Within the 28 days the questionnaire was ‘live’ online, over 500 responses were recorded. Of those, 247 answered the requisite number of statements relating to the factors that this paper assesses and thus constitute our sample. Sixty percent of the sample were nationals (it is worth bearing in mind that the UAE has actively been seeking to nationalise all HRM personnel since 2006 (Al Baik 2006), the remainder were non-nationals (i.e. a mixture of Arab, Asian, North American and European expatriate residents of the UAE).

Almost two-thirds of the sample (64%) classified themselves as working for private sector organisations, the remainder for either the government or a state-owned, but ‘commercially run’ entity. While 12% of the sample held senior HR-related positions, 41% were managers with personnel responsibility and the remaining 47% held a range of

jobs titles that were, in some way, involved in the recruitment decision-making or people management process (e.g. compensation specialist, personnel advisor).

Responses to statements that correspond to each of the given factors were then averaged in order to take into account its 'positive' or 'negative' framing (see Appendix 1). Descriptive statistical analyses were used to quantitatively summarise the dataset as a whole, while various tests (e.g. correlation analyses, linear regression analyses, binary logistic regression analyses) were run to determine which factors were most significant.

Social and cultural factors

Essentially there are two strands to the socio-cultural dimension of the UAE's incumbent labour market composition: the impact of the social contract as it is currently constructed and cultural sensibilities (ones that would remain in place even if the UAE were to suddenly become resource-poor). The social contract, as already mentioned, renders a great many private sector positions unattractive for most national jobseekers (Christopher Davidson 2009a; Forstenlechner and Rutledge 2010). Culturally speaking, many job categories are deemed unacceptable by Emirati society for nationals to undertake. This is even more acute for female citizens (Baud and Mahgoub 2001; Adam 2003).

Hypothesis 1: It does not make more business sense to consider only the résumés of non-national candidates despite the widespread perception that most national jobseekers will not be fully committed to a wide range of occupational roles.

Hypothesis 2: Recruiting a national candidate as opposed to a non-national candidate is not more problematic in terms of accommodating for the former's actual or assumed cultural sensibilities.

While it has been argued that many occupational roles are unattractive to national jobseekers, even newly graduated ones (Lindsay 2005), in many instances economic necessity will result in the given individual taking, within reason, any form of employment. But in the GCC, circumstances act to reduce the likelihood of this. Firstly, many young jobseekers can afford to wait for a government job and secondly, there is the issue of *wasta*. The impact of the notion that one's occupation and sector in which they work determine one's 'social status' is far more acute in the Arab Gulf than elsewhere (Mellahi 2007).

Indeed, Cunningham and Sarayah (1994) considered *wasta* to impact on every significant decision-making process in the Arab Gulf. With respect to regional labour markets, this can mean powerful family members intervening on behalf of their relatives to secure employment or better conditions. Consequently many employers do not look favourably on this as such interventions can and do interfere with both effective and equitable management of staff (Hutchings and Weir 2006; Jones 2008).

According to the literature, the principal reasons for why cultural issues per se may reduce a given employer's willingness to recruit a national are: firstly, a fear of offending indigenous sensibilities (particularly gender-related ones – see Farrell 2004; Nelson 2004) and secondly, the assumed/actual HRM issues of a non-national directing a national peer or subordinate (Al Ali 2008). With respect to gender a key factor is the limited geographic mobility of female nationals. Such restrictions are thought to deter many employers from considering candidates from this cohort (Adam 2003). A recent survey of Qatari women reported that the 'stigma' attached to working in a mixed-gender environment, most prevalent in the private sector, constituted a proportionately larger disincentive than did a given position's remuneration package (Felder and Vuollo 2008).

The cultural factor also encompasses the implicit risks that the businesses may entail if their non-national staff commit cultural *faux pas* and infrastructural issues (e.g. is the current office layout appropriate for national females?). Furthermore, it takes into account the impact that cultural attitudes/pressures have on national recruiters. National employers may not be willing to recruit compatriots for certain positions, even if the given jobseeker declares that he or she is willing to undertake such a role (Forstenlechner 2010). Shah (2006) also reports a strong discrepancy between the type of jobs that the nationals are willing to do and the readiness of national employers to recruit them for such positions. Recent research (Al Waqfi and Forstenlechner 2010, p. 372) demonstrates that many regional employers consider many positions to be culturally 'unsuitable for citizens'.

Economic and regulatory factors

The direct salary cost of a national versus a similarly experienced and qualified non-national tends to be one of the most prominent reasons cited in explaining why so few nationals work in the private sector (Al Qudsi 2006; Godwin 2006; Shah 2006; Mellahi 2007; Gerson and Shaheen 2009). To date, the uncertainties surrounding differences in employment rights have received less coverage, but are likely to act as another disincentivising factor (Hafez 2009b).

Hypothesis 3: Even if the government were to top-up the salaries of nationals working in the private sector, factors other than direct cost would continue to make non-nationals comparatively more attractive candidates.

Hypothesis 4: Talk of it being 'illegal to fire nationals' alongside other regulatory uncertainties, do not, *per se*, make the recruiting of a national more costly than hiring a comparably experienced non-national.

There are many instances in the literature, which point to the national/non-national wage discrepancies being largely responsible for the segmented labour market. A cheap pool of both skilled and unskilled non-national labour puts downward pressure on wages and consequently reduces the incentives of nationals to compete for a wide range of private sector positions (Bremmer 2004) and has, in the words of Fasano and Goyal (2004, p. 3), led to a 'low elasticity of substitution between national and foreign workers'.

In Bahrain, for instance, an average national earned USD15,000 per year in 2008 while the average for non-nationals was USD5240 – two-thirds of private sector jobs paid only USD3180 per year (Oxford Business Group 2008). Similar wage differentials have been documented in all GCC countries. In Saudi Arabia, for example, nationals on average earn between two and three times as much as non-nationals do (Niblock 2007; Wilson, Al-Salamah, Malik, and Al-Rajhi 2004).

Indeed, government policy is already in place to mitigate against this – Kuwait is currently providing some private sector entities with money to be used to top-up the salaries of the nationals that they have on their payrolls (Al-Kibsi et al. 2007) and there are suggestions of a similar measure being adopted in the UAE (Shaheen 2010). Testing Hypothesis 3 will determine if cost, *per se*, constitutes one of the pivotal disincentivising factors.

Turning to the regulatory factor, Harry (2007:138) contended that the 'formal or informal rights of the nationals compared to alternative candidates cause employers to avoid recruiting them', especially with regard to hiring and firing. According to Al Ali (2008), it remains the case that there is considerable ambiguity with regard to the dismissal procedures with regard to nationals – nationals, 'once hired' are 'much harder to fire'. Hoskisson, Hitt,

Johnson, and Grossman (2002) suggested that legal infrastructures and labour regulations – ‘rules of the game’ – in many developing and transitional economies are less codified and are still evolving. This arguably is the case in the UAE, for Mellahi (2007) has identified a lack of upward feedback in the creation of labour market regulation in neighbouring Saudi Arabia.

In 2009, for example, the National Human Resource Development and Employment Authority (one of the UAE’s principal labour nationalisation bodies) submitted a proposal to the Ministry of Labour recommending an amendment to the existing labour law that would oblige any private sector business to contact the Ministry prior to the dismissal of an Emirati employee (Hartley 2009; Issa 2009; Hafez 2009a). In addition it was reported that the given business would ‘mandatorily’ need to first pursue a range of alternative options (*inter alia*, implementing a part-time system, relocating them within the company and training them to handle other positions in the company).

Educational and motivational factors

In the questionnaire, a selection of statements was constructed in such a way as to ascertain (a) the degree to which employers consider national graduates to be ‘work ready’ in the broadest sense and (b) the utility of internship programmes. Hypothesis 5 tests the impact of relative educational attainment levels and Hypothesis 6 tests the strength of the perception that national employees lack vocationally orientated motivation:

- Hypothesis 5:* For any given position, a national applicant can be found with comparable educational attainment levels to a similarly experienced non-national applicant and on this criterion is just as likely to be employed.
- Hypothesis 6:* The perception that national jobseekers are less vocationally motivated compared to non-national jobseekers has no bearing on recruitment decisions.

A common theme in much of the literature is that educational attainment levels are inadequate in the GCC (Minnis 2000; Budhwar and Mellahi 2007; Barber 2008; Lootah and Simon 2009; Pech 2009; Lewis 2010). Based on a survey of 40 policymakers and labour market experts, Muysken and Nour (2006, p. 976) argued that the educational system in the GCC has so far failed to provide many national participants with the right types of skills (i.e. market-orientated ones) and this hinders the labour nationalisation process. However, another strand of literature points to the recent progresses in GCC educational outcomes and market-orientated reforms (Bains 2009; EIU 2009), as Forstenlechner and Rutledge (2010, p. 45) stated ‘the focus now is unambiguously the content of the curriculum, not the colour scheme of the campus buildings’.

Nonetheless, higher qualifications tend to result in higher salary expectations – there is nothing to say that a well-educated national with market-orientated skills will not still hold out for a government job. Gerson and Shaheen (2009) reported on an Emirati student who, while ‘passionate about research’ and thinks he would most probably find a more rewarding – research-wise – and productive job in the private sector, is looking for a government job because of ‘the wages, hours and security’.

Turning to the factor of motivation (aptitude to work), it is regularly pointed out that nationals have little incentive to seek employment outside of the public sector because the conditions of employment are so much less favourable (Godwin 2006; Grant, Golawala, and McKechnie 2007; Al Ali 2008). Of the Emirati students interviewed for a recent piece

of research (Forstenlechner and Al Waqfi 2009), more than half said they would prefer to wait for a future public sector job opening than opt for one of the many available private sector offerings. Of particular relevance to employers was the finding that many of the students who would consider taking up private sector work, would only do so until they found a public sector position (i.e. outlaying capital to train newly recruited nationals may not make investment sense).

The portrayal of nationals being unmotivated (vocationally) and adverse to business-orientated risk is to be regularly found in the literature (Karl 1997; Bladd 2007; Mellahi 2007; Rees et al. 2007; Al Gergawi 2008; Barber 2008); yet, it has been observed (Forstenlechner 2010, p. 146) that some previous labour nationalisation initiatives may in fact have contributed to this negative stereotype of the average national's aptitude to work. For instance, Mellahi (2007, p. 94) stated that in order to comply with Saudisation quotas, various private sector operators adopted 'window dressing practices' – recruiting nationals into unfulfilling 'superfluous' positions. This inadvertently (or otherwise) tended to result in the given individual resigning sooner rather than later. The need to meet top-down quota policies is said to 'fuel mutual resentment' as many of the positions given to nationals in such circumstances are either too difficult or totally undemanding.

Results and interpretation

In general, we find that while almost two-thirds of the sample respondents (63%) argued that it made sense in some way to employ nationals (only 22% strongly disagreed), over half (52%) added that they faced 'within-entity' resistance towards adopting a proactive labour nationalisation strategy. Overall, responses suggest that there is a clear and continued preference for non-national labour from both a control and general cost perspective.

While overall we find that perceptions of the 'average' national's (vocationally orientated) motivation had the largest bearing on reducing a given employer's willingness to recruit from this cohort (with a Pearson correlation of -0.393^{**}), for national employers the primary factor was social status (i.e. not being willing to recruit a compatriot for a position that they considered to be inappropriate) – see Table 2. This indicates just how pronounced such perceptions of the national cohort's lack of vocationally orientated motivation is in the eyes of non-national employers. The factor most likely to contribute to internal resistance to a proactive Emiratisation policy was the regulatory one and this was shown to be constant for both non-national and national employers (Table 3).

The data in Table 4 show Pearson correlations for each of the six factors tested. The p -value is the result of a two-sided test for checking whether the correlation coefficient is equal to 0 – the smaller the p -value is (≤ 0.10 is the threshold), the stronger the evidence

Table 2. Stepwise logistic regression results.

<i>Dependent variable: internal resistance to Emiratisation</i>	β	<i>SE</i>	<i>Wald</i>	<i>d.f.</i>	<i>Sig.</i>	<i>exp(B)</i>
<i>Non-national employers</i>						
(Constant)	-2.197	1.169	3.533	1	0.060	0.111
Regulatory factors	0.802	0.308	6.754	1	0.009	2.229
<i>National employers</i>						
(Constant)	-0.942	1.029	0.837	1	0.360	0.390
Regulatory factors	0.780	0.306	6.509	1	0.011	2.182

Table 3. Stepwise linear regression results.

<i>Dependent variable: willingness to employ nationals</i>	<i>Unstandardized coefficients</i>		<i>Standardized coefficients</i>		
	β	<i>SE</i>	β	<i>t</i>	<i>Sig.</i>
Non-national employers					
(Constant)	4.072	0.321		12.685	0.000
Lack of motivation	−0.353	0.092	−0.402	−3.857	0.000
National employers					
(Constant)	4.027	0.260		15.466	0.000
Social status	−0.298	0.089	−0.321	−3.355	0.001

against a zero correlation is. The correlation analysis shows exist there that statistically significant relationships between a given employer's willingness to hire a national for five of the six factors. Of these, only education was found to be positive, all others – social, cultural, regulatory and motivational – were negative (i.e. were found to reduce an employer's willingness to recruit from this cohort). The economic, or 'direct cost' factor, was the only factor that was shown not to have a statistically significant bearing on recruitment decisions.

The impact of social and cultural factors

Stepwise linear regression with 'willingness to recruit nationals' as the dependent variable found statistically significant and negative relationships for both the social and cultural factors (Table 4). According to our sample, Hypothesis 1 is false: it makes more business sense to only review the résumés of non-national candidates for a wide range of occupational roles. Likewise, Hypothesis 2 is false: employing a national candidate is more problematic in terms of accommodating for their actual or assumed cultural sensibilities.

As the data in Table 4 show, the social factor does serve to reduce the willingness of employers to recruit nationals (−0.350**: the second largest bearing), yet when the sample was delineated along national/non-national lines, this factor was found to have the largest negative bearing for national employers (Table 2). It may be the case for national employers to hire a fellow Emirati for a manual or unskilled position would firstly not

Table 4. Correlation analysis: factors influencing the willingness to recruit nationals.

<i>Factor</i>	<i>Pearson correlation</i>	<i>p-value</i>	<i>n</i>
<i>Significant correlation</i>			
(negative)			
Motivational – Hypothesis 6	−0.393**	0.000	192
Social – Hypothesis 1	−0.350**	0.000	196
Cultural – Hypothesis 2	−0.300**	0.000	197
Regulatory – Hypothesis 4	−0.185**	0.009	199
(positive)			
Educational – Hypothesis 5	0.233**	0.001	195
<i>No significant correlation</i>			
Economic – Hypothesis 3	−0.026	0.717	197

make business sense as the new recruit is only likely to remain in situ until they secure a government job and secondly, they may feel the available position would in some sense be 'socially demeaning' for their compatriot to fulfil.

The impact of economic and regulatory factors

We did not find a relationship between a given employer's willingness to recruit a national candidate and the economic factor. Hypothesis 3 therefore is valid: the additional cost of a national vis-à-vis non-national candidate was not found to significantly reduce the willingness of employers to recruit such a candidate. This may well be because in a region where SMEs can make large profits, the direct cost of hiring a small number of relatively expensive nationals would not be prohibitive as long as they are comparably skilled and motivated – the as-yet informal benefits of adopting a proactive labour nationalisation strategy have not gone entirely unnoticed in the business community (in this regard, see also Stanton 2009; Williams 2009). However, a significant and negative relationship between a given employer's willingness to recruit from this cohort and regulatory factors was found (Table 3 and Table 4). Hypothesis 4, according to our sample, is false: the ambiguity over differing national/non-national employment rights does make hiring members of this cohort proportionately more costly.

Our findings confirm that non-nationals tend to be hired in preference to nationals primarily because they are 'easier to control' (i.e. hire, manage and fire). Indeed, when the samples were asked what the single biggest factor was in leading to 'internal resistance to Emiratization', both non-national and national employers cited regulatory factors (Table 2). It seems that recent moves by the UAE's labour nationalisation implementing bodies to make the private sector more attractive to national jobseekers by affording them greater employment security compared to non-national employees is not producing the intended outcomes. However, the lack of clarity as opposed to the preferential rights per se may well be the biggest deterring factor.

The impact of educational and motivational factors

We found a significant and positive relationship between a given employer's willingness to recruit a national candidate and the educational factor. All other things being equal, the 'average' national's educational attainment levels are likely to favour them over a similarly experienced non-national candidate. Hypothesis 5 is true: national jobseekers are considered to have reasonably good educational attainment levels, suggesting that employers consider this cohort not to be deficient in terms of qualification level and range.

The so-called 'second generation' educational reforms (Forstenlechner and Rutledge 2010:45) do seem to be going in the right direction by attempting to systemically transform the region's educational sectors. There is now far more emphasis on vocationally orientated content (EIU 2009), and the numbers of nationals undertaking and completing tertiary level education is increasing. While such developments will not necessarily make the private sector more desirable for national graduates, it will make them more desirable to employers in this sector.

With regard to a given employer's willingness to recruit a national candidate and their perceived motivational levels, there was a significant and negative relationship (Table 2 and Table 4). Therefore, according to our sample, Hypothesis 6 is false: the perception that national jobseekers are less vocationally motivated compared to non-national jobseekers does have a strong bearing. While it is certainly not our contention that the average GCC

national's ability to productively perform in the workplace is in some way fundamentally impaired (Karl 1997; Minnis 2000; Kay 2009), their incentive to do so is reduced somewhat by the way in which the social contract is currently constructed.

Nonetheless, this factor could theoretically be addressed by policymakers in the short to medium term. One potential solution lies in state-controlled, but 'privately run', enterprises operating in the more highly skilled sectors of GCC economies to seek, to employ and to retain a greater number of nationals – pursuing a career in such industries is likely to be 'socially' acceptable as well as providing a good salary. Another is a wider and more systematic approach to internship programs. Our sample felt that nationals who had successfully completed such programs in the private sector would be more motivated and employable as a result (Zinser 2003; Rae 2007).

Conclusion

The purpose of this study has been to provide a quantitative analysis of the factors that have, to date, made employers in the UAE less willing to recruit a national candidate in preference to a similarly experienced and qualified non-national candidate, all other things being equal (i.e. in situations where Emiratisation quotas or policies do not 'require' the given position to be staffed by a national). The data in show that Table 2 shows that the four factors that disincentivise employers (ordered in degree of comparative magnitude) are: motivational, social, cultural and regulatory. Educational attainment levels were shown to favour national candidates while the direct costs (i.e. respective wage demands) were not found to have a significant impact one way or the other.

In terms of future labour nationalisation policy direction, the findings presented in this article suggest that two focus areas should be motivation and regulation. The social and cultural factors are highly unlikely to be fully remediable in the short or even medium terms. Not least because the social contract's primary transmission mechanism can only be 'renegotiated' over a relatively long time frame: public sector pay cuts and redundancies are highly unlikely politically and socially speaking. The issue of the 'appropriateness' of a given occupation and the 'lack of prestige' attached to many positions, while in part a ramification of the social contract, are equally attributable to the region's cultural fabric (*inter alia*, *wasta* and the role of female nationals in the work place) and again, are traits that policymakers cannot realistically seek to alter within a short period of time.

While a greater utilisation of private sector internship programmes will not entirely resolve the motivation factor, it should go some way in doing so. Structured methods of combining classroom-based education with practical work experience, such as the cooperative education programs common in many developed countries is likely to be a positive step. To ensure that nationals undertake internships and fully commit to the process, a positive employer response on their time spent at the given company could constitute an obligatory requirement for successful graduation. In addition, for the all those involved (the internee, the national/non-national employer and fellow employees) the notion of nationals actively working in the private sector will become normalised.

By removing the ambiguity surrounding the differences between national and non-national employment laws and regulations, private sector entities are more likely to consider national candidates as the associated costs will be more clearly delineated – as well as the 'uncertainty cost' being eliminated. Formalising the 'good-will', for instance, by more clearly legislating that companies who have active – not passive – labour nationalisation strategies, will be more likely to retain/win government contracts than those that do not.

In order to ensure such policies do not simply lead to a new round of 'window-dressing', successful Emiratisation should not be simply measured by the number of nationals on a given business' payroll (for this, with 'ghost workers' would be open to manipulation). Instead it could be, for example, a combined measure of (1) length of the average service of nationals on the payroll, (2) the promotional track-record of nationals and (3) the number and quality of on-the-job training/support provided to national employees.

As already alluded to demographically the UAE along with all of its GCC neighbours now face a serious labour market issue – saturated public sectors and large numbers of graduate nationals seeking entry into it. It follows that more emphasis will be placed on private sector labour nationalisation in all six countries; however, in instances where 'top-down' policies are imposed too arbitrarily, 'business-friendly' reputations – critical for attracting Foreign Direct Investment – may be jeopardised. This suggests that policymakers should act to create incentives for businesses both to recruit and *productively* employ nationals. The regulatory and motivational factors are easier to address than the cultural and social ones and, by so doing, policymakers will help make Emiratisation more consensual and less coerced in the coming period.

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Appendix 1

This table provides a representative selection of the questionnaire's dependent and explanatory variables. A Likert scale was used for the majority of response options, ranging from (1) 'strongly agree', through to (5) 'strongly disagree'.

<i>Dependent variables</i>	
It makes business sense to employ Emiratis	
We have openings that provide productive job opportunities for Emiratis	
Emiratisation is back-door taxation	
We employ Emiratis because of quotas not because we want to	
We face internal resistance towards Emiratisation	
<i>Explanatory variables</i>	<i>Factor/Hypothesis number Social/1</i>
The UAE culture considers certain jobs to be unsuitable for nationals	
The expectations of nationals with respect to their position within the company are unrealistic	
National graduates perform well in low-level positions	
Emiratis are good in service work such as customer service or generally anything to do with people	
Even if nationals apply for lower level positions or manual labour/low-level service work we do not follow up on such applications	
We face issues with family members of employees intervening on their behalf	<i>Cultural/2</i>
Female national applicants are more difficult to employ due to cultural limitations	
National employees are fully capable of taking responsibility	
'Wasta' in HR matters represents a problem for our organisation	
National employees lack conflict-solving skills	
Nationals are more expensive to employ than non-nationals	<i>Economic/3</i>
At the same salary, I would prefer to hire a national	
The relationship between the cost of employing a national and the benefits to the organization creates a disincentive for employing nationals	
If the government were to subsidize the salary of a national, I would prefer to hire him or her compared to the like-for-like non-national	
I understand the relevant legal framework of Emiratisation	<i>Regulatory/4</i>
Once you hire a national, you cannot possibly fire him/her again	
Non-nationals are easier to dismiss than are nationals	
Setting employment quotas in the private sector is an efficient solution	
Many private employers use loopholes to get around Emiratisation	
National graduates need additional training before they are ready to work	<i>Educational/5</i>
National graduates lack communication skills	
Nationals have a sufficient command of English for the job	
Qualified national applicants are in short supply	
We face issues with national graduates not showing up for work at all	<i>Motivational/6</i>
Nationals are easier to manage than expatriates	
Nationals who have completed internship programs are more employable as a result	
National graduates are hard working	
National graduates are hard to motivate	