

The Retention of Host Country Nationals and Asian Expatriate Employees in a Predominately Expatriate Employment Market

David R Goodwin

Professor, Abu Dhabi University

United Arab Emirates

E-mail: david.goodwin@adu.ac.ae

Kenneth J Preiss

Visiting Professor, Abu Dhabi University

United Arab Emirates

Acknowledgements: Special thanks to Hayden Bennett and Francois Bester for assisting with data collection.

Abstract

This paper examines issues surrounding the retention of both host country nationals and expatriates in a research setting dominated by expatriate workers. For both categories of employees, the turnover was considered high as were the cost impacts of this. There were equity issues associated with each group and these arose from differing sources. The sources of the resentment felt by each group also differed and this in turn was related to turnover intention. Data for the study was collected by both questionnaire and from focus group participation and it was this data that provided both the basis for statistical analysis and then the interpretation or meaning associated with the results. The paper concludes with a discussion of the implications for management and government policy setters. A number of potential solutions are identified as are opportunities for further research.

Key Words: Perceived Inequity, Resentment, Organizational Commitment, Turnover Intention, Communication, Government Policy.

Introduction

This study examines the retention of both Host Country Nationals (HCNs) and Asian expatriates in a setting where a large number of expatriate professionals have been hired to expedite the development of the nation. Such a recruitment strategy has been adopted by many nations of which Malaysia, Singapore, Saudi Arabia, Qatar, and the United Arab Emirates are examples. While such recruitment has enabled national development, turnover of both HCN and expatriate employees has often risen to much higher levels than desired as a result. For organizations, this has had the effect of sharply increased labor costs (Ramlall, 2004; Oliver, 2010).

In such settings, employment conditions frequently differ for HCNs and expatriates. These have the effect of potentially creating inequity between the groups (Toh and DeNisi, 2005). In terms of the opportunity to change employment, HCNs have the opportunity to change employment at will while expatriates are normally required to complete a contract before change can occur. Remuneration packages also normally differ. For example, in the countries listed above, HCNs are or were entitled to higher levels of remuneration or benefits.

Such benefits include leave entitlements, bonuses, pension contributions, housing, etc. In addition, opportunities for promotion exist that are not available for expatriates. Governments in rapidly developing nations also frequently encourage HCNs to assume responsibility for leadership in roles normally not open to the expatriate professionals.

There is therefore resultant pressure put on HCNs to personally develop as leaders and also to be seen to assume leadership positions as quickly as possible. Such expectations are not present for expatriates. They are normally required to just complete the terms of their current contract. It is expected that given these differing expectations, there would be significant differences in the commitment of each group to both the organization and the long term positioning of the nation itself.

Given these differences in workplace opportunities, equity, and commitment, it was expected that the antecedents of turnover would differ between the two groups. To understand these differences would provide a greater understanding of the reasons for the turnover of staff in a number of rapidly developing countries (Geringer and Hebert, 1989; Hamill and Hunt, 1996; Woodside and Pitts, 1996; Toh and DeNisi, 2005; Lenartowicz and Johnson, 2007; Alserhan et al., 2010). The existence of significant differences between the groups was confirmed in a series of exploratory meetings with both HCNs and expatriates. It was then decided to replicate the research model as in Geurts et al. (1999). In that study, perceived inequity, feelings of resentment, and poor organizational commitment were hypothesized and subsequently found to have a significant relationship with intention to leave. Intention to leave was used in that study as the predictor of ultimate turnover (Steers and Mowbray, 1981).

When the research setting used in the Geurts study is compared with that of this study, there are significant sociological differences in the structure of the samples used. While the Geurts study embraced a homogeneous response set comprising healthcare professionals, in this study the sample included subsets both HCNs and expatriate professionals. Data for this was derived from a major Middle East organization that operates across a number of major sites. In each site both HCNs and expatriate professionals were employed. Given the significance of the differences between these two groups, it was reasoned that the findings in Geurts et al. (1999) would not be generalizable to a research setting such as used in this study. Of primary importance though, this study was intended to provide additional understanding of a significant turnover problem that has troubled many organizations in rapidly developing countries. To facilitate this inquiry both quantitative and qualitative analysis was undertaken.

This study makes a real contribution to knowledge. First, there has been little research on intention to leave that includes both qualitative and quantitative data. Such an approach provides a potential richness of understanding that is not achieved if only one type of data is collected. Second, given that issues associated with intention to leave may significantly differ between HCNs (with long term security of employment) and expatriate staff (with limited term contracts), it is possible that the research variables significantly related to intention to leave may differ for each category of staff. Examination of such a possibility extends existing knowledge. Third, this issue is very relevant to many countries where expatriate professional labor is employed to further the growth of the nation. This paper contributes to contemporary discussions surrounding this issue – namely how to best balance the conflicting interests of HCNs in the workplace and those of expatriate professionals. Such an issue is of significant interest to both HCN and expatriate human resource managers in such settings.

The paper proceeds as follows. The next section provides the theoretical justification for the study and the linkages between the constructs used in the study. Hypotheses are also included in this section. The following section outlines the measurement of the variables included in the model and provides more information about the research setting and sample. The results, conclusions, and the recommendations are then discussed.

Theoretical Development

Feelings of inequity can be understood within a framework of organizational justice theory (Greenberg, 1987; Folger and Cropanzano, 1998) and in particular the related theory of distributive justice (Homans, 1961). Distributive justice is concerned with perceptions of justice regarding organizational outcomes. Employees form these perceptions after they make a subjective assessment regarding the inputs they make to the organization as compared to the outcomes derived as compared to others.(Adams, 1965; Bacharach et. al., 1993).

In this setting, expatriate employees compared both their workplace inputs a remuneration received to the inputs and packages received by HCNs. These comparisons were made using information from both media and internal corporate communications together with workplace observations. Regarding remuneration, both the incomes and benefits of HCNs undertaking the same work as expatriates significantly differed in favour of the HCNs. This was government policy. Such differences had accumulated over time. Often, as evidenced in the press, it was not uncommon for expatriate staff to be granted salary increases at a fraction of those given to HCNs in the same organization working at similar levels. Such differences were or are not uncommon in Asia in similar settings. In terms of inputs to the workplace and the subsequent benefits derived, HCNs had access to accelerated promotion and hence the job related experience accumulated at the time of promotion was normally less than that required for expatriates also seeking promotion at that time. It was from all this information that the feelings of inequity were expected to arise (Steers and Porter, 1987) since employees expect returns to be equitable between employees as compared to the investment made (Geurt et.al. (1999). As Hopkins (2008) has noted, “generally it is assumed that the effect of an increase in income of someone who richer than you is negative” (p.355).

Perceived inequity can also arise for HCNs and in situations where they believe they do not derive equivalent outcomes from the inputs made. This can arise through instances of nepotism or, in the Middle East, through the impact of Wasta. Wasta, in this setting, is a traditional Middle Eastern practice that involves mediations by third parties, often much more senior, on behalf of another party (e.g. an employee) with an objective of securing an advantage for that person (Cunningham and Sarayrah, 1994). As Cunningham and Sarayrah (1993) have concluded, Wasta is a form of affirmative action but one that generates inequities given that successful outcomes may be more due to the power of the Wasta than the merits of the individual (Cunningham and Sarayrah, 1993). The existence of Wasta being sometimes actively used was confirmed in interviews. number described the negative effect for them of Wasta interventions made by others when employment related outcomes such as promotions and opportunities for personal development were being finalized. Others spoke of inequities surrounding the application of company procedures relating to promotions and job placements. Such issues were considered to be within the control of organizations and as such did cause significant resentment at the inequities created as an outcome. This is consistent with Konovsky and Pugh (1994) when they concluded that feelings of inequity are a form of violation of the psychological contract with the organization concerned and hence resentment will arise as a result.

Hypothesis 1: Perceived inequity in the employment relationship will be significantly related to resentment.

When perceived inequity and subsequent resentment exist in the workplace, poor organizational commitment is expected to be the outcome. Organizational commitment can be defined as the strength of one's identification with and involvement in a particular organization (Mowday et. al., 1982). It is argued that when perceived inequity exists and it results in resentment, one of the probable responses is withdrawal from or the avoidance of social intercourse (Lanski, 1956). This lowers organizational commitment (Pearce and Porter, 1986) since, as employees perceive that they are receiving less in exchange for their inputs, their attachment to the organization declines.

In this research setting, expatriate employees experienced significant inequity. Its existence was publicly known and further evidence of it was experienced from communications and actions within the company. Initial interviews, later substantiated in focus groups, confirmed that, expatriates, before joining the company, were not advised of the existence or extent of the differences in salary and benefits between them and HCNs for equivalent work. This would be expected to create resentment and also lower organizational commitment (Pearce and Porter, 1986). It is also argued that these outcomes would strengthen during the employment contract period as the gap in benefits further increase. This leads to the second hypothesis:

Hypothesis 2: For expatriates, the relationship between perceived inequity and organizational commitment will be both direct and indirect through feelings of resentment.

The employment expectations of expatriate professionals and HCNs in many developing nations often differ sharply. While expatriates join an organization for a defined contract term and for a defined role in the organization, this differs for HCNs. For this group, they are normally not employed by contract but are engaged on local terms. Further, many have expectations that the organization will develop them both personally and professionally as potential leaders. This is a stronger expectation when the government makes strong promulgations that this is expected of employers with regard to HCNs. Expatriates do not have these strong expectations given the nature of their limited contract and the terms they are engaged on.

While HCNs may experience perceived inequity that is related to resentment, it is argued that, if the employer does not provide them with the expected personal and professional development, this will add to the resentment felt even though the source of it is not based on inequity. This resentment is expected to lower organizational commitment (Pearce and Porter, 1986). Examples of personal and professional development include having access to appropriate job placement processes, formal training and mentoring, and transparent procedures for promotion. If commitments are given by the organization concerning these at the time of engagement and the understandings are not subsequently honoured, it is argued this becomes a breach of psychological contract (Kickul et.al., 2001).

Consequently, it is expected that anger and resentment would be felt given the potential negative impact on the future career. This concern would become stronger as a government continues to state that wants HCNs prepared and accelerated into positions of leadership both socially and in corporate life. With such public expectations, many HCNs would feel that opportunities for upward progression are passing them by given the perceived lack of opportunity for professional development. Such expectations regarding the role of the organization in providing this development is consistent with expectations outlined in earlier studies (e.g. Bartlett & McKinney, 2004) where employees expected such opportunities to be provided by the organization. It is reasoned that if such a psychological breach occurs, lower organizational commitment will be the outcome (Kickul et. al., 2001; Robinson and Rousseau, 1994).

Further, given that the breach is not grounded in perceived inequity but is directly associated with resentment, it is expected that the relationship between inequity and organizational commitment will be direct. This leads to the third hypothesis.

Hypothesis 3: For HCNs, the relationship between perceived inequity and organizational commitment is expected to be indirect through feelings of resentment.

When resentment exists for reasons such as breach of psychological contract, it is argued that this situation could be significant enough in itself to generate both a direct and an indirect relationship, through lower organizational commitment, with intention to leave (Benkhoff, 1997; Organ and Ryan, 1995). This is especially so when the leadership of the nation has publicly stated that it wants HCNs to be accelerated into positions of leadership. Given this expectation, HCNs will respond by seeking accelerated personal and professional development opportunities. When in the workplace this does not occur, other sources of development will be sought and most likely through a change of employment. Failure to do this could diminish opportunities to acquire future senior leadership positions.

As noted earlier, resentment is also likely to be related to lower organizational commitment. This is expected for both HCNs and expatriates. However, for HCNs there is the potential that there can be emotional pride in belonging to the status of the organization given its role in contributing to the ongoing development of the nation. Such a scenario is more likely where the demand for HCN employees by employers significantly exceeds supply. In this situation a HCN has choice of employer and given his or her loyalty to the nation as a citizen is more likely to join an organization that they will have pride in as an employee. With such pride, together with the personal contribution being made to the nation indirectly through the company as an HCN, it is expected that the employee will endeavour to preserve or maintain his or her relationship with the organization whilst remaining as an employee (O'Driscoll et. At., 2006). Even so, should resentment develop and continue to increase because of psychological breach, it is expected that commitment to the organization would decrease but the emotional pride in making a contribution could act as a counter to this.

This is expected to weaken the strength of the relationship between resentment and organizational commitment and increase the likelihood that the relationship between resentment and intention to leave will be both direct and indirect through organizational commitment (Morris et. al 1993; Arnold & Davey, 1999). This leads to the fourth hypothesis:

Hypothesis 4: For HCNs, the relationship between feelings of resentment and intention to leave is hypothesized to be both direct and indirect through organizational commitment.

When felt resentment is related to poor management processes and actions, there is no psychological contract breach, and there is not a pride in contributing to the progress of the nation through the employing company, it is argued it is less likely that there will be a direct association between feelings of resentment and intention to leave. Instead, the relationship is expected to be indirect through lower organizational commitment since it will be the accumulation of resentment issues (Fritzsche & Parrish, 2005), perceived to be correctable by management, that will systematically lower organizational commitment culminating in the decision to seek other employment (Wetzels et. al., 2000). In this situation the employee will seek to transfer his or her commitment to another organization. This decision to transfer commitment would have only arisen after the existing employer was joined and is an outcome of a perceived increase in potential benefits both tangible and intangible with the prospective employer (Jiunn-Horng et.al., 2007). This leads to the fifth hypothesis:

Hypothesis 5: Where feelings of resentment are not created by psychological contract breach and there is insignificant emotional attachment to the national importance of the organization, the relationship between resentment and intention to leave will be indirect through organizational commitment.

The research models are shown in Exhibit 1.

Insert exhibit (1) about here

Research Setting

To test these hypotheses, a major company in the Arabian Gulf was chosen as the research setting. The company employs over 3000 staff and is in an industry of national strategic importance. As part of that image, the company is expected by the Government to systematically continue to increase the number of nationals employed.

In this research setting, inequities existed between HCNs and expatriates given the government policy directed towards HCNs through the company. This inequity comprised many facets but the most obvious was the difference in remuneration packages between the two groups and the more proactive promotion process that the HCNs had exclusive access to. The differences in perceived inequity between HCNs and expatriates was confirmed by statistical analysis ($F=8.077, .005$) with that of HCNs being lower. Further analysis confirmed that perceived inequity was highest for those recruited from Asian countries where labor supply exceeds demand and where other international employment options are limited. The Asian professionals were the largest sub-group of the expatriates employed by the company.

Significant differences also existed in intention to leave ($F=4.912, .028$). While the level of inequity for HCNs was significantly lower than for those from Asia, for HCNs, the intention to leave was significantly higher. These outcomes confirmed the concern of the company. While HCNs had an option to change employer at a time of their choosing, expatriate employees almost always had to finish their employment contract before a change could be made. Further, if employees from Asia did want to change employer, the options for change and increased incomes were limited both within the country and internationally.

Sample

In this study, 165 persons were surveyed by questionnaire. Questionnaires were completed using electronic input devices in controlled environments. This was managed in groups of approximately 40 people at a time. Respondents were drawn from six separate work sites – some separated by hundreds of kilometers. Attendance was authorized and encouraged by the company and the data was collected in working hours. Usable responses numbered 157 and of these 69 were completed by HCNs. The balance was from expatriate staff, with 88 being completed by participants from Asia.

Table 1 shows a summary of the respondents' demographics. When the demographic differences between the groups were statistically analyzed, it was found that, while HCNs were younger ($p = .000$), the Asian professionals were more highly qualified ($p = .035$), were employed in lower grades ($p = .012$), and had more direct company experience ($p = .005$). These statistics further confirm the potential existence of perceived inequity for this group and the behavioural responses that could arise from it.

Insert table (1) about here

Several weeks after the questionnaire responses were completed, a series of focus group meetings were held. Seven focus groups of between 12 and 18 people met with three facilitators. Each focus group was composed by ethnicity or nationality and they were conducted on various work sites of the organization. While one facilitator led the discussion, two others recorded the comments made. These notes were subsequently collaborated before the final version of notes was prepared.

Measurement of Research Variables

Perceived Inequity: The same items as in Geurts et al. (1999) were used in this study. As noted in Geurts, similar measures of perceived inequity have been used in previous studies on burnout (e.g. Schaufeli et al., 1996). Items were measured on a five point scale. The Cronbach alpha score for the five items measured was .70 thus confirming reliability.

Resentment: Six of the seven items used in Geurts et al. were used. These items measured feelings of indignation, anger / bitterness, unfairness, disappointment, aggrievement, and hurt. The item measuring feelings of rancour was not used since reviewers of the questionnaire believed the term would not be easily understood by the majority of respondents.

Items were measured on a seven point scale. The Cronbach alpha score for the measure was .91 which suggests strong consistency.

Organizational Commitment: This was measured using four items taken from the Mowday et al., (1979) Organizational Commitment Questionnaire. The same four items, measured on a five point scale, were also used in Geurts et al. (1999). The Cronbach alpha score was .67.

Turnover Intention: Four items from O'Reilly and Chatman (1986) were used to measure turnover intention. For each item a five point scale was used. The Cronbach alpha score was .75.

Results

To test the hypotheses, stepwise regression was used for each of the two databases. The overall fit of each research model was then tested using covariance structure analysis.

The Pearson zero-order correlations for each database are shown in Table 2. As can be seen, all variables were significantly related. Further, in each dataset, PIER (Perceived Inequity in the Employment Relationship) was significantly related to Resentment (HCNs: $r = .253$, $p = .036$; Expatriates: $r = .280$, $p = .008$). These results support Hypothesis 1.

Insert table (2) about here

The second hypothesis was tested using stepwise regression. In this regression, Organizational Commitment was regressed on both PIER and Resentment. As noted in Table 3, Part 2 - Expatriates, the relationship between PIER and Organizational Commitment was significant ($r = .295$, $p = .007$). However, when the variable Resentment was entered into the equation, this relationship weakened even though remaining significant. The results show that both PIER (Beta = $.217$, $p = .040$) and Resentment (Beta = $.272$, $p = .011$) contribute significantly to the variance explained for Organizational Commitment. This outcome supports Hypothesis 2 since, for expatriates, the significant relationship between PIER and Organizational Commitment was both direct and indirect through Resentment.

Hypothesis 3 was also tested using stepwise regression. This hypothesis was motivated from initial interviews with HCNs and was concerned with the levels of resentment expressed by them in terms of the lack opportunities for professional development extended to them by the company even when commitments regarding this had been made by the company. As for Hypothesis 2, Organizational Commitment was regressed on both PIER and Resentment. While the results, as in Table 3, Part 1 – HCNs, show the relationship between PIER and Organizational Commitment to be significant ($r = .248$, $p = .040$), when Resentment is entered into the regression equation, the relationship between these two variables becomes indirect through Resentment (PIER: Beta = $.185$, $p = .127$; Resentment: Beta = $.295$, $p = .014$). Hypothesis 3 was therefore supported.

Hypothesis 4 focused on the professional development of HCNs and the perceived importance of the company to the nation. The hypothesis tests the mediating role of Organizational Commitment in the research model. The results confirmed that when this variable is introduced in the stepwise regression model, the previously significant relationship between PIER and Turnover Intention ($r = .293$, $p = .015$) becomes insignificant (Beta = $.129$, $p = .222$). The relationship between Resentment and Turnover Intention remains significant (Beta = $.481$, $p = .000$) thus confirming a direct relationship between these two variables in the overall model for those employees being HCNs. In terms of the relationship between Organizational Commitment and Turnover Intention, stepwise regression confirms that Organizational Commitment also mediates the relationship between Resentment and Turnover Intention (Beta = $.221$, $p = .038$). Hypothesis 4 was therefore supported.

The final hypothesis (Hypothesis 5) was focused on expatriates employed in the research setting. Again, the role of organizational commitment in the research model is tested but this time for the expatriate sample. The results confirms that organizational commitment mediates resentment and intention to leave (Beta = $.416$, $p = .000$). Unlike for HCNs, there is not a significant direct relationship between resentment and intention to leave and this was expected. Hypothesis 5 is therefore supported.

In terms of the empirical models, a covariance structure analysis was performed for each model (HCN and Expatriate) in order to assess the overall fit. The goodness of fit measures indicated that the models fitted the data well ($\chi^2 = 1.280$; 1.513 ; $p = .258$, $.219$; AGFI = $.908$, $.916$; RMSEA = $.064$, $.076$; CFI = $.992$, $.985$).

Insert table (3) about here

Focus Group Commentary

As mentioned earlier, focus groups were conducted in order to provide more understanding of the issues underpinning the quantitative results. For the HCNs, the reasons for the resentment were many and varied but can be framed into six categories as can be seen in Table 4. The comments made by respondents are also included in each category.

When equity between employees was discussed with the HCNs, considerable dissatisfaction was expressed regarding salaries and workload. Many also commented on the influence of Wasta on equitable outcomes. The comments made are shown under the categories “Equity” and “Transparency Wasta” in Table 4.

Insert table (4) about here

To summarize, for the HCNs, perceived inequity was clearly present in the workplace and the existence of it and its importance to them supported the quantitative results indicating a significant relationship between perceived inequity and resentment (Hypothesis 1).

In terms of organizational commitment, HCNs commented frequently that they were proud to work for the company and that they identify with the image the company portrays to the nation. These comments are shown in Table 4 under the category “National / Personal Pride and Attachment to Organization”. While the HCNs spoke very positively about the stature of the company, they had the opposite stance concerning the management. These comments are shown under the category “Management – Employee Dialogue”. Of note, when these comments were made, strong resentment was clearly present. Lower organizational commitment was often spoken as an outcome of this. When the discussions surrounding resentment of non-equity related issues were compared to those concerning perceived inequity, as it affects HCNs, it was strongly felt by the interviewers that resentment caused by non-equity related issues was the much stronger of the two. While perceived inequity was of significant concern to HCNs and it was related to both higher resentment and lower organizational commitment, other non-equity related issues appeared very strongly related to higher levels of resentment and lower organizational commitment. This is consistent with Hypothesis 3 and supports the statistical outcomes related to the statistical testing of that hypothesis.

For HCNs, intention to leave comments centred on career progression, personal professional development and issues of resentment associated with broader management actions. The comments made under shown under the categories “Employee Development / Empowerment” and Rewards / Promotion Prospects”. In terms of these comments, HCNs believed that they were all solvable but because the concerns were not being adequately addressed, this was a failing of the company’s management. Considerable resentment was expressed in association with this and in particular the linkage between the factors contributing to this resentment and the likelihood of turnover.

For the responses from Asian expatriates, the categories were similar to those for HCNs but two more were added. Of note, for this group of respondents, the sentiments expressed were much stronger in emphasis than those for HCNs. The categories for the Asian responses, together with the comments made, are shown in Table 5.

Insert table (5) about here

When equity was discussed with the groups from Asia, the focus was repeatedly one of perceived “discrimination”. The comments made are shown in Table 5 under the categories “Equity” and “Transparency Wasta”. As can be seen, this group of employees experienced inequity and this was consistently linked with resentment which again supports Hypothesis 1. Of note, the evidence suggests that their inequity was not so much within their group, as it was for HCNs, but between them and other ethnic groups and in particular the HCNs.

The views on organizational commitment differed sharply between HCNs and Asians. While the Asian employees have respect for the reputation of the company, they do not feel emotional pride in working for it. The comments made are shown under the category “National / Personal Pride, Respect and Attachment”. Comments made by this group of employees regarding the management were identical in direction as compared to HCNs but much more forceful.

These comments are listed under the categories “Management / Employee Dialogue”, Employee / Trust / Empowerment / Development”, “Promotion / Job Security”, “Politics”, and Cultural Discrimination” in Table 5. To summarize, for this group of employees, feelings of perceived inequity and perceived poor management practices appeared to generate significant levels of resentment. As noted above, this group had little or no apparent emotional attachment to the company and hence the relationship between perceived inequity and poor organizational commitment was likely to be both direct and indirect through resentment as hypothesized.

When intention to leave was discussed with the Asian group, the responses were varied. For some, their commitment was to their family and hence they valued the opportunity to earn foreign money. Some commented that if opportunities to earn more money arose they would leave. Given the threat to job security through the focus on the employment of HCNs by the company, a number said this encouraged them to look for other opportunities. Certainly they said that, given growing knowledge of higher salaries being paid in neighbouring countries for equivalent work, when contracts are completed these other opportunities would be assessed. This was especially so for those working in the region to support family in their home country. A number of this group said they are in the current job only because they cannot find another job. Others said they very much like their work colleagues and hence to move would be a significant decision – even though the same people making this comment described their work environment as poor.

These comments, together with the evident lack of emotional attachment to the company and the strong resentment felt, of most members of this group in working for this company, provide additional understanding for the potential turnover of this group of employees.

Discussion and Conclusion

The results confirmed expectations. With significant sociological differences evident in the mix of the workplace of the research setting, the issues significantly related to intention to leave differed. This was confirmed by both the statistical analysis and the comments made by the focus groups. For the two groups, perceived inequity had a different foundation. For HCNs, the felt inequity arose from actions and outcomes within the group of HCNs employed. Such actions centred on promotion processes, the incidence of *wasta*, and the procedures surrounding performance evaluation.

For the Asian group, perceived inequity to many meant discrimination in comparison to what HCNs receive as benefits and promotions. They also believed that, in comparison to HCNs, workloads are not equivalent and in many instances advanced work is required to be performed even though the employee is paid at a very low grade level. This group did not appear to have issues of inequity within their own group as did the HCNs employed by the company.

The majority of issues causing resentment were similar for both the groups but there was one major difference in expectation. In terms of issues causing resentment, these were almost entirely associated with the management of the company. Issues of poor communication between management and staff were frequently cited as were instances of promises made that were never delivered on. Further, organizational processes were perceived as inflexible and management attitudes not being relevant for the issues facing the staff. In terms of culture, many described it as a blame culture which was having a major impact on morale. The major difference between the two groups, however, was the expectation of professional and personal development by the company.

This was expected by HCNs because it had been promised on recruitment and, further, the leaders of the nation had made clear to citizens that wherever possible they should develop and be developed as leaders of the future. Given this demand, HCNs hence had a high expectation that the company would play a major role in providing this development. Almost all those interviewed expressed significant concern that this was not happening and hence this would strongly positively influence any intention to leave. This feedback was also received in interviews of HCNs working in other companies and hence the importance of the issue.

For the Asians, while the staff in this group wanted more in professional development, they did not have the expectations of HCNs given the terms of their contracts. As one Asian stated, “we are here to train the HCNs and not the other way around”!

Organizational commitment also differed between the groups. For HCNs, given the company is of strategic importance to the nation, many expressed emotional pride in being associated with it – even though the same people strongly criticized the management. Hence, while internally there was much resentment towards the actions of management; commitment to the organization countered some of this resentment. For the Asians this emotional attachment to the organization was not evident.

Given the above differences in perception and expectation between the two groups, it was expected that the relationship between the variables and intention to leave would be different. Compounding this, HCNs were able to change employment with relative ease as compared to the Asians who had significant labor processes and hurdles to overcome if termination was to occur before the cessation of contract.

While previous research has explored the relationship between these variables, there is no evidence that research such as this has been undertaken in a country where expatriates comprise a significant percentage of the workforce. Countries other than the Middle East have also in the past utilized similar labor policies so as to progress the development of the nation. Even so, for many, there comes a time when the HCNs of any country should assume effective leadership but before this occurs transitional government policies should be promulgated to encourage and enable citizens to assume positions of leadership. Such policies can include differential salary and benefit structures, exclusive access to certain defined employment categories and vacancies, enhanced personal and professional development opportunities, and other positive inequities. Such government actions have in recent years been evident in Malaysia, Singapore, and the Gulf States to name a few.

In this research setting, the major concern was the turnover of HCNs employed by the company. This concern arose because the government expected the company to have HCNs comprise a certain percentage of the total corporate workforce. Further, the cost associated with the turnover of staff was considered very high with no signs of abating. Finally, with turnover, the management was concerned that the prospect of effective leadership material being developed was minimal and this was a concern for the future. This problem was not unique to this company. Earlier discussions with many companies in the region confirmed the significance of this issue and motivated this study. Of these, one company said that, of 200 HCNs recruited at the commencement of the year, only 15 remained after nine months. Others, both in the Middle East and Asia, cited similar statistics. The question, therefore, is what can be done to significantly slow this intention to leave? For HCNs, many experienced perceived inequity caused by *Wasta*. To avoid this, such employees could resign but the issue could well surface in the next organization hiring them.

Even so, these same people suggested that strong management policies and practices can help mitigate the extremes of *Wasta*. Such policies would cover promotions, pay increments, workload allocation, and even levels of initial appointment. In this research setting it was generally believed that while the policies may exist, there was no transparency in their application as regards HCNs and this appeared needed. Interviews with HCNs employed in other companies confirmed the issue was reasonably widespread and needed attention. This is an issue for organizational management to address. While it is an issue deeply rooted in the culture, it is those from within the same culture that was it overcome given they feel they have been disenfranchised through its use in the workplace.

For HCNs, the level of resentment towards management was very high. As mentioned earlier, they saw management weak in areas of communication, management style (blame culture), and the development of personnel. This group did not believe that management listened to them or their concerns and that there was no desire to engage in a positive discussion. The issue that arose in the focus groups was that, given this was a semi-government organization, policies and processes reflected those of a traditional government entity.

Thus, with the change for the company to that of a trading organization, more flexibility in procedures appeared needed if maximum performance was to be the outcome. With this not happening, frustration in staff increased as did the level of resentment. Such a situation is not unique – a similar outcome occurred some years ago in a large newly privatized company in Malaysia with similar outcomes. As in that situation, when changed expectations of an organization occur, past practices may have to change to fit the new environment. Some changes in management may also have to occur in such instances so that effective communication channels with staff can be re-established. Certainly, effective communication has to exist but without it resentment arises with the likelihood that unnecessary staff turnover will occur.

A major cause of resentment in this company was the perceived lack of effective professional and personal development opportunities for those HCNs employed. In this company, instances were cited where development did occur but for no clear reason or benefit to the employee. Further, there was no assessment asked of the employee of the effectiveness of the training undertaken. Further, there was no evidence of a comprehensive training needs analysis for individuals being undertaken and, if there was, there was little or no buy in to it from the employee. Given the demands of the nation's leaders, employees saw a large gap between what was being delivered and what was being asked for. HCNs expressed a strong desire to each have a personal / professional development plan prepared for them and then agreed to by themselves with defined timelines stated in the plan prepared.

HCNs also said part of the desire to leave was caused because they felt their salaries were lower than what was being offered by other employers. This may be quite correct since when the study was being undertaken salaries being paid to HCNs generally was in an upward spiral. For example, those HCNs employed in the government sector were granted across the board increases of over 50% two years in succession. The incidence of such sharp upward movements in salaries would arguably test most organizations if they were to attempt to keep up and retain equity. The issue is perceivably two fold. First, the pool of HCNs in the total workforce at the time was approximately 8%. Even so, the government was requiring organizations to meet percentage quotas of HCNs in their workforce on an annualized basis with this number increasing for some from year to year. Some argued that, for most organizations, this is not achievable given the small numbers of HCNs in the total workforce. Given this mix, some companies were forced to recruit at almost any cost.

This outcome created an incentive for HCNs to job – hop with steadily rising salaries and benefits. While attractive to the employee, it is not in the interests of either the nation or employers.

One way to overcome this would be for government policy to be changed that in effect lowers the motivation for companies to strongly focus on the hiring of HCNs. If such a policy change occurred, companies would be less inclined to recruit at any cost and as such labor turnover would be lowered. Such a scenario also arguably affects the development of HCNs. In many companies, HCNs comprise a significant percentage of the human resources department and indeed provide the leadership. Where this is so, these people would also be influenced by the opportunities to job-hop and hence a state of permanent movement in the human resource function could be expected – this to the detriment of the consistency of planning for the development of HCNs in the wider organization to be properly prepared to lead in the future.

The Asian group, even though having real constraints on their ability to resign, also expressed strong intentions to leave if given the opportunity. For them, inequity between them and citizens was of significant concern. While many accepted that some inequity may exist, they were not told of the extent of it at the time of appointment and they believed they should have been.

The resentment of the Asian group centred on some issues also in common with HCNs, namely the style and processes of management. They believed that, with stronger and more positive management, they would be more positive in their work. As noted earlier, while the nature of the organization appeared to have changed in terms of its required interaction with the market, management style had not. The largest concern of this group was job insecurity. With demands on companies to employ more HCNs, focus group participants expressed real concern about how it would affect them. To solve this, management needed to communicate very clearly regarding their intentions so that futures could be more assured.

Given the small number of HCNs in the workforce, together with the growth of the region, expatriate workers would always be required to enable business to continue. It was the nature of the future contribution of this group that needed to be explained. As it now is, without these assurances, this group is actively seeking other opportunities when in fact it may not be in the best interests of the company or the nation for them to do so.

The study does have limitations. Firstly it is a study undertaken at one point in time. Given the importance of the topic to the region, future research could be framed over a longer period of time so as to monitor and report the lasting effect of changing policies. Secondly, the data came from one organization in one country even though it was one of many organizations, both nationally and internally, that reported continuing issues with employee turnover. This organization did have a similar human resource profile with the majority of those other companies. Finally, the limitations attaching to questionnaire research are well documented but in this research some of these limitations have been overcome by both the process to collect questionnaire data and the opportunity to gather further supporting information through focus groups.

References

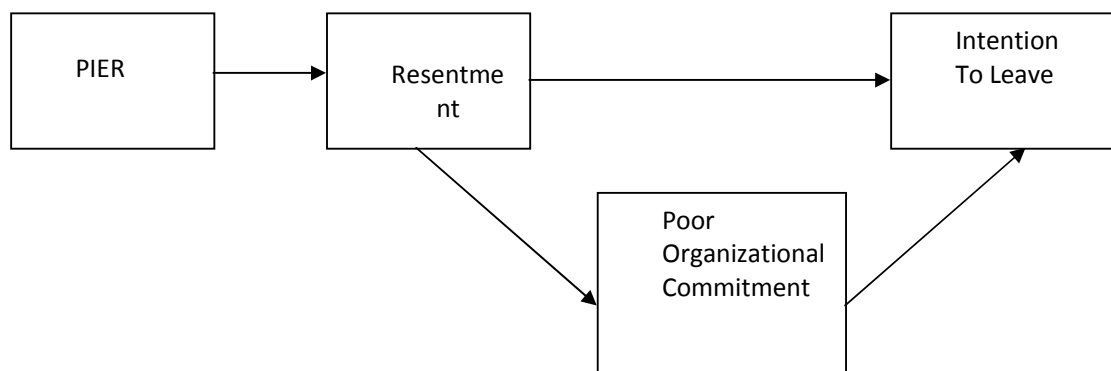
- ADAMS, J.S. (1965). Inequity in social exchange. In L. Berkowitz (Ed.), *Advances in Experimental Social Psychology*, Vol. 2 (pp. 267-299). New York: Academic Press
- ALSERHAN, B.A., FORLESTENLECHNER, I., & AL-NAKEEB, A. (2010) Employees' attitudes towards diversity in non-western context. *Employee Relations*, Vol. 32 No.1, 42-55.
- ARNOLD, J. & DAVEY, K.M. (1999). Graduates' work experiences as predictors of organizational commitment, intention to leave, and turnover: which experiences really matter? *Applied Psychology: An International Review*, 48, 2, 211-238.
- BACHARACH, S.B., BAMBERGER, P. & MUNDELL, B. (1993). Status inconsistency in organizations: from social hierarchy to stress. *Journal of Organizational Behavior*, 14, 21-36.
- BARTLETT, K.R., & MCKINNEY, W.R. (2004). A study of the role of professional development, job attitudes, and turnover among public park and recreation employees. *Journal of Park and Recreation Administration*, 22, 4, 62-80.
- BEAMISH, P. (1998). Equity joint ventures in China: Compensation and motivation. *Ivey Business Quarterly*, 63(1): 67-68.
- BENKHOFF, B. (1997). Ignoring commitment is costly: new approaches establish the missing link between commitment and performance. *Human Relations*, 50, 701-726.
- CUNNINGHAM, R.B. & SARAYRAH, Y.K. (1994). Taming wasta to achieve development, *Arab Studies Quarterly*, Summer.
- CUNNINGHAM, R.B. & SARAYRAH, Y.K. (1993). *The Hidden Force in Middle Eastern Society*. Westport, CT: Greenwood Publishing.
- DOWLING, P., WELCH, D.E., & SCHULER, R.S. (1999). *International Human Resources Management: Managing People in a Multinational Context*. Cincinnati, South-Western College.
- FOLGER, R. & CROPANZANO, R. (1998). *Organizational Justice and Human Resource Management*, Thousand Oaks, CA: Sage.
- FRITZSCHE, B. & PARRISH, T. (2005). Theories and research on job satisfaction. In S. Brown and P. Lent (Eds), *Career development and counselling*. (pp.180-202). New York: Wiley.

- GERINGER, J.M. & HERBERT, L. (1999). Control and performance of international joint ventures. *Journal of International Business Studies*, 20, 2, 235-254.
- GEURTS, S.A., SCHAUFELI, W.B. & RUTTE, C.G. (1999). Absenteeism, turnover intention and inequity in the employment relationship. *Work and Stress*, 13, 3, 253-267.
- GREENBERG, J. (1987). A taxonomy of organizational justice theories, *Academy of Management Review*, 12, 1, 9-22.
- HAMILL, J. & HUNT, G. (1996). Joint ventures in Hungary: Criteria for success. In Woodside, A.G. & Pitts, R.E. (1996). *Creating and Managing International Joint Ventures*, Westport, Conn.: Quorum Books.
- HOMANS, G.C. (1961). *Social Behavior: Its Elementary Forms*, New York: Harcourt, Brace and World.
- HOPKINS, E. (2008). Inequality, happiness and relative concerns: What happened to their relationship? *Journal of Economic Inequality*, 6, 351-372.
- JIUNN-HORNG, L., HSING-YI, Y., & HUNG-DA, D. (2007) A study of role stress, organizational commitment and intention to quit among male nurses in Southern Taiwan. *Journal of Nursing Research*, 15, 1, 43-52.
- KICKUL, J.R., NEUMAN, G., PARKER, C. & FINKL, J. (2001). Settling the score: the role of organizational justice in the relationship between psychological contract breach and anticitizenship behavior. *Employee Responsibilities and Rights Journal*, 13, 2, 77-93.
- KONOVSKY, M.A. and PUGH, S.D. (1994). Citizenship behavior and social exchange, *Academy of Management Journal*, 37, 656-669.
- LENARTOWICZ, T., & JOHNSON, J.P. (2007). Staffing managerial positions in emerging markets: a cultural perspective. *International Journal of Emerging Markets*, 2, 3, 207-214.
- LENSKI, G.E. (1956). Social participation and status crystallization, *American Sociological Review*, 21, 458-464.
- MORRIS, T., LYDKA, H. & O'CREEVEY, M. (1993). Can commitment be managed? A longitudinal analysis of employee commitment and human resource policies. *Human Resource Management Journal*, 3, 3, 21-42.
- MOWBRAY, R.T., STEERS, R.M., & PORTER, L.W. (1979). The measurement of organizational commitment. *Journal of Vocational Behavior*, 14, 224-247.
- MOWBRAY, R.T., PORTER, L.W. & STEERS, R.M. (1982). *Employee-organization linkages*. New York: Academic Press.
- O'DRISCOLL, M.P., PIERCE, J.L. & COGHLAN, A. (2006). The psychology of ownership: work environment structure, organizational commitment, and citizenship behaviours. *Group and Organization Management*, 31, 3, 388-416.
- OLIVER, K. (2010). Posted Monday, 08 March 2010 00:32 UAE time Banking & Finance Features, *How to cut your attrition rate*. Thursday, 01 February 2007. <http://www.arabianbusiness.com/7946>
- O'REILLY, C.A. & CHATMAN, J.A. (1986). Organizational commitment and psychological attachment: the effects of compliance, identification and internalization on prosocial behavior. *Journal of Applied Psychology*, 71, 3, 492-500.

- ORGAN, D.W. & RYAN, K. (1995). A meta-analytic review of attitudinal and dispositional predictors of organizational citizenship behavior. *Personnel Psychology*, 48, 775-802.
- PEARCE, J.L. & PORTER, L.W. (1986). Employee responses to formal performance appraisal feedback. *Journal of Applied Psychology*, 71, 211-218.
- RAMLALL, S. (2004). A review of employee motivation theories and their implications for employee retention within organizations. *Journal of American Academy of Business, Cambridge*, 1, 2, 52-63.
- ROBINSON, S.L. & ROUSSEAU, D.M. (1994). Violating the psychological contract: Not the exception but the norm. *Journal of Organizational Behavior*, 15, 145-259.
- SCHAUFELI, W.B., VAN DIERENDONCK, D. & VAN GORP, K. (1996). Burnout and reciprocity: Towards a dual-level social exchange model. *Work and Stress*, 10, 225-237.
- SHENKAR, O., & ZEIRA, Y. (1987). Human resources management in international joint ventures: Directions for research. *Academy of Management Review*, 12(3): 546-557.
- STEERS, R.M. & MOWBRAY, R.T. (1981). Employee turnover and post-decision accommodation processes. In L. Cummings & B. Staw (Eds.), *Research on Organizational Behavior*. Greenwich, CT: JAI Press.
- STEERS, R.W. & PORTER, L.W. (1987). *Motivation and Work Behavior*, Singapore: McGraw-Hill
- TOH, S.M. & DENISI, A.S. (2005). A local perspective to expatriate success. *Academy of Management Executive*, 19, 1, 132-146.
- VANDEBERG, R.J. & NELSON, J.B. (1999). Disaggregating the motives underlying turnover intentions: when do intentions predict turnover behavior? *Human Relations*, 52, 10, 1313-1336.
- WETZELS, M., RUYTER, K.D., & BLOEMER, J. (2000). Antecedents and consequences of role stress of retail sales persons. *Journal of Retailing and Consumer Services*, 7, 65-75.
- WOODSIDE, A.G., & PITTS, R.E. (1996). Creating and Managing International Joint Ventures. Westport, Conn.: Quorum Books.

Exhibit 1 Research Models

1. Citizens



2. Expatriates

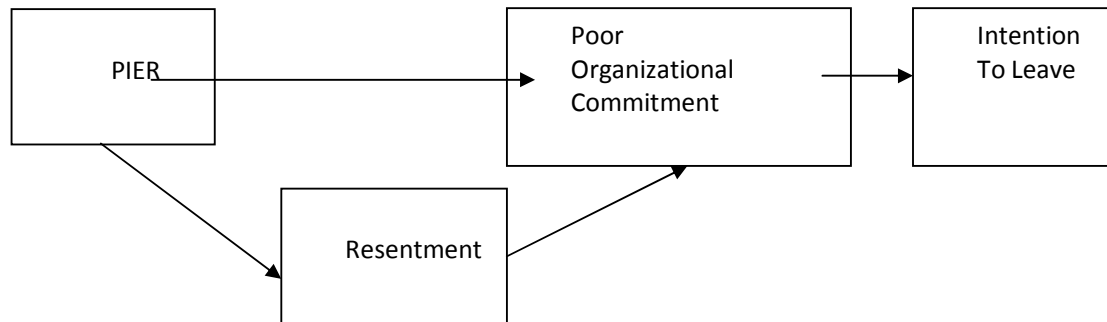


Table 1 Biographical Data

<u>Age</u>	No.	HCNs		Asians	
			%	No.	%
25-29 years	33		47.8	1	1.1
30-39 years	25		36.2	20	22.7
40-49 years	8		11.6	39	44.4
50-59 years	3		4.4	26	29.5
Over 60 years	0		0.0	2	2.3
<u>Gender</u>					
Males	59		85.5	80	90.9
Females	10		14.5	8	9.1
<u>Education</u>					
High School	3		4.3	3	3.4
Technical Certificate	6		8.7	5	5.7
Diploma	19		27.5	19	21.6
Bachelors Degree	39		56.5	44	50.0
Postgraduate Degree	2		3.0	17	19.3
<u>Employment Grades</u>					
7 – 10	14		20.3	43	48.9
11 – 12	17		24.6	10	11.4
13 – 18	38		55.1	35	39.7
<u>Direct Company Experience</u>					
Up to 3 years	9		13.0	9	10.2
4 – 9 years	38		55.1	29	32.9
10 – 19 years	16		23.2	33	37.5
Over 20 years	6		8.7	17	19.4

Table 2 Correlations**HCNs**

	1	2	3	4
Resentment	1.000			
Intend to Go	.547**	1.000		
Perceived Inequity	.253*	.293*	1.000	
Org. Commitment	.295*	.363**	.248*	1.000

** Correlation significant at the 0.01 level (1-tailed)

* Correlation significant at the 0.05 level (1-tailed)

Asians

	1	2	3	4
Resentment	1.000			
Intend to Go	.314**	1.000		
Perceived Inequity	.280**	.263*	1.000	
Org. Commitment	.332**	.399**	.295**	1.000

** Correlation significant at the 0.01 level (2-tailed)

* Correlation significant at the 0.05 level (2-tailed)

Table 3 Results of Stepwise Regression Analyses**1. HCNs**

<u>Predictors</u>	Poor Organizational Commitment		Turnover Intention		
	Step 1	Step 2	Step 1	Step 2	Step 3
PIER	.25***	.18	.29*	.17	.12
Resentment		.29*		.55***	.48***
Poor Org. Comm.					.22*

2. Asians

<u>Predictors</u>					
PIER	.30**	.22*	.26**	.20	.16
Resentment		.27*		.31**	.20
Poor Org. Comm.					.41***

*p < .05; **p < .01; ***p < .001 (2 tail tested)

Table 4. HCN Categories of Resentment

HCN Respondents	Commentary
Resentment Category	
Equity	<ul style="list-style-type: none"> ▪ Inequity between workload and salary received ▪ Hard working individuals get more work and more complex work to do without any compensatory benefit ▪ Work is not evaluated or measured correctly and this is inequitable with other HCNs ▪ There is pay inequity (between employees) that is not being addressed ▪ There is unfairness (in rewards) no matter how much effort you put in! ▪ Lack of equity (in decisions)
Transparency 'Wasta'	<ul style="list-style-type: none"> ▪ There is no way to get promoted unless you have connections (Wasta) ▪ There are people at higher levels with lesser skills and knowledge ▪ There is no systematic approach to promotion even though it is a large company ▪ Performance evaluations are based on favors... ▪ Management evaluates (employees) based on favors.... ▪ There is a lack of transparency in career progression process ▪ There is no transparency (in management decision-making) ▪ Employees hired from one part of the country were favored over those from other parts ▪ The wrong people are promoted for the wrong reasons
National/Personal Pride and Attachment to Organisation	<ul style="list-style-type: none"> ▪ Proud to work for the company and I identify with the image the company portrays to the nation. ▪ The company is contributing significantly to the nation's development. ▪ My friends tell me I am lucky to work for the company ▪ The company is a national icon. ▪ The company has a very good reputation ▪ I am giving back to my country by serving the company ▪ There is no appreciation of employees ▪ There is a lack of career planning – training is not often integrated in this"
Management- Employee Dialogue	<ul style="list-style-type: none"> ▪ There is a tone of mistrust ▪ Managers do not listen to staff ▪ The company has a blame culture ▪ The management style is becoming aggressive ▪ 'Bad' communication between management and staff ▪ Lots of lies and promises (repeatedly stated comment) ▪ New ideas are stolen by managers and presented as their own ▪ Old style managers don't like change ▪ No praise or recognition from managers ▪ There is superficial commitment to open communication
Employee Development/ Empowerment	<ul style="list-style-type: none"> ▪ Employees need to be empowered ▪ Management needs to guide us on how we can progress ▪ Experience gained in this company is a passport to other opportunities ▪ The company used to have the best training programs ▪ Lack of training opportunities (repeatedly stated) ▪ There are now less personal development opportunities in the company ▪ There is less focus on people (development) ▪ Unbendable rules followed blindly without flexibility
Rewards/Promotion Prospects	<ul style="list-style-type: none"> ▪ We get demotivated because some promotions are based on age and not ability ▪ I resent being stuck at level 16 ▪ Management gives and then takes back ▪ Promotions were easier to obtain in other divisions of the company ▪ There is no appreciation of contribution and salaries are becoming less competitive

Table 5. Asian Categories of Resentment

Asian Respondents	Commentary
Resentment Category	
Equity	<ul style="list-style-type: none"> ▪ Significant concern at the different pay structure between us and HCNs even when the same work is being performed ▪ We are always allocated the lowest grade regardless of merit ▪ There are different salaries for the same level jobs - with us paid the least ▪ Pay inequity is a basis of major resentment ▪ Managers appreciate our hard work ethic but they know they have limited choices in their dealing with us ▪ We need recognition, rewards, and fairness ▪ We are exploited to do higher level work even though we are employed at lower grades ▪ Workloads are unfair as are their (salary) packages ▪ We can do the job, are willing to work hard, but some form of recognition, rewards, and fairness is needed
Transparency 'Wasta'	<ul style="list-style-type: none"> ▪ There is no fairness when it comes to promotion – wasta is everything ▪ Expressed concern about the objective of the company to increase the number of employed HCNs
National/Personal Pride, Respect and Attachment	<ul style="list-style-type: none"> ▪ We would prefer to feel part of the company ▪ We identify mostly with the field, not the company ▪ We do not feel emotional pride in working for the company ▪ Feel less secure in our positions ▪ We cannot identify with the company – we do not think we are (company) employees ▪ The company is not going anywhere ▪ When I joined, I expected great management but it isn't ▪ We identify only with our department
Management- Employee Dialogue	<ul style="list-style-type: none"> ▪ Our suggestions are rarely sought and, even if they are, rarely implemented ▪ Management does not consult with us ▪ We are demoralized by the policy regarding the employment of HCNs – it is not being managed well
Employee Trust/Empowerment/ Development	<ul style="list-style-type: none"> ▪ We need permission for everything ▪ It is stressing to be over supervised ▪ Our marginalization (in the organisation) is affecting us ▪ I thought I would have personal development when I joined the company but I have stagnated
Promotion/Job Security	<ul style="list-style-type: none"> ▪ HCNs get promoted easily ▪ There is no career design for us ▪ Our job is to groom HCNs ▪ Job security (insecurity) is a big issue ▪ The company objective is achieving their goal of employing more HCNs – with this we have no job security
Politics	<ul style="list-style-type: none"> ▪ Managers hide behind politics and rules
Cultural Discrimination	<ul style="list-style-type: none"> ▪ Perceived cultural discrimination ▪ Suffered discrimination in all forms with no 'recognition' as compared to HCNs ▪ HCNs get promoted easily and yet the Asian group found this possibility remote ▪ In the poor way we are treated as people as compared to HCNs. ▪ There a big differences in the way our group is treated as compared to others ▪ We are seen as sub-standard workers