

# **Third Country National Expatriate Management in Dubai from the Resource-based View Perspective**

**A Case Study of Third Country Nationals Working For  
MNCs in a Dubai Free Zone**

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**Lawrence Chen**

**School of Management,  
Royal Holloway, University of London**

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## **Declaration of Authorship**

I (Lawrence Chen) hereby declare that this thesis and the work presented in it is entirely my own. Where I have consulted the work of others, this is always clearly stated.

Signed: \_\_\_\_\_Lawrence Chen\_\_\_\_\_

Date: \_\_\_\_\_21 September 2020\_\_\_\_\_

# Abstract

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The research seeks a fit between MNCs' competitive advantage and the use of third-country nationals (TCNs). There is little literature paying attention to why TCNs are used and managed strategically to help create MNCs' competitive advantages. The issue is further complicated by the knowledge of TCNs remaining limited due to ambiguous and poorly considered definitions in global staffing literature. TCNs have been inadequately conceptualised as individuals who do not possess as much knowledge as parent-country nationals (PCNs) and host-country nationals (HCNs) towards the home country and the headquarters as well as the host country and the focal subsidiary respectively.

Therefore, the overarching research questions are 'Do TCNs, as a group, possess defining characteristics?', 'How do MNCs in the higher education sector in the MENA region utilise TCNs in their staffing?', 'To what extent can such MNCs better use TCNs to improve competitive advantage?'. The research uses an integrative perspective drawing on the resource-based view (RBV), international human resource management and institutional theory literature and case-study research on two British MNCs in a Dubai free zone. The study first clarified our view towards who TCNs should be and at what levels. TCNs' characteristics and transferability were then redefined with comparison to PCNs' and HCNs' from the perspectives of management control and RBV. Subsequently, refined staffing archetypes were constructed as a basis to differentiate possible types and levels of TCNs, leading to TCNs with three orientations, namely central, local and worldwide orientation. Last, the light was shed on how and why the characteristics and management of TCNs, leading to both MNCs' competitive advantages, could be justified and made strategic with the factors identified at subsidiary, organisation and host country level.

The findings have answered the research questions by demonstrating concrete support to the linkage between TCNs' characteristics and management and MNCs' competitive advantages whilst taking factors at organisational, subsidiary

and host Emirate level into account. The research finds that TCNs are not a homogeneous group and cannot be segmented based on 'nationality' from PCNs and HCNs. TCNs could have their distinctive characteristics and transferability. Moreover, MNCs cannot only secure competitive advantages from TCNs' characteristics and transferability, but also through managing TCNs in a way to create additional competitive advantages. However, the linkage between TCNs' characteristics/management and competitive advantages needs to be justified by the factors identified in the subsidiary, organisation and host Emirate/country level.

This research advances Human Resource Management on expatriation by interrogating the use of TCNs from the perspective of RBV. Besides this, this study extends expatriate study on the position and function of TCNs though accessing in detail their previously undermined use in a staffing strategy. This research also deepens insight of RBV by offering detailed evidence developed MNCs' use of expatriate human resources. Most importantly, this study tackled both needs of the literature of International Business and International Human Resource Management, that is, reintegrating the use and management of expatriates from the drive of financial incentives and company performance. This research also adds a fuller picture to existing expatriation literature in MENA emerging markets.

The practical contribution is that the study helps MNCs in Dubai free zones to understand the reason for TCNs' large numbers, and their transferability for greater central knowledge and control as well as more excellent local knowledge together with their potential characteristics. Based on the understanding, MNCs can obtain competitive advantages by deploying unique human resource management on TCNs and their staffing strategy accordingly.

This exploratory research used two case studies centred on British MNCs that have subsidiaries in Dubai. The methodology employed involves the collection and analysis of primary and secondary data. Primary data was obtained from participant observation, telephone, and online as well as face-to-face interviews

with both employees of the two MNCs' headquarters and their subsidiaries in Dubai. Besides, historical company documents and brochures in either hard copies or electronic versions were used as secondary data.

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# List of Figures

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<b>Figure 1. Segmentations between TCNs and PCNs.....</b>	<b>36</b>
<b>Figure 2. Four archetypes of subsidiary staffing within the MNC.....</b>	<b>48</b>
<b>Figure 3. Six archetypes of subsidiary staffing within the MNC.....</b>	<b>49</b>
<b>Figure 4. UAE's total population and estimates of the proportion of non-nationals in census years (1975; 1980; 1985; 1995; 2005 and 2010) .....</b>	<b>82</b>
<b>Figure 5. The UAE labour market, compared to other GCC countries.....</b>	<b>82</b>
<b>Figure 6. Process of building theory from case study research.....</b>	<b>109</b>
<b>Figure 7. Knowledge Village, Dubai, location for British pathway MNCs... </b>	<b>118</b>
<b>Figure 8. The evolution of a foreign subsidiary .....</b>	<b>121</b>
<b>Figure 9. Arab share in foreign populations, 1975-2002/4.....</b>	<b>171</b>
<b>Figure 10. Major expatriate communities in the GCC countries.....</b>	<b>176</b>
<b>Figure 11. Hybrid staffing strategies based on TCNs' transferability and their leading players within.....</b>	<b>218</b>
<b>Figure 12. Key factors Interacting with TCN-led staffing compositions in Dubai subsidiaries.....</b>	<b>223</b>
<b>Figure 13. A framework for understanding competitive advantage from TCNs in the MENA emerging market .....</b>	<b>273</b>



# List of Tables

---

<b>Table 1. The similarities and discrepancies between TCNs and PCN expatriates.....</b>	<b>40</b>
<b>Table 2. Comparisons between Company A and B.....</b>	<b>138</b>
<b>Table 3. Staffing compositions at both subsidiaries A and B.....</b>	<b>143</b>
<b>Table 4. The case study of Company A and B.....</b>	<b>155</b>
<b>Table 5. Comparisons among the three type of TCNs.....</b>	<b>171</b>
<b>Table 6. The findings from Central-orientated TCNs against relevant literature.....</b>	<b>212</b>
<b>Table 7. The findings from Local-orientated TCNs against relevant literature.....</b>	<b>214</b>
<b>Table 8. The findings from Worldwide-orientated TCNs against relevant literature.....</b>	<b>216</b>
<b>Table 9. The findings related to TCNs' adaptability against relevant literature.....</b>	<b>218</b>
<b>Table 10. The findings related to TCNs' communications against relevant literature .....</b>	<b>221</b>
<b>Table 11. The findings related to TCNs' positive perceptions toward the host Emirate/country against relevant literature.....</b>	<b>223</b>

# Glossaries

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**Emiratisation:** a governmental policy of the United Arab Emirates to increasingly incorporate a number of national workers into private sector firms

**Expatriates:** parent country nationals moved by an MNC from the parent country, where the headquarters are to an overseas subsidiary

**HCNs:** the abbreviation of 'Host Country Nationals'; the employees of the MNC that work in the overseas subsidiary and are citizens of the host country in which the subsidiary is located

**MNCs:** Multi-national companies

**PCNs:** the abbreviation of 'Parent Country Nationals'; the employees of the MNC who are citizens of the parent country in which the MNC's headquarter is located

**TCNs:** the abbreviation of 'Third Country Nationals'; the employees of the MNC who are neither citizens of the parent country nor citizens of the host country, but are from a third country

**Transferability:** the similar and substitutable knowledge stock and capabilities of one employee group with another

**Staffing composition:** the mix and flow of PCNs, HCNs and TCNs within MNCs

**Staffing strategies:** strategies that decide all positions in host country units to be filled with a differential proportion of PCN, HCN, and TCN

**Wasta:** identifying a key political player and relying on such a person for benefits

# Table of Contents

<b>Abstract</b> .....	<b>3</b>
<b>Acknowledgement</b> .....	<b>6</b>
<b>Lists of Figures</b> .....	<b>8</b>
<b>Lists of Tables</b> .....	<b>9</b>
<b>Glossaries</b> .....	<b>10</b>

## Chapter 1

<b>Introduction</b> .....	<b>16</b>
1.1 Introduction of the research.....	14
1.2 Main objectives and research questions .....	16
1.3 The research context.....	19
1.4 Overview of the Thesis.....	21

## Chapter 2

<b>Literature Review</b> .....	<b>26</b>
Introduction .....	24
2.1 The resource-based view on PCNs, HCNs and TCNs.....	28
2.2 Identifying TCNs' knowledge as strategic resource .....	32
2.2.1 The differentiated knowledge-based approach.....	32
2.2.2 The four-part classification of Knowledge.....	34
2.3 TCNs versus PCNs .....	36
2.3.1 Definitions of TCNs and PCNs.....	36
2.3.2 Self-initiated Expatriates .....	41
2.3.3 The perspective of management control.....	43
2.4 TCNs in staffing archetypes.....	47
2.5 TCNs with three orientations.....	51
2.5.1 TCNs with a central orientation.....	51
2.5.2 TCNs with a local orientation .....	53
2.5.3 TCNs with a worldwide orientation.....	54
2.6 Compositions of PCNs, HCNs and TCNs as staffing strategies .....	55
2.6.1 Ethnocentric staffing strategy .....	56
2.6.2 Polycentric staffing strategy .....	58
2.6.3 Geocentric staffing strategy.....	59
2.7 Micro-politics .....	61
2.8 Organisation typologies.....	63
2.8.1 Global typology .....	64

2.8.2 Multi-domestic typology .....	64
2.8.3 The transnational typology .....	65
2.8.4 Linking staffing strategy with the nationality of the staff .....	65
2.9 Dominant effects .....	68
2.10 Institutional theory .....	70
2.10.1 Classic institutional theory .....	71
2.10.2 Neo-institutional theory .....	75
2.11 The host Emirati context .....	79
2.11.1 The background of Dubai .....	79
2.11.2 Dubai/UAE labour market .....	80
2.11.3 Dubai free zones .....	83
2.11.4 The major local factor-Emiratisation .....	90
2.12 The pathway programme education industry .....	97
2.12.1 The higher education industry .....	97
2.12.2 The pathway programme sector .....	99
2.12.3 The central administration and the overseas operations.....	100
Conclusion.....	102

## Chapter 3

### **Research Methods.....110**

Introduction .....	107
3.1 Research questions and analysis overview.....	108
3.2 Research design .....	113
3.2.1 The case study approach .....	113
3.2.2 Case selection .....	116
3.2.3 Data collection.....	123
3.3 The research context.....	130
3.3.1 Company A and B .....	132
3.3.2 Informants .....	142
3.4 Data analysis.....	148
Conclusion.....	151

## Chapter 4

### **Cross-case Analysis and Findings: TCNs' Characteristics, Management and Contributions to Competitive Advantages .....157**

Introduction .....	154
4.1 Do TCNs, as a group, possess defining characteristics?.....	157
4.1.1 Large numbers of TCNs presented at both management and non-management positions.....	157
4.1.2 Lower cost, compared to PCNs .....	157
4.1.3 Lower cost, compared to HCNs .....	159
4.1.4 High commitment.....	163

4.1.5 High adaptability to the host environment.....	165
4.1.6 Positive perceptions against the host country reputation.....	167
4.1.7 Host country language .....	168
4.1.8 Transferability.....	169
4.2 How do MNCs in the higher education sector in the MENA region utilise TCNs in their staffing? .....	193
4.2.1 The use of no HCN co-workers in both Company A & B.....	193
4.2.2 Monetary incentives .....	194
4.2.3 Promotion incentives .....	195
4.2.4 Hybrid ethnocentric staffing strategy versus hybrid geocentric staffing strategy .....	196
4.3 To what extent can such MNCs better use TCNs to improve competitive advantage? .....	200
4.3.1 Lower personnel -related costs .....	201
4.3.2 Higher productivity.....	204
4.3.3 Using transferability of TCNs to capture their knowledge from central, local and worldwide orientations .....	205
Conclusion.....	205

## Chapter 5

<b>Discussion</b> .....	210
Introduction .....	207
5.1 How do Company A and B create competitive advantages via TCNs?.....	208
5.1.1 Through TCNs' characteristics .....	208
5.1.2 Through management over TCNs.....	224
5.2 The factors impacting on competitiveness advantage produced from TCNs and their management.....	230
5.2.1 Subsidiary level - Micro-politics .....	231
5.2.2 Organisation level - Organisational typologies .....	241
5.2.3 Host Emirate/country level - Institutional theory .....	248
Conclusion.....	278

## Chapter 6

<b>Conclusion</b> .....	276
6.1 Summary .....	282
6.2 Contribution to knowledge .....	286
6.3 Limitations and reflections .....	289

<b>References</b> .....	290
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<b>Apendix I: Rationale of interveiw questions</b> .....	304
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# Chapter 1

## Introduction

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This chapter will focus on the introduction of the rationale, main objectives, research context and research questions of the present study. This will be followed by an overview of the thesis outline and structure by chapters. It will also discuss its intended audience and contribution to knowledge.

### 1.1 Introduction of the research

The primarily applied the resource-based view (RBV) of the firm suggests that, for MNCs to acquire a sustainable competitive advantage, firms must obtain and utilise strategic assets with specific features. Competitive advantage can be secured from expatriates, corporate structure and host institutions. The most common strategic resource of developed multi-national companies (DMNCs) is understood to be advanced and superior management practices and knowledge (Edwards & Rees, 016; Rui et al., 2017) whilst emerging multi-national companies (EMNCs) tending to benefit from inexpensive labour. With MNCs from developed countries, 'superior knowledge' was widely recognised as strategic resources (Kogut & Zander, 1992). Expatriates from developed countries are given the responsibility of transferring such knowledge to overseas operations to achieve competitiveness advantage (Blomstrom & Lipsey, 2000).

There is rough segmentation between DMNCs and EMNCs regarding how they use and expect from their expatriates in order to transfer knowledge and deliver practices. One way or another, for example, inexpensive expatriates and expatriates with superior knowledge and management does not seem to be interchangeable for EMNCs and DMNCs respectively. DMNCs are suggested to be distant and be discouraged from the use of other resources other than superior

knowledge and management as their chief strategic resources. Although there is emerging literature exploring EMNCs empirically that advance the use of their expatriates (e.g. Rui et al., 2017), there is little research up-to-date to capture the evolution of DMNCs' expatriation resources to address how they sustain a competitive advantage from their expatriates' characteristics and management through other means. Besides, there is very little literature explaining to what extent MNCs use TCNs' characteristics and manage TCNs to create competitive advantage.

Another issue is that TCNs' potential statuses and characteristics will not be evident in global staffing literature with a popular setting of expatriates from a Western parent country in Asian subsidiaries. For example, Kuhlmann and Hutchings (2010) researched on expatriates from German and Australian MNCs in China. It is unlikely for MNCs to primarily source and staff a variety of TCNs with the equivalent knowledge of PCNs or HCNs in both the home and host country. The cultural distance is considerable between Western home countries and Asian host countries. The closer cultural zones to China could be TCNs from Korea, Japan, Singapore and Malaysia, for instance. However, these TCNs may not be mostly available in the home or host country labour markets, and these Asian TCNs are also in a broader cultural distance with the home country, compared to their Western counterparts. Vice versa, when looking into TCNs with Western origins, they are not culturally closer to local subsidiaries either.

However, the setting of the research, that is, TCNs from the UK parent company or self-initiated TCN expatriates in Dubai subsidiaries, helps expose TCNs potential characters. This is because TCNs, including Arabs, are largely available in both the UK and Dubai labour market, especially as the majority of them come from a British or Arab education and career background. This fact mitigates the concern over cultural distance when MNCs consider staffing configuration in Dubai subsidiaries. The characteristics and knowledge of these emerging TCNs are largely available. They provide better tendency and relevance to either the home or host county. For example, TCNs who are not from Dubai, but neighbourhood Arab countries can make similar contributions as HCNs in

language and cultural understanding. The reason as to why MNCs send these Westernised Arab TCNs can be synchronised with their reasons in sending PCNs and HCNs, such as central control and localisation, for instance. This type of TCNs with their characteristics and knowledge would be less likely made evident under the popular setting of expatriates from headquarters with Western origins at overseas subsidiaries in Asia. This is because the TCN equivalents with cultural relevance are largely absent from home and host labour markets.

Under this research setting of British MNCs in a Dubai Free Zone, a significant number and variety of TCNs are available for MNCs in the labour market, facing distinctive host institutions. TCNs' emerging characteristics, knowledge and management can be further observed especially with regards to their knowledge transfer and reconfiguration between the home country and the host Emirate/country, and then to seek the extent how MNCs use TCNs' capabilities and management to create competitive advantage.

## **1.2 Main objectives and research questions**

The research will aim at shortening the gap between IB and IHRM literature by making sense of TCNs' heterogeneous individuality and management from MNCs' economic aspects. Although there is a dominant trend of publications incorporating and associating HRM policies and practices with the economics side of the MNC, there is still lack of theoretical frameworks to offer insight in understanding the relationship between 'social decency' and 'economic sustainability' (Andersson et al., 2019). Whilst IHRM tackle most employment issues without paying too much consideration to the economic side of MNCs, this study empirically attends and bridges the need that strategically managing employee groups can be substantially driven by financial reasons of the MNCs. On the other hand, IB treats the welfare of employees as a subordinate issue to the financial performance of MNCs. Besides, IB literature can generally assume the supply of different types of employees is resemblant in each location and



under investigates their rare skill sets and knowledge (ibid.). This study elaborates to the extent that the people matters can be the key to associate with and contribute to the better financial performance from RBV. Therefore, this research will interplay among these people and economic factors and then achieve an integrated perspective for both the fields of IHRM and IB.

Furthermore, current IHRM and IB research have not provided empirical research in detail into the perspective that the characteristics and management of TCNs contribute to developed MNCs' competitiveness advantage. Through evaluating empirical case-study evidence on British MNCs, this study advances the understanding of developed MNCs' competitiveness and the contributions to their IHRM strategy in emerging MENA markets. Overall, this is an essential finding for the majority of developed MNCs, which wish to establish a competitiveness advantage by using TCNs in an emerging market.

By exploring TCNs' characteristics, orientations and management, this study will elaborate on the reason why TCNs are increased and used rapidly in the emerging MENA market. In particular, according to Brookfield (2015), 81 per cent of MNCs do not have a candidate pool for expatriate assignments. MNCs are likely to overlook the opportunity to match both ideal internal and external employees with expatriate assignments to create or maintain a competitive advantage. By recognising TCNs' transferability, MNCs could tackle talent scarcity and enlarge their talent pool by mapping out internal employees with talent and skills required for any international assignment.

Benefiting from recognising TCNs' transferability in this study, the findings will challenge previous research that PCNs are mainly used for their best-known global knowledge, corporate procedures and practices whilst HCNs are utilised for their best-known local knowledge, the local market and local culture. The past research suggests that developed MNCs only achieve restricted advantage based on 'superior knowledge (e.g. Kogut & Zander, 1992). However, this research will offer evidence that developed MNCs can also achieve additional advantages through some inexpensive labour and other characteristics and

through strategically selecting and managing their expatriates at both management and non-management levels.

As a result, three research questions are to ask as follows,

- Do TCNs, as a group, possess defining characteristics?
- How do MNCs in the higher education sector in the MENA region utilise TCNs in their staffing?
- To what extent can such MNCs better use TCNs to improve competitive advantage?

This research will study if and to what extent TCNs and the management over TCNs make contributions to DMNCs' competitive advantage. This research will utilise an integrated perspective, mainly drawing on the resource-based view of the firm, IHRM and staffing and institutional theory literature. The RBV perspective suggests that MNCs must transform the characteristics and management of expatriates into rare, valuable, inimitable and irreplaceable assets, which lead to competitive advantages. Staffing literature perspective further addresses the kind of expatriate characteristics, that is, qualities and knowledge, for MNCs to identify and benefit from, which are significantly embedded in between PCNs and HCNs and are limited to TCNs. However, the institutional theory suggests that MNCs will need to make sense and strategise their expatriate management accordingly to various host country institutions. Only when host country institutions are taken into account, DMNCs can justify and benefit from identifying and utilising TCNs' characteristics and management as strategic resources to create their competitive advantage.

## 1.3 The research context

Imbalanced MNC studies on PCNs and HCNs have made a traditional two-fold nationalised-based division regardless of TCNs. A significant number of staffing literature have focused on the key players of PCNs and HCNs, whilst TCNs are mostly regarded as an entity. First, from the perspective of management control, there is a focus on utilising PCNs and HCNs to enable MNCs to control and coordinate with their subsidiaries. Management control, in MNC contexts, argues that control is executed to allocate resources and headquarters' efforts aligning with MNC's objectives (Chang, 1999). MNCs either use PCNs or HCNs to synchronise the headquarters' values, practices and expectations with subsidiaries through the process of control and coordination between headquarters and subsidiaries (Harzing, 2002; Tarique & Schuler, 2008). Various control types are employed to achieve MNCs' desired outcomes, including input (Pucik & Katz, 1986; Kobrin, 1987; Wang, Jaw & Huang, 2008); behaviour (Martinez & Jarillo, 1991; Chang et al., 2009); output (Ouchi, 1977; Ouchi, 1979; Martinez & Jarillo, 1991; Harzing, 1999; Harzing, 2002); and cultural control (Chang, 1999; Harzing, 2002; Jaeger, 1983; Jaeger & Baliga, 1985).

The nationality-based division of employees when considering control mechanisms essentially splits the workforce into the category of those who come from the parent country and those who do not. This division of employees creates an implicit hierarchy in which PCNs are valued high above both HCNs and TCNs. This division of labour acts in conjunction with a narrowly defined set of company goals that, in turn, mean that the benefits that are accrued through diverse staffing are ignored because of their functional irrelevance. In this way, we see that control is usually afforded to PCNs or HCNs because arguably, they will be more effective in implementing control techniques that appeal to the headquarters.

Second, the RBV perspective suggests internal resources in companies, which are rare, valuable, inimitable and irreplaceable, are needed to identify and exploit in

order to maintain firms' competitive advantages (Barney, 1991). Drawing from the resource-based view, PCNs, HCNs and TCNs have their own knowledge (Colakoglu et al., 2009; Collings & Scullion, 2009; Lepak, 1999; Lepak & Snell, 2002; Mäkelä & Björkman, 2009). The resource-based view recognises and distinguishes the internal resources of unique knowledge of these employee groups, thus bringing sustainable competitiveness to MNCs (Lepak, 1999; Lepak & Snell, 2002). The particular knowledge of PCNs, HCNs and TCNs appear to be essential internal resources for MNCs, where we can build upon the nationality-based generalisations and see that PCNs have a better knowledge of the parent company and its values and HCNs have a better understanding of the market.

Nevertheless, TCNs have been over-simplified and conceptualised as a homogeneous group who do not possess as much knowledge as PCNs and HCNs towards the home country and the headquarters as well as the host country and the subsidiary respectively (e.g. Mäkelä & Björkman, 2009). The value of TCNs is ambiguous. Depending on their experience, TCNs may be able to offer parallel insights to both HCNs and PCNs. Different TCNs may maintain the advantage of their own specific insights based on country of origin culture and practices and migratory experience.

Above all, the acknowledged strength of using PCNs/HCNs and the shared concept of TCNs as a homogeneous group raise the researcher's concerns about the ambiguous capabilities of TCNs. The above is an incredibly important issue because TCNs are not the same and can potentially offer their transferability to PCNs and HCNs; hence they are entitled to segmentations, which help enrich our understanding the significant linkage between TCNs' characteristics, management and competitive advantage.

## 1.4 Overview of the Thesis

This study will be exploring a number of TCNs working within MNCs in the pathway programme education sector. Also, the study will be analysing how and why MNCs in Dubai Free Zones use TCNs as majority staffing compositions in two examples of British subsidiaries in Dubai. Dubai is chosen due to its extremely distorted labour demographics (Monger, 2007) and the similarity of its institutional environments to other Gulf Cooperation Council (GCC) countries. The study benefits this setting, given the region's extensive reliance on TCNs in all sectors whilst HCNs are mostly scarce from the private sector (ibid.). In a region, such as Dubai, where there is a scarcity of HCNs, TCNs are expected to share a greater responsibility for MNCs to achieve specific outcomes of a particular staffing strategy. For example, the outcomes or benefits of a particular strategy could include the prevention from expatriate failure and the reduction of personnel costs of sending and maintaining Parent Country Nationals (PCNs) overseas (Collings & Scullion, 2009; Collings, Scullion & Morley, 2007).

The findings were drawn from empirical evidence from in-house observation, field notes and interviews with 38 informants from two British MNCs at both their headquarters and Dubai subsidiaries. It was found that DMNCs' competitive advantages are as a result of deploying TCNs' unique characteristics, including their transferability, and integrating and managing TCNs with their counterparts in a hybrid staffing strategy according to one's organisational typology. The above competitive advantages are created mainly based on the transfer of knowledge and cost reduction. The research contributes to the understanding of DMNCs' competitiveness and advances the understanding of the rationale in DMNCs' use of TCNs at both management and non-management levels. This research also extends IHRM's focus and debates from the primary division in-between PCNs and HCNs to TCNs, which are extensively used in emerging markets at both management and non-management levels. This research is also in most empirical detail to date examining TCNs at the non-management level as well as their role in creating DMNCs' competitiveness advantage.

In light of the current research objectives, Chapter 2 will first look into relevant literature. First, the RBV perspective and the view on PCNs, HCNs and TCNs will be examined. Most importantly, the ways of understanding TCNs and possibly establish segmentations among TCNs because the divisions based on nationalities in the norm of PCNs, HCNs and TCNs are not justified. MNCs can use TCNs in different ways when their Dubai subsidiaries face certain environmental limitations, saying the lack of HCNs despite the great supplementation of TCNs. These segmentations will be achieved through the building of TCNs types raised from TCNs transferability to PCNs and HCNs. The definition of 'one type' is based on TCN's social, work backgrounds and commonly shared characteristics rather than the traditional divisions as a result of nationalities. Having discussed literature related to staffing archetypes, TCNs' orientations, the Chapter will then reveal literature in the areas of staffing strategy, micro-politics, dominant effects and institutional theory.

Last but not least, to emphasise that this is a specific study of a rather unusual sector, the distinctive nature of Dubai and the HE sector will be then indicated in this Chapter. The researcher will detail the background of Dubai and the key facts about its labour market. Dubai's labour market incorporates a large number of TCNs while HCNs are generally scarce from the private sector, which provides a unique background to examine a rich number of TCNs and their roles in a staffing strategy. More specifically, Dubai' Free Zones, such as Dubai Knowledge Park (DKP), at which the two British MNCs are located, and their special regulations and employment law will be introduced. Besides, from the host country perspective, the trend of Emiratization, which set up as an influential factor, will be highlighted. The introduction of the pathway programme education sector will soon be followed.

In Chapter 3, the researcher will then explain the choice of research methodologies in use in conjunction with the rationale for studying Dubai/UAE as the host Emirate. The researcher will also explain the criteria of how the two MNCs were selected and the method of data collection. Besides, there will be

comparisons between Company A and B regarding their critical facts. In addition, the researcher's work and research relationships with both companies will be detailed, together with the introduction to informants involved in this research.

Chapter 4 will then detail findings and conduct cross-case analysis on findings. The findings will focus on TCNs' characteristics and management as well as their contributions to competitive advantages. The finding will be arranged in sections according to three major research questions respectively as follows,

- Do TCNs, as a group, possess defining characteristics?
- How do MNCs in the higher education sector in the MENA region utilise TCNs in their staffing?
- To what extent can such MNCs better use TCNs to improve competitive advantage?

Chapter 5 will discuss findings in two significant areas against relevant literature: 1) the extent how Company A and B created competitive advantages via TCNs and 2) The factors impacting on competitiveness advantage produced from TCNs' characteristics and their management. In the latter pursuit, the researcher will explore factors in detail that could help justify the reliance of TCNs' transferability in a subsidiary's staffing composition cross organisation, subsidiary, the host Emirate/country levels. There are different factors possibly influencing MNCs' choices of staffing composition, and these are as essential as TCNs' possible transferability. These factors could also compromise or interact with MNCs' priority of using each TCN type to achieve competitive advantage. Chapter 6 will then conclude the whole thesis in three sections: summary, contribution to knowledge and limitations and reflections.

# Chapter 2

## Literature Review

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### Introduction

Our knowledge of third-country nationals (TCNs) remains limited due to ambiguous and poorly considered definitions in global staffing literature. Without deep understanding and positioning of TCNs, it is difficult to understand the extent of using TCNs as a strategic resource to help MNCs create competitiveness. TCNs are often defined as citizens who are from neither the parent nor the host country, where the headquarters and the subsidiary are (Colakoglu, Tarique & Caligiuri, 2009; Collings & Scullion, 2009) although some suggest that TCNs also include foreign residents from the parent country (e.g. Mäkelä & Björkman, 2009).

TCNs have been inadequately conceptualised as individuals who do not possess as much knowledge as parent-country nationals (PCNs) and host-country nationals (HCNs) towards the home country and the headquarters as well as the host country and the focal subsidiary respectively. For example, Mäkelä and Björkman (2009) suggest that the generic knowledge stocks of TCNs 'come with the apparent disadvantage of minimal levels of both market and company knowledge.' However, this issue may be moderated through socialisation with headquarters, regional headquarters or subsidiaries (Tarique, Schuler and Gong, 2006). Regional headquarters refer to a specific geographic region sharing cultural norms (Tarique, Schuler & Gong, 2006). However, they can also be a political and economic union, such as the Gulf Cooperation Council consisting of Kuwait, Bahrain, Qatar, Oman, United Arab Emirates and Saudi Arabia.



TCNs may have similar knowledge as the PCNs and HCNs towards the home and the host environment when they have been socialised by living and working in their parent country, the host country or a country in a similar cultural region for a long time. It is likely that TCNs, who are transferred from the home country and perhaps sister subsidiaries, may share similar abilities with PCNs regarding understanding towards company procedures and global policies and strategies.

Besides, the clarification between TCNs and HCNs is particularly crucial for some host subsidiaries, in which a large population of foreign workers resides, such as oil export countries in the Middle East. First, these foreign workers from different third countries may have been traditionally socialised in the host country and hence understand the local market as HCNs do. Second, in a host country, where foreigners outnumber the indigenous citizens as the major population, the term, 'local market', may be more appropriately replaced with 'foreign market' as customers are mainly from third countries. In this sense, arguably, TCNs are more closely connected to these customers than HCNs given their diverse backgrounds and understanding of other cultures.

The traditional definition of TCNs, which is the citizens neither from the home country nor the host country, may be accepted. However, the presumed disadvantages of TCNs regarding relatively limited knowledge towards the host market is inappropriate and cannot be generalised. Possible resolutions to better understand the generic knowledge stocks may be contributed by further defining TCNs and positioning TCNs in relation to PCNs and HCNs.

In section 2.1, the resource-based view will be explained, together with the perspective on PCNs, HCNs and TCNs, including knowledge stock of each expatriate group. PCNs', HCNs' and TCNs' knowledge and capabilities will be initially identified and positioned. Then, section 2.2 will attempt to examine ways to unpack and identify 'knowledge' to be used as a strategic resource. Two approaches will be introduced, namely the differentiated knowledge-based approach as well as the four-part classification of knowledge. Section 2.3 will compare between PCNs and TCNs and reinforce their definitions and strength.

First, through an overlapping exercise will aim to differentiate possible types and levels of TCNs concerning PCNs. Second, the definition and the literature of self-initiated expatriates (SIEs) in relation to TCNs will be clarified. Last, the strength of PCNs will be discussed through the management control perspective, which will also help address the bias over the nationalities of expatriates. Next, section 2.4 will position TCNs' knowledge to PCNs and HCNs' through constructing staffing archetypes. Subsequently, three TCNs' orientations will be categorised and discussed in section 2.5. In section 2.6, the light will be shed on how the three TCN types, PCNs and HCNs are involved in and act in traditional staffing strategies, and subsequently, how a staffing composition concerning these employee groups could be made strategic.

From section 2.7 onwards, a few factors that could impact on how the use of TCNs' characteristics and management is made strategic to create competitive advantages will be discussed and evaluated in-depth in subsidiary, organisation and home country levels. Initially, staffing composition may be complicated by MNCs' key actors' priority at the subsidiary level. The key actors' preferences may be driven by the benefits for the company or by self-interests. Section 2.7, Micro-politics, will be reviewed to explore these possibilities causing these key factors to interact with staffing strategies. The literature of micro politics elaborates how the key players, such as top management, and employee groups in both headquarters and subsidiaries, may manipulate policy and practices, whereby these individuals' interests are first priorities rather than MNCs' (Dörrenbächer & Gammelgaard, 2011; Edwards & Kuruvilla, 2005; Ferner et al., 2012; Levy, 2008).

Next, in the organisational level, a few studies have linked the staffing strategy with organisational typologies namely the global, multi-domestic and transnational typologies (e.g. Collings & Scullion, 2009; Isidor & Schwens, 2011; Kelly, 2001). According to previous research, the staffing composition varied with the proportions of PCNs, HCNs and TCNs in each organisational typology (Isidor & Schwens, 2011; Kelly, 2001). MNCs adopting different organisational typologies may have different preferences in staffing strategies, which will be

introduced in section 2.8. Besides this, in the home country level, dominant effects, as a result of MNCs' home country economic status, may impact on the degree that headquarters' practices are adopted or adapted in a subsidiary within a nation of the relatively weak economy (Smith & Meiksins, 1995; Almond et al. 2005). For instance, American MNCs seem to be confident in adapting their centralised practices in different countries. The dominant effects will be introduced in section 2.9.

Besides, in the host country level, staffing strategies are also highly likely complicated by the host-country-specific factors. There are also institutional factors caused by the host country, where MNCs are located, and by rival MNCs surrounded. The framework of institutional theory seeks to explain the reasons how host institutions impact on MNCs' practices and why the similar corporate practices exist in the same host environment within the same industry (DiMaggio & Powell, 1983; Scott et al., 1995; Kostova, 1999), which will be introduced in section 2.10.

Finally, section 2.11 and 2.12 will primarily introduce and highlight the unusual settings of the research destination and industry, that is, the Emirate of Dubai and the pathway programme education sector. First, in section 2.11, The host Emirati context, the geographical and economic background of Dubai and the UAE will be introduced, followed by their labour market and the setting of Dubai Free Zones as well as the crucial local policy of Emiratisation. Second, the industry context will be introduced in section 2.12, the pathway programme education Industry. This section will provide insight into the higher education industry with a specific focus on the pathway education sector as well as its typical central administration and overseas operations. These settings are established to respond spontaneously to the research questions and guide the understandings toward myriad aspects of this research.

## 2.1 The resource-based view on PCNs, HCNs and TCNs

The resource-based view suggests that there are internal resources in companies, which are rare, valuable, inimitable and irreplaceable and companies need to identify and exploit these resources in order to maintain competitive advantages (Barney, 1991). There are several definitions of competitive advantage. According to Rumelt (2003), competitive advantage means 'outperforming all rival firms, or merely maintaining a position in the game, i.e. being above the industry average'. Besanko et al. (2000) shares Wernerfelt (1995)'s view and suggests that competitive advantage can mean the enhancement of market share and higher profit margins. The ways to generate such competitive advantages are for MNCs to seeking management approaches that are different from competitors', which relate to lowering costs, reducing personnel turnover rate, enhancing productivity and fast implementing strategies. Overall, Sigalas et al. (2013: 335) and Sigalas (2015) summarise that competitive advantage is "the above industry average manifested exploitation of market opportunities and neutralisation of competitive threats."

For MNCs originated from developed markets, their first competitive advantage is identified and regarded as superior knowledge (Rui et al., 2017; Kogut & Zander, 1992). The expatriates from DMNCs play a vital role in transferring competitive advantage, i.e. superior know-how, from parent country to overseas subsidiaries. The key of DMNCs' competitive advantage is a result of making strategic IHRM through deploying their expatriates in order to transfer superior knowledge (Caligiuri & Tarique, 2012; Hazing, 2001; Rui et al., 2017). Despite that DMNCs motivate their expatriates with good salaries, benefits and high compensations, DMNCs sometimes struggle with assigning expatriates, primarily to emerging markets (Brookfield, 2010; Rui et al., 2017). The cost of maintaining expatriates from home to the host country can become a burden of DMNCs as these expatriates' starting salary can be very high, and also as they are well compensated for living in a foreign country. For the cost concern, this could limit

the number of expatriates sent by DMNCs to emerging markets (McNulty and Tharenou, 2004).

However, the resource-based view can come with a downside. Both Lin and Wu (2014) and Teece (2007) point out the downside of the resource-based view, which lacks dynamic capabilities. They suggest that the resource-based view is static. The strategic resources can continuously change as soon as competitors learned and adopt the same resources. The managers of MNCs are asked to develop their capabilities, i.e. continuously learning and investing on HR policies and practices, to capture, reconcile and leverage fast-changing knowledge needed in the industry to sustain their competitive advantage.

Boxall (1996: 62) then first bridges the resource-based view with HRM. Employees are central to the creation of competitive advantage, i.e., human resource advantage. Rather than individual practices, it is essential to generate dynamic and combined HR systems to capture this advantage. However, subject to micro-politics, i.e. self-discretion, not all employees are willing to apply their best skills and knowledge on their job; hence, to establish an inspiring workplace is essential to motivate human capital and maximise their potentials that lead to MNCs' competitive advantage (Wright et al., 2011). The above process also requires constant and proactive recognition, reconfiguration and innovation on knowledge (ibid.)

Furthermore, according to Bender and Fish (2000), MNCs must develop a unique IHRM strategy to fully utilise differentiated competencies of an individual expatriate and adapt suitable management over expatriates. The above is in a way to have expatriates successfully generate and transfer competitiveness advantage from the headquarters to subsidiaries. Expatriates cannot only transfer competitiveness advantage through leveraging home country strategic resources to host country but also create competitiveness advantages themselves via unique competencies and qualities carried by each expatriate together with them working as a team, which are inimitable and irreplaceable (Riu et al., 2017). The above points out the importance of MNCs seeking and

benefitting from expatriates with their unique qualities and also managing them in a team with suitable management methods if MNCs wish to generate competitive advantages.

Nevertheless, Horwitz & Budhwar (2015) raised an issue relating to the use of HRM on the base of the resource-based view. They suggest that a few recent studies of HRM have moved away from the use of the resource-based views because of 'the difficulty in 'deriving reasonable proxy variables from some of the key RBV's key concepts'. For example, the findings of empirical studies based on the resource-based view may encounter difficulty in justifying any direct relationship between strategic resources and the competitive advantage. However, for qualitative research, which is subject to specific context and concept, can be a better fit despite the potential misconceptualisation by individual researchers (ibid.)

The resource-based view offers an opportunity to discover generic knowledge and capabilities of particular employee groups. The view helps make clear why PCNs, HCNs or TCNs are preferred in a particular MNCs' staffing plan according to what these employee groups could offer. Furthermore, the resource-based view encourages MNCs to diversify the staffing options, which should vary with different ability settings of employee groups. Drawing from the resource-based view, a few scholars have consistently agreed that PCNs, HCNs and the TCNs have their particular knowledge stock (Colakoglu, Tarique & Caligiuri, 2009; Collings & Scullion, 2009; Lepak, 1999; Lepak & Snell, 2002; Mäkelä & Björkman, 2009). According to the resource-based view, MNCs will seek sustainable staffing strategies through available knowledge and capabilities of different types of employee groups between PCNs, HCNs and TCNs. Through overseas assignments, the exposure to new knowledge, practices, culture and markets, enhances knowledge circulation within MNCs and helps create and maintain MNCs' competitiveness (Collings & Scullion, 2009). The unique qualities of each employee group may make MNCs favour specific staffing strategies over others.

Different types of staffing with their generic knowledge and capabilities play an essential role in assisting MNCs in absorbing and sustaining the knowledge from overseas assignments. The particular knowledge and capabilities belonging to PCNs, HCNs and TCNs appear to be essential internal resources for MNCs. Under the nationality-based generalisations, PCNs seem to have a better knowledge of the parent company and its values, and HCNs have a better understanding of the market. As stated above, the value of TCNs is ambiguous because depending on their experience, they may be able to offer the same insights as both HCNs and PCNs. TCNs, however, maintain the advantage of their specific insights based on country of origin culture and practices and migratory experience. The resource-based view recognises, distinguishes and manages the internal resources of the unique knowledge of different employee groups, thus bringing sustainable competitiveness to MNCs (Lepak, 1999; Lepak & Snell, 2002). Colakoglu et al. (2009: 1297) suggests that 'a diverse base that results from combining and integrating knowledge that resides in PCN, HCN, and TCN managers can also be valuable, rare, inimitable, and non-substitutable leading to favourable performance results.'

In this sense, it is assumed that PCNs, HCNs, and TCNs can contribute their specific knowledge as internal resources to companies. The sets of knowledge can be categorised at various perspectives. Mäkelä and Björkman (2009) divide knowledge of different employee groups into market-based knowledge and company-based knowledge. The market-based knowledge may include 'knowledge of current and potential customers and competitors, local labour market, managerial practices, governmental rules and regulations, sourcing opportunities, and national culture and language' whilst company-based knowledge encompasses 'corporate culture, routines, processes and practices' (Mäkelä & Björkman, 2009). Drawing from this point of view, PCNs and HCNs are more likely to have the assumed resources of speaking the same language and understanding culture and institutions of the home country and the host country respectively, whilst TCNs may possess the experience of international management as a result of previously working in a similar position and industry

elsewhere.

However, these attributions of specific types of knowledge to PCNs, TCNs and HCNs, tend not to be generalised according to the nationality-based division. Knowledge may not necessarily only depend on the nationality, but also, most importantly it depends on individuals' socialisation experience, which may be contributed by international experience, previous living/work locations and where they were raised. On the other hand, the specific knowledge required by MNCs, which resides in these nationally divided employees may vary, according to function (e.g. customer service, manufacturing and R&D) or management level, and depending on the complexity of the industry expertise required and the host institutions. TCNs' potential knowledge will be identified and analysed in the next section.

## **2.2 Identifying TCNs' knowledge as strategic resource**

There are different ways of identifying and categorising knowledge to capture TCNs' rare knowledge as a strategic resource that could lead to competitive advantages, such as the differentiated knowledge-based approach and the four-part classification of knowledge.

### **2.2.1 The differentiated knowledge-based approach**

Asheim & Hansen (2009) differentiate knowledge into three categories, symbolic, synthetic and analytical. The researcher borrows their approach to capture TCNs' knowledge to offer. The reason is that this approach incorporates and acknowledges the dynamics of professional and occupational groups that are seen among TCNs. Also, this typology can explain the associations of the



knowledge of TCNs' with their mobility and socialisation roots.

First, symbolic knowledge, which refers to the understanding of specific values and ways of doing things, is intangible and is often developed through a location-specific environment. For instance, MNCs may send expatriates who have been socialised and worked in the headquarters for long to a host country. The reason being is to mostly align the values of the overseas subsidiaries with the headquarters through the transfer of symbol knowledge. The employment of these TCNs can then be context-specific between home and host country.

Second, synthetic knowledge requires the application of an existing combination of knowledge to solve a problem and to be accepted in a way by stakeholders, such as suppliers and customers. Synthetic knowledge requires partially codified knowledge but not as high as the degree of analytical knowledge. This knowledge requires the ability to reflect on existing context-related knowledge and understandings. This knowledge mainly follows an inductive process (bottom to top), maybe context-specific or location-specific. For example, the knowledge of professionals in marketing and sales involves the understanding of local culture and market. The knowledge may be developed through their existing or previous local employment. TCNs who obtained this knowledge could be sourced locally through the local labour market or repatriation. The usefulness of this knowledge may limit TCNs to work in specific locations. On the other hand, their mobility could be advanced by border cultural norm, rather than one Arab country but in overall, the Middle East countries as a whole.

Last, analytical knowledge refers to knowledge that requires an understanding of complicated codifications and prototypes as fundamental elements to form and to create a new outcome. Following a deductive process (top to bottom), scientific and codified knowledge are converted into a new outcome, a product or a phenomenon. The researcher reinterpreted this knowledge as rare or specialised competency as one type of knowledge TCNs can bring to MNCs. The flow of this knowledge is not location-specific and is beyond debate between global-specific and local-specific knowledge, which gives TCNs freedom to travel

internationally for new employment. For example, TCNs in the IT industry are required internationally and are not limited to the local labour market but a global labour market. These TCNs can be often seen in a globalised city.

Above all, Asheim & Hansen (2009) then summarised the symbolic, synthetic and analytical knowledge as 'know who', 'know-how' and 'know why'. In other words, this implies that symbolic and synthetic knowledge mainly involved ways of doing things and the reflective meaning and values held by a person, respectively whilst analytical knowledge is highly codified and scientific. However, compared to analytical knowledge, both symbolic and synthetic knowledge is context and location-specific. The above preconditions may also impact on the mobility of knowledge in terms of employment.

## **2.2.2 The four-part classification of Knowledge**

According to Williams and Baláž, (2014), their four-part classification of knowledge, i.e., embodied knowledge, encultured knowledge, embrained knowledge and embedded knowledge can further unpack knowledge flow, and thus, help present different dimensions of knowledge carried via human mobility.

First of all, embodied knowledge is developed from rooting in a specific context and through learning by doing. The understanding of the way of doing things, and thus, is embodied in one's knowledge through day-to-day practices and observations. For example, TCNs, who worked in the home country, can transfer headquarters procedures and practices, where they experience and employ daily, to a host country subsidiary through an expatriate assignment. TCNs who are sent from headquarters can mostly quip and transfer this knowledge to an overseas subsidiary.

Besides, encultured knowledge addresses the ability to share and synchronise understandings and cultures. The knowledge is vital from someone required to

pass, exchange or leverage organisational cultures and corporate values. Both embodied and encultured knowledge together form the previous symbolic knowledge.

Third, embrained knowledge, based on the know-how of recognition and reflection on comparative patterns, enables TCNs to conceptualise and achieve outcomes through their transferability. The transferability can be as a result of their past socialisation roots in a similar cultural norm. In other words, embrained knowledge is generic and reflective and can be developed from human mobility through where they were born, where they have worked and where they have lived. This embrained knowledge equals to aforementioned synthetic knowledge and is mostly related to TCNs' international experience from similar cultures. The group of TCNs can initially come from an Arab country and work in another Arab country, and thus, can relate to and reflect on their social roots.

Last, embedded knowledge, comparable to previous analytical knowledge, can be generated from several contexts, including past various occupational roles, from different companies and countries for instance, which enhance one's analytical ability to utilise and adapt learned knowledge accordingly.

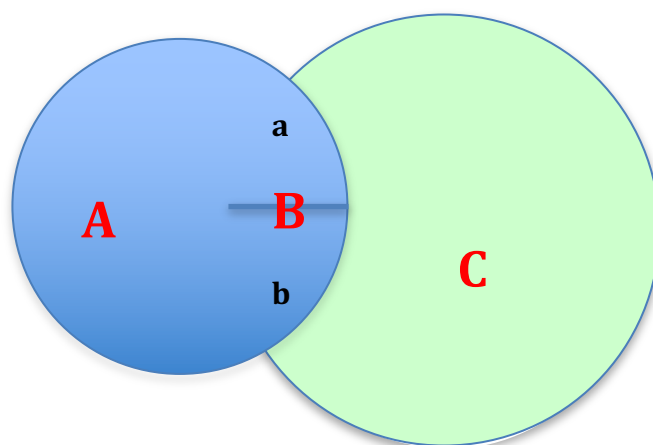
Through the use of a variety of TCNs in expatriation exercises, MNCs can then transfer TCNs' embodied, encultured knowledge and symbolic knowledge learned from the home country, such as corporate policies, practices and values to the host country. MNCs can also transfer TCNs' embrained or synthetic knowledge to the overseas subsidiaries by recruiting TCNs who come from or previously work in similar cultural zones and are familiar with the local market and local institutions. MNCs can also benefit from the transfer of TCNs' embrained or analytical knowledge to fulfil some work required rare competency and highly analytical skills. Identifying these activities of what knowledge TCNs can transfer can form MNCs' strategic resources that lead to competitive advantage.

## 2.3 TCNs versus PCNs

### 2.3.1 Definitions of TCNs and PCNs

TCNs are a large employee group but are less explored, compared to PCN international managers. PCNs are those moved by MNCs from the parent country, where headquarters are, to an overseas subsidiary. They are often white males in senior managerial and professional positions. Although PCNs have been well researched in the IM literature, they represent a small minority of the whole population of international managers. TCNs are less visible than PCNs in the IM literature, partly because they may be in lower positions in MNC management hierarchies. For example, Harzing's (2002) study of 2,689 subsidiaries of approximately 250 MNCs shows that less than 5 per cent of top managers are TCNs.

While the term "expatriates" mainly refers to PCNs, MNCs do include TCNs in the cadre of expatriates (see Figure 1).



**Figure 1. Segmentations between TCNs and PCNs**

A - Expatriated by MNCs from the home country to an overseas subsidiary

B- TCNs moved by MNCs from the home country or a third country (where the MNCs foreign operation may be) to an overseas subsidiary

C - The migrant workers move themselves from third countries to the host country through their own resources

In Figure 1, two circles are overlapped and result in three section A, B and C. The employee group A is typical expatriates dispatched from the parent country to the host country whilst the group B and C are TCN employees and migrant workers respectively. Those in group A usually are from the parent country and are dispatched by an MNC to a foreign subsidiary. As aforementioned, they are popular research subjects in the IM literature; they are generally referred to white males, high paid professionals and employees in at a higher level in the corporate hierarchy. MNCs use PCNs to synchronise the headquarters ' value, practices and expectations and align MNC's objectives with subsidiaries (Chang, 1999; Pucik & Katz, 1986; Kobrin, 1987; Wang, Jaw & Huang, 2008). On the contrary, the employee group in section C consists of a majority of migrant workers; they are from third countries and move to the host country on their own resources and decisions. This type of worker is also called self-initiated assignees. According to Suutari & Brewster (2001), some characteristics of the self-initiated assignees may include:

- Working at a lower hierarchical level in an MNC and remaining on temporary contracts
- Working across the border, given the poor employment circumstances at home, given an interest in internationalism
- Or relocating as a permanent move.

There are nevertheless differences between the employee group in section C and

the typical expatriates in section A. The motivation of the group A to take on the expatriate assignment is mainly driven by MNCs whilst the group C are mainly motivated by personal reasons and the home environment, such as the preference of working across borders and the poor working condition at home. While group A is mainly employed on a longer-term contract with reasonable compensation, it is much more likely that group C comes to the host country on a temporary contract and may be subject to exploitation. Moreover, group A is expected to be at higher hierarchical levels in a firm than group C. However, group C seems to be more determined in residing and relocating in the host environment than group A. Generally speaking, compared to group A, it is more likely that the group C is

- from every corner of the world
- and not moved by MNCs and move depending on their own resource (or self-initiated assignments)
- living in the host nation or near-host nation for the long term
- overlooked by the IM literature and are subject to low skilled workers in limited industries, such as nursing and domestic industries.

Group B consists of TCNs (a) culturally relevant to the host country and (b) from a culturally irrelevant third country. First, the group (a) is an employee group of third-country national origins, who were born or have been socialised and worked in a country, where it is culturally relevant to the host country. It is more likely that these TCN expatriates are moved by MNCs between close cultural and economic zones given their familiarity with local cultural, languages and religions. In consequence, higher adaptability can be expected because they may be more committed to residing in the host country because of a low uncertainty level in living in the new environment. Moreover, the third-country national expatriates may be relatively cost-effective, compared to the expatriates dispatched directly from the parent country.

On the other hand, there are benefits from utilising the employee group (b), who are sourced world widely and less associated with the host country in terms of cultures and languages. MNCs rely on these TCNs for the reasons that may include knowledge transfer, such as work procedures and organisational culture from headquarters to subsidiaries as well as the enhancement of socialising host subsidiary employees. Please note that although (a) and (b) are divided by the degree of cultural references, both of them could also have a good understanding of the central procedure or local practices from headquarters or other subsidiaries respectively.

Compared to PCN expatriates as group A, group B consisting (a) and (b) may understand better how to reconcile cultural differences because TCNs have been adapted to the parent country culture, to some degree, from their own cultures or their understanding of cultures through education, social roots and work experience. TCNs' adaptability helps pass on their experience and helps leverage home country culture in overseas subsidiaries. These TCNs in group B share similarities with group A and C. They may share the characteristics of both the typical expatriates and migrant workers. Similarly, to group A, these TCNs in group B are moved by MNCs to the host country either from headquarters or other subsidiaries. Similarly, to group B, they may share aforementioned 'can-do' characteristics and cultural references or relevant knowledge to the host country as the result of gaining from their places of birth, education, social root and work experience. Those workers from group B are more likely to become critical when MNCs expand their global operations and become more internationalised. More discussions on different types of TCNs will be highlighted in a later section.

	Similarities	Discrepancies
TCNs	<ul style="list-style-type: none"> <li>• TCNs expatriates from group B as well as PCN expatriates as group A are moved by MNCs to the subsidiary</li> <li>• TCN expatriates from group B and PCNs expatriates from group A understand and deliver central procedures and practices to the host country.</li> </ul>	<ul style="list-style-type: none"> <li>• Migrant workers made up of the majority of TCNs, moving themselves to the host country via their own resources</li> <li>• The majority of the migrant workers as group C are at a lower organisational hierarchy level than PCN expatriates as group A and TCN expatriates as group B.</li> </ul>
PCN expatriates		

**Table 1. The similarities and discrepancies between TCNs and PCN expatriates**

Table 1 above has compared TCNs to the traditional form of the expatriate. TCNs are divided into (a) those who are moved by MNCs from the parent country to a host subsidiary, (b) those who are moved by MNCs from the home country or a third country, where a sister subsidiary may be, to the host subsidiary and (c) migrant workers. The three kinds of TCNs work at different hierarchical levels and are often under different work conditions. Generally speaking, TCN expatriates in parallel with PCN expatriates (either from parent country or a third country) are in a higher organisational hierarchy level than migrant workers, who may benefit MNCs with their less expensive labour.



### 2.3.2 Self-initiated Expatriates

'Self-initiated Expatriate (SIEs)' are mostly defined as expatriates, who (1) leave their home country for an employment opportunity in a host country (2) based on their own resources without an organisation's assistances (e.g. Andresen & Gustschin, 2012: 185; Jokinen et al., 2008: 980; Lee, 2005: 173). The theme of SIEs is insufficient to identify all the TCN players in a staffing strategy. From an MNC strategic staffing perspective, the transferability of TCNs seems to be undermined in this literature. The literature of SIEs overlooked an employees' previous working and social roots as well as their education. In other words, their transferability as a result of working, social roots and education has been disregarded, which may be the key elements to understand a staffing strategy to some MNCs in Dubai. We should not conclude TCNs as SIEs, the definition of whom has been over generalised despite some similarities with TCNs. The clarification over the two definitions between SIEs and TCNs is made clear as follows.

The definition No1 of SIEs is an expatriate who leaves their home country for an employment opportunity in a host country (Cerdin, 2012: 59; Cerdin & Le Pargneux, 2010: 288; Suutari et al., 2013:160). However, leaving a home country and stopping over in countries in-between, if any, before their current employment in the host country may make an SIE unique to others, and they, in turn, may make a different strategic contribution to MNCs. For instance, an SIE leaving from a neighbouring country, which shared a similar culture and language with the host country, may mean differently to an MNC from other SIEs. The levels of necessity for MNCs to acquire the understanding of similar culture and language skill from TCNs may synchronise an MNC's staffing strategy. An SIE may be recruited given their transferable language skills and the better understanding of the host country culture as a result of their work and social background gained in their home country or other resident countries. All SIEs can be made strategic resources to MNCs whilst their previous working, social roots and education are taken into account. The above over-generalised definition of SIEs cannot be used to capture the dynamic of an MNC's staffing

strategy, which can be better categorised by TCNs with central-, local- and worldwide-orientation according to their transferability, to understand the use of TCNs as strategic resources to MNCs. This re-categorisation is also to fill the gap that the literature of SIEs undermines the importance of an individual's previous social and working roots and education to an MNC's staffing strategy.

Also, the scope to define an SIE is restrictive when addressing all TCNs in an MNC staffing strategy. The definition of an SIE No2 is the expatriate who moves himself or herself based on their own resources and initiatives without an organisation's assistance, such as 'personal savings' and 'local company salary (Andresen & Gustschin, 2012: 185)'. The definition No2 generally excludes some third country expatriates who are dispatched internally from a headquarters or from another overseas subsidiary to the host country. Any internal employees who wish to undertake an expatriate assignment is not an SIE once they are given any advice or are encouraged in any means by the MNC. In reality, the decision-making process to undertake an expatriate assignment or not is sometimes a collaborative process. Many consultations between internal perspective expatriates and the MNC can take place. With internal employees, it is challenging to attribute choice directly to an individual's initiative without assistance from the organisation. Even without physical and substantial assistance from the MNC, such as financial funding and housing packages, some internal employees can seek advice from the MNC before making a final decision, but these internal employees are not defined as SIEs. The above limitation caused by the loose definition of an SIE can eliminate and exclude some TCNs that can play a critical role in a staffing strategy. In light of the above limitations identified from the literature of SIEs, instead, TCNs with different orientations as a result of the redefinition of TCNs based on their transferability, cover the above limitations, and thus, better address how TCN expatriates contribute to MNCs' staffing strategy.

### 2.3.3 The perspective of management control

The view of management control helps summarise and elaborate on the importance of utilising PCNs to serve MNCs' purpose to control and coordinate with their subsidiaries. Management control, in the MNCs context, is identified that control is executed in order to allocate resources and headquarters' efforts in alignment with MNC's objectives (Chang, 1999). The use of PCNs is believed to conduct control and coordination between headquarters and subsidiaries (Harzing, 2002; Tarique & Schuler, 2008). Through the presence of PCNs in an overseas assignment, especially in the initial stage of internationalisation, MNCs achieve their desired outcome of different types of control.

On the other hand, the adverse influence of the reduction of PCN expatriates has been observed in Kobrin (1994)'s study of US subsidiaries. A reduced number in PCNs may lead to difficulties in identifying and coordinating with corporate strategic objectives. Based on previous international human resource research, Tarique, Schuler & Gong (2006) summarise the core competencies of PCNs as (1) in-depth knowledge of MNC's organisational culture; (2) effective communication with headquarters; and (3) maintenance of control over subsidiaries. As a consequence, the reasons PCNs are likely to be the best candidates for MNCs to conduct control over subsidiary operations are that they act as good communicators between headquarters and subsidiaries to effectively establish country linkages and increase MNCs' understanding of local operations (Downes & Thomas, 2000; Hebert, 2005).

Furthermore, internally selected PCNs familiarise with their organisational culture, value, and 'the ways of doing things'. In other words, in the perspective of management control, the above merits provide MNCs with some assurance that PCNs are capable of having the subsidiary abide by MNCs' overall strategic objectives, policies and targets.

From the viewpoint of management control, the reasons MNCs use PCNs to synchronise the headquarters' value, practices and expectations with subsidiaries. Management control has been associated with input (Pucik & Katz, 1986; Kobrin, 1987; Wang, Jaw & Huang, 2008); behaviour (Martinez & Jarillo, 1991; Chang, Mellahi & Wilkinson, 2009); output (Ouchi, 1977; Ouchi, 1979; Martinez & Jarillo, 1991; Harzing, 1999; Harzing, 2002); and cultural control (Chang, 1999; Harzing, 2002; Jaeger, 1983; Jaeger & Baliga, 1985). Management control might have different functions, and these are not automatically linked to action within MNCs. However, in this section, there will be a review of how and why headquarters use different types of management control to control subsidiaries and what roles PCNs play. The discussion will help understand the nature of PCN-led staffing composition in a staffing strategy, i.e. ethnocentric strategy. The rationale of using PCN-led staffing composition will provide a background to the use of hybrid or an alternative staffing strategy to ethnocentric strategy. The reason is that some of these control types may be transferable to and replaceable by TCNs' capabilities and knowledge and lead to a TCN-led staffing strategy, i.e. geocentric strategy, which will be discussed in a later section. Four control types are summarised as follows:

- Input control: through centralised criteria to select and train candidates for overseas assignment. Headquarters enhance their subsidiaries' commitment to their ideals, aligning the subsidiaries with the MNC's global culture.
- Behaviour control: PCNs influence the means through which an employee can achieve desired outcomes in the context of MNCs, 'focuses on the activities and decision-making processes rather than the end result' (Chang et al., 2009: 78) through clearly defined rules and procedures (Wang et al., 2008: 1255).

- Output control: The control is employed when parent companies can rely on a system to measure the performance of affiliates with reliable and verifiable evidence, without heavily influencing subsidiaries' inner decision-making process and management (Ouchi, 1977, 1979). The control is commonly measured by the subsidiaries' productivity and financial achievements. The control seems less manipulative than behaviour control. It allows subsidiaries to maintain their way of doing things as long as they can achieve the centrally proposed targets.
- Cultural control is an informal internalisation approach to indoctrinate the headquarters' values, beliefs and recognised work routines into subsidiary employees and managers (Jaeger, 1983; Jaeger & Baliga, 1985; Chang et al., 2009). The reason for conducting this type of control is to 'ensure that the norms and values of individual employees at the subsidiary level are congruent with those of the overall MNC (Chang et al., 2009: 79).

The use of PCNs rather than HCNs and TCNs achieve better results in the above basic control frameworks. PCNs may be put forward rather than others to implement input control because of higher communication capabilities and better understandings of corporate values. In terms of behaviour control and output control, PCNs carry their deep understandings of corporate policies/practices and central expectations to local operations and can maintain effective communication to headquarters. For cultural control, PCNs leverage their knowledge of the home country's/industry's culture and specific corporate culture with local operations. HCNs and TCNs may not equally achieve the natural understandings of these parent company issues. The view of management control explains well why PCNs are preferred to HCNs and TCNs in the circumstances where MNCs desire different control types. Management control contributes partly to the rationales of global staffing and answers the questions why PCNs are selected rather than HCNs and TCNs to succeed in overseas positions.

Nevertheless, this view stays at a somewhat centralised headquarters-based view. It limits MNCs' thinking in terms of global staffing options and overlooks the potentials of utilising HCNs and TCNs to achieve other outcomes from different perspectives, such as knowledge management. Knowledge management includes knowledge of outflows and inflows. Knowledge outflows refer to the conventional flow from headquarters to subsidiaries, and 'typically involve the global integration and alignment of best practices and other relevant knowledge across the organisation (Mäkelä & Björkman, 2009)'. On the other hand, knowledge inflows are the reverse direction, and these come from subsidiaries to headquarters. Knowledge outflows proceed whilst MNCs use PCNs to fulfil management control.

Nevertheless, knowledge inflows may become invisible under the perspective of management control. The default setting of control is to actively synchronise subsidiaries with MNC's corporate culture via cultural control, central practices via behaviour control, centralised selection, training via input control, and expected outcome via output control. Under the circumstances, the generic centralised perspective of management control overlooks the importance of knowledge inflows.

HCNs and TCNs may not possess equivalent advantages/assumed competencies as PCNs to ensure the smooth knowledge outflows. However, HCNs and TCNs can complement in other ways accordingly, such as the understanding of local best practices and international management experience, respectively. The aforementioned resource-based view perspective provides a neutral view to resolve the deficient contribution of management control to staffing options. In the resource-based view, it is believed that PCNs, HCNs and TCNs have specific competencies that are essential internal resources to create and maintain companies' competitiveness.

A nationality-based division of employees when considering control mechanism essentially splits the workforce into the category of those who come from the parent country and those who do not. With this division of employees creates an implicit hierarchy in which PCNs are valued high above both TCNs and HCNs. This division of labour acts in conjunction with a narrowly defined set of company goals that, in turn, means that the benefits that are accrued through diverse staffing are ignored because of their functional irrelevance. In this way, we see that control is usually afforded to PCNs because it is assumed that they will be more effective in implementing control techniques that appeal to the headquarters. Since the understandings of PCNs and TCNs are made more explicit through further definitions between the two and the perspective of management control, the knowledge of TCNs as strategic resources will be further distinguished against both PCNs and HCNs via staffing archetypes in the next section.

## **2.4 TCNs in staffing archetypes**

The resource-based view and management control have explained the purpose of dividing international managers into PCNs, HCNs and TCNs. PCNs are to deliver headquarters' expectations to the subsidiaries regarding the input, behaviour, output, cultural control and cultural adaption. HCNs can offer insights into the local market and can put leverage on local business practices. Nevertheless, TCNs' capabilities and knowledge so far are still unclear and remain ambiguous, although TCNs may offer the parallel skills and experience to PCNs and HCNs. TCNs from different bases may have their unique knowledge and capabilities and may have their knowledge stock transferable to PCNs and HCNs. The concept of internal or external recruitment will also be adapted to the entire workforce in order to realise the extent of familiarity with organisation practices. In this way, we see that transferability is an attribute of the skills and knowledge of workers, and those TCN archetypes need to be built according to TCN's transferability.

There are some methods to categorise employee groups' strength, according to nationalities. For instance, Mäkelä & Björkman (2009) create four archetypes of global staffing within MNCs with the factor of internal/external recruitment blended into the staffing options (see Figure 2). The benefits of the matrix not only include that expatriates are considered through the division of 'global' and 'local' but also the fact of whether they are recruited internally or externally. The 'global' and 'local' division corresponds to the ideas above of PCNs' and HCNs' firm-specific and market-specific knowledge, highlighting the particular reasons MNCs require them. The internal and external hires indicate the level of MNCs relying on various employee groups' organisational specific or international knowledge and experience. The matrix is useful, as the first step, to position different employee groups' strength, but the problem is that TCNs are included as part of the 'global' together with PCNs.

	<b>Local</b>	<b>Global</b>
<b>Internal</b>	<b>Local-internal</b>	<b>Global-internal</b>
<b>External</b>	<b>Local-external</b>	<b>Global-external</b>

**Figure 2. Four archetypes of subsidiary staffing within the MNC**

**Source:** Mäkelä and Björkman (2009)

However, the matrix seems to be oversimplified in terms of country of origin. TCNs do not seem to be given much consideration, and TCNs' role is vague and invisible. As previously discussed, TCNs may have two-fold knowledge as close as PCNs' or HCNs' towards the company and the local market respectively, depending on where their socialisation, education, work experience has taken place and the demographical population of the local market. Hence, it is argued



that the revised matrix (see Figure 3) may be in a better position to summarise the archetypes of global staffing within MNCs.

	<b>Local (market knowledge)</b>	<b>Global (company knowledge)</b>
<b>Internally Recruited</b>	<b>HCNs-internal</b>	<b>PCNs-internal</b>
<b>Externally Recruited</b>	<b>TCNs-internal</b>	
<b>Externally Recruited</b>	<b>TCNs-external</b>	
<b>Externally Recruited</b>	<b>HCNs-external</b>	<b>PCNs-external</b>

**Figure 3. Six archetypes of subsidiary staffing within the MNC**

**Source: modified from** Mäkelä & Björkman (2009)

Through Figure 3, the knowledge and capabilities concerning PCNs, HCNs and TCNs are more explicit than in Figure 2. TCNs are independent of PCNs and are not limited to 'global' but can be either 'global' or 'local', depending on their socialisation roots. As a consequence, six-category staffing is formed based on the nationality, socialisation roots and the recruitment methods (the external or the internal). The six categories of employees are believed better to posit TCNs against their PCN and HCN fellows.

Figure 3 shows that TCNs can cross both a regional and global basis to correct the previous misconception that TCNs are part of 'global' in conjunction with PCNs; TCNs' country of origin and where TCNs are socialised, are taken into consideration to justify TCNs' knowledge. Local-based TCNs may have similar

knowledge of the local market as HCNs. Global-based TCNs may be valued by MNCs given their rare skills, better international horizons of management and their adaptabilities as a result of previous employment within a similar industry.

However, the six archetypes of subsidiary staffing may be inefficient in capturing the dynamics of TCNs. For example, local-based TCNs may be easily associated with those employees who live and socialise in the host country, but others who are available from a close region, such as neighbouring countries, may also share some knowledge of the host country. Another example is that globally-based TCNs may contribute to the local market and company knowledge to MNCs when TCNs are re-sent to work in the host country as 'in-patriates'. These archetypes are useful in highlighting the two-fold knowledge of TCNs. As for how TCNs contribute to the two-fold knowledge to MNCs, this may depend on further categorisation on TCNs. TCNs, varying levels of socialisation, may contribute the two-fold knowledge to different degrees. Therefore, TCNs will be divided and categorised to best capture their dynamics in a later section.

Also, the criteria of whether expatriates are selected internally or recruited externally are neglected in most research in the field. This critical point needs further consideration. The criteria help identify the relative knowledge of PCNs, HCNs and TCNs towards firm-specific familiarities, such as organisational culture and firm-specific management know-how. Regardless of country origins, the reasons for selecting internal employees may relate to a high level of subsidiary-specific or MNC-specific knowledge with at least some knowledge towards the MNC and the subsidiary, respectively. Internally selected employees are likely to have a better understanding of the organisation than outsiders who are selected externally although the difference may vary with experience due to the length of time the expatriate has worked in a company.

In contrast, external candidates can bring in experiences from previous employment; and are likely to create new insights coinciding with knowledge of the subsidiary and the MNC or in conflict with it. Compared to managers recruited internally, the lack of socialisation into the corporate structure, nevertheless, may be seen as a disadvantage and also an essential agenda for

theses externally recruited managers to improve on. The concept of socialisation here refers to the exchange of services and information within groups, institutions and individuals. Familiarity with the social structure, or socialisation, is beneficial to those who seek to engage with it. Thus, we see that externally-recruited managers may not be able to immediately benefit from an existing social structure as internally- recruited managers do. The chance for managers to be externally recruited likely increases whilst limitations on the career path may prevent internal employees from taking on overseas assignments (Mäkelä & Björkman, 2009). Built on the six archetypes of subsidiary staffing above, TCNs with three orientations will be introduced in the next section.

## **2.5 TCNs with three orientations**

TCN workforce at both management and non-management positions may involve in different social roots. The socialisation root that differentiates TCN types may be measured for five years on each type of TCNs spent on different working/living destinations. Three orientations of TCNs to HCNs and PCNs can be positioned, according to TCNs' various transferability. The three orientations include (1) central orientation, (2) local orientation and (3) worldwide orientation.

### **2.5.1 TCNs with a central orientation**

These TCNs may be 'inpatriates' (Harvey, Speier & Novecevic, 2001), including the so-called 'Expatriates of Host Country Origins (Thite, Srinivasan, Harvey, *et al.*, 2009)' as well as externally recruited TCNs from the home country. There is a growing trend focusing on inpatriation (Harvey, Speier & Novecevic, 2001; Thite, Srinivasan, Harvey, *et al.*, 2009). According to (Harvey, Speier & Novecevic,

2001), inpatriates are the host-country and third-country nationals. The individuals with the host-country origin are defined as Expatriates of Host Country Origins or EHCO (Thite, Srinivasan, Harvey, *et al.*, 2009). They come to work at the headquarters, whereby the process of inpatriation takes place. As Harvey (2001: 900) comments:

*'Inpatriation is a formalized process of transferring and/or hiring HCN/TCN managers into the parent organization of an MNC on a semi-permanent-to-permanent basis. Inpatriates can provide a unique global frame of reference regarding the development of HRM strategy given their intimate knowledge of subsidiary operations, markets and culture while at the same time having been socialized into the culture of the parent organization'*

The inpatriates provide the headquarters with insights in the foreign market and culture. Consistent with the view of Thite, Srinivasan, Harvey, *et al.* (2009), inpatriates are regarded as an efficient alternative source of labour in global staffing, given that: (1) they provide unique insights of conducting business; (2) they can manage an effective communication network. They are ideal candidates for expatriate assignments, given their understanding in both the central procedures and practices and the host market. Other kinds of the home country based TCNs may include a workforce that has been socialised in the home country and have been externally hired by MNCs for overseas assignments. They may have citizenship in the host country and obtain a work permit in the home country. The benefits of utilising these TCNs may refer to their understanding of the home country/organisational culture and language to various degrees. These benefits are similar to some of the reasons for using PCNs to the host subsidiary. It seems that Central-orientated TCNs can contribute their understanding of home country culture, MNCs' working procedures, global strategies towards the host subsidiary and as well as PCNs.

## 2.5.2 TCNs with a local orientation

TCNs with a local orientation can include TCNs who have deep social roots in the host country or near regions where share a similar norm of culture, i.e. languages and religions. First, TCNs, who have deep social roots in the host country, may best understand local market/culture among all kinds of TCNs. The social roots can grow through education, work and residing experience. Moreover, if applicable, in the local market consisting of a disproportionate foreign population and diverse customers, the host country-specific knowledge of the Local-orientated TCNs may be equivalent to HCNs. However, the above understanding varies with where they fit within the labour market. When working-class are taken into account, their relatively cheap labour may be most valued than other skills. For instance, blue-collar construction workers working with other Indian, knowledge of Arabic language and culture might not be needed. Building upon the points mentioned above, it would be judicious to highlight the fact that the Local-orientated TCNs have similar capabilities and knowledge to HCNs regarding the local market and institutions.

Second, there have been studies shedding light on this particular use of TCNs who come from the country in either geographical or cultural regions close to subsidiaries (Schuler and Dowling, 1993). Although the broad concept has been generalised that TCNs are utilised based on competence, and regardless of nationality origins, it seems that it would be meaningful when these expatriates are from a close region for a few benefits, such as the familiarity with the culture. This type of TCNS is conceptualised as Local-orientated TCNs. Local-orientated TCNs may be moved by MNCs or move themselves from a country within a similar cultural/economic zone. For example, TCNs from Saudi Arabia work in Qatar within the Gulf Council Cooperation. In this case, TCNs, mainly TCN expatriates as white-collar workforce, are equipped with the transferable knowledge of the local culture and market. According to Schuler and Dowling (1993), experienced managers from third countries have the required skills to conduct subsidiary operations, often succeeding the opportunities to shoulder

the regional management responsibilities. Within the geography-related or culture-related regions, these TCNs may be internally transferred from other overseas subsidiaries or other companies through external selection.

On the other hand, TCNs may also be from a country within a close geographical region as migrant workers to a close country offering higher wages and salaries. For instance, TCNs from brotherhood oil-import-export Arab countries, such as Egypt, work in the oil-export Arab countries. Those low skilled workers or high/semi-skilled workers for both non-management and management positions may also benefit MNCs with their cheaper labour than locals. To sum up, it seems that Local-orientated TCNs may benefit MNCs in two perspectives; they contribute their similar understanding of the host culture and market as HCNs due to their geography-close and cultural-close country origins or benefit MNCs with their cheaper labour.

### **2.5.3 TCNs with a worldwide orientation**

TCNs with a worldwide orientation are who neither come from nor socialise in the home and the host country. These Worldwide-orientated TCNs can offer knowledge- or labour-prone qualities that MNCs require at possibly lower costs to PCNs and HCNs; hence two types of worldwide TCNs. First of all, the knowledge-prone worldwide TCNs may be recruited due to their high or rare competencies, which may not easily be found among PCNs and HCNs or, even so, at relatively low costs compared to the rate of PCNs and HCNs. These TCNs may be well educated from developing countries, such as China, Malaysia and India. These migrant workers come over to the host country on their own resources for comparably better working condition and higher salaries. Although these Worldwide-based TCNs may satisfy MNCs' needs of scarce skills and knowledge or help save MNCs' costs from using alternative workers, these TCNs may lack the understanding of host country market and culture and the headquarters' organisational culture and procedures because their socialisation roots are not

based in both home and host countries.

On the other hand, MNCs may only require cheap labour from the labour-prone worldwide-based TCNs, although these TCNs may have more skills and knowledge to offer than what the current work requires. These Worldwide-orientated TCNs may be semi-skilled or skilled workers for lower-level jobs. Together with low-skilled worldwide TCNs, their labour is subject to be exploited by MNCs. Similar to the Local-orientated TCNs and the above knowledge-driven worldwide TCNs, these migrant workers come from a country with poorer economies than the host country for a better living condition and higher salaries. The difference is that these worldwide TCNs may be seen at the low hierarchy organisational level, working as administrative assistants for instance or working at labour intensive sites, such as construction and manufacturing sites. Above all, it seems that Worldwide-orientated TCNs may be employed in a situation when they provide scarce skills and knowledge or they could provide MNCs with these skills required at lower costs than PCNs' and HCNs'. In contrast, they can also be valued by MNCs regarding their cheap labour.

Above all, the status of TCNs in relation to PCNs and HCNs has been analysed through the conceptualised staffing archetypes. Next, to what extent TCNs, HCNs and PCNs are involved with the three traditional staffing strategies, namely the ethnocentric, the polycentric and the geocentric staffing strategy, will be introduced in the next section.

## **2.6 Compositions of PCNs, HCNs and TCNs as staffing strategies**

The discussion of global staffing traditionally remains between PCNs and HCNs with much less attention to the TCNs. Besides, an integrated manner is

overlooked, whilst the expatriate cycle of PCNs continue to be independently explored (Bonache & Brewster, 2001). It is acknowledged that the staffing composition is in need to be differentiated with various sources as this will contribute to financial performance or organisational effectiveness (Gong, 2003; Mäkelä & Björkman, 2009). Schuler & Budhwar (2002) note that staffing policies are to strengthen linkages between the headquarters and their subsidiaries for MNCs to achieve global competitiveness, flexibilities and learning from the knowledge transfer. The composition of staffing will balance MNCs' needs of control and coordination and the balance of autonomy (some discretion and local decision making) through the worldwide expertise of PCNs, HCNs and TCNs (Schuler & Dowling, 1993; Schuler & Budhwar, 2002; Tarique & Schuler, 2008). Traditional staffing strategies have placed a focus on the proportioned use of PCNs, HCNs and TCNs to achieve MNCs' desired outcome. Borrowed from Colakoglu, Tarique and Caligiuri (2009), depending on the compositions of PCNs, HCNs, and TCNs, global staffing includes three sets of strategies, namely ethnocentric, polycentric, geocentric strategies, which will be introduced as follows.

### **2.6.1 Ethnocentric staffing strategy**

In an ethnocentric approach, the critical position of a subsidiary is occupied by PCNs while HCNs and TCNs are kept at a relatively low ratio. The vital overseas positions are filled with managers assigned from the home country as little autonomy is given to foreign subsidiaries (Isidor & Schwens, 2011). The purpose of this approach is to maximise MNCs' control and coordination. PCNs' strength and knowledge, such as the understanding of organisational culture, organisational routines and procedures, help maximise this strategy. In the strategy, MNCs use PCNs as the majority to achieve optimal control. The control in Harzing (2002)'s norms include two dimensions: (1) the duplication of headquarters' policies and practices and the centralisation of a decision-making process; (2) the socialisation of HCNs in order to develop informal



communication network around and within MNCs.

As a consequence, expatriates are expected to be like 'the bear (formal direct control)', 'the bumble-bee (socialisation)' and 'the spider (informal communication)' (Harzing, 2002). The term, 'expatriates', seems not to be defined concerning employee groups specifically. However, given the focus on control and coordination in this strategy, such as impersonal control (behaviour and output control) and the personal control (cultural control) (Harzing, 1999; 2000), PCNs as previously discussed and specified tend to be the best candidates to conduct these particular tasks. Also, approximately 70% of expatriates are PCNs (Global, 1999). Nevertheless, it is increasingly noted that alternative types of expatriates have accordingly used this strategy, such as 'expatriates of host country origins (EHCOs)' or 'inpatriates (Harvey, Speier & Novecevic, 2001)' as aforementioned. They are also expected to achieve the goal of control and coordination while more effectively connecting to the host country market.

In the ethnocentric strategy, TCNs and HCNs are the minority, in contrast to PCNs, but their roles in this strategy are not clear. They may act as a complement to PCNs to be compromised on the control at some subsidiaries in different countries to increase local responsiveness accordingly. They may also assist in the same job function as PCNs, providing that they have been long socialised in the home country, in which the MNCs' headquarters are based. Failing that, they may be given crystal clear procedures to follow regarding the centralised procedures and policies. Above all, the initiative of adopting this strategy is to enhance MNCs' global integration through tangible and intangible centralised control and developing informal communication networks.

The potential problems of using this strategy lie in the lack of motivation of host country employees given the glass ceiling to their career path (Gong, 2003; Thite, Srinivasan, Harvey, *et al.*, 2009). As PCNs dominate the advanced positions in subsidiaries, local employees in the middle or lower management positions are generally limited to promotion of a higher position; hence, they would be less motivated and subsequently, this situation may negatively impact on subsidiary performance (Sekiguchi, Bebenroth & Li, 2011). This idea is especially true with

Japanese expatriates as top management in a subsidiary because they tend to work for the same employee for a prolonged period, which hugely decreases the opportunities for local employees being promoted to a higher level (ibid.).

### 2.6.2 Polycentric staffing strategy

In contrast to the ethnocentric strategy, the polycentric strategy shifts the initiative of centralised control to local responsiveness. The polycentric orientation enables MNCs to consider a subsidiary as 'independent national entities, and autonomy is granted to a great extent (Isidor & Schwens, 2011: 2170) '. HCNs, therefore, manage the subsidiaries and the transfer of PCNs to the subsidiaries is not intended. There are a few reasons why MNCs adopt this strategy rather than others; this can be explained by the pull and push forces. From the pull point of view, HCN managers are widely available in a host country labour market, where the subsidiaries are, with the required skill sets, knowledge and experience (Isidor & Schwens, 2011; Belderbos, 2003). MNCs may rely on HCNs' generic knowledge stock and capabilities, including local market insights, understanding of local culture, and the way of doing business.

From a push perspective, PCNs are generally reluctant to accept the expatriate assignments due to family commitments, adopt a not-invest-here-syndrome and so on. The supply of PCN expatriates especially falls when the overseas assignments are located in the emerging market (Isidor & Schwens, 2011). Moreover, through utilising qualified HCNs, the possibilities of expatriate failure are prevented, and MNCs' personnel costs can be reduced as the expenses of sending and maintaining PCNs overseas are very costly (Collings & Scullion, 2009; Collings, Scullion & Morley, 2007). As a result of the above factors, the chance of PCNs being assigned is decreased, which, therefore, naturally pushes MNCs away from PCNs-led staffing strategies to other alternatives, including this polycentric strategy and the geocentric strategy that will be discussed in the next paragraph.

### 2.6.3 Geocentric staffing strategy

For the geocentric strategy, task-related competencies are given priority regardless of nationality origins (Isidor & Schwens, 2011). When MNCs have been highly globalised and integrated worldwide, the staffing considerations for key positions emphasise on the competencies of employees rather than their national origins (Isidor & Schwens, 2011). When MNCs become globalised, their overseas operations are grown, and thus, their opportunity of learning increases between subsidiaries and headquarters. When becoming integrated, a close relationship between the headquarters and overseas operations can be seen; they may depend on each other, in a global chain, to manufacture a product or provide a service. In a globally integrated stage, there will be greater typical use of TCNs (Collings & Scullion, 2009; Harvey, Speier & Novecevic, 2001; Schuler & Dowling, 1993). When the high level of worldwide integration and interdependence is achieved between the headquarters and overseas subsidiaries, the focus turns to the best talent and skilled employees.

TCNs seems to be hugely relied on in this strategy, compared to the above two strategies whilst the focus shifts from either PCNs or HCNs. However, according to the prior literature review, TCNs' knowledge toward headquarters-and host country-related knowledge seem to be positioned between the PCNs-and HCNs in the respective ethnocentric and polycentric strategies. While the merits of the ethnocentric strategy (staffing weighted toward PCNs) has been acknowledged as the best understanding of the MNCs' 'corporate culture concerning its goals, objectives and policies', the polycentric strategy (staffing weighted toward HCNs) provides the optimal insights of 'the cultural, economic, political and legal environment of the host country (Tarique, Schuler & Gong, 2006: 211)'. It seems that the linkage between TCNs' knowledge and the geocentric strategy seems to be weak, as TCNs may be chosen, given the best talent rather than their nationalities.

To what extent a geocentric staffing strategy benefits from the types of TCNs remains less explored. There are two issues regarding the reliance of TCNs in a

staffing strategy. First, the nature of the nationality-based division by a classic staffing strategy does not capture the possibilities of using TCNs' transferability to PCNs and HCNs. In other words, TCNs are regarded as an entity. As aforementioned, various types of TCNs may provide similar knowledge and capabilities to the positions of PCNs and HCNs in the above classic staffing strategies. The different types of TCNs benefit MNCs with their distinctive advantages. For example, Central-orientated TCNs may not only help familiarise the headquarters with the host environment but may also be able to leverage the MNCs' global strategies and work procedures to the host subsidiaries. Local-orientated TCNs may provide MNCs with their insights into the local market and 'the way of doing things'. Even the geocentric strategy, which most welcomes TCNs among the three strategies, overlooks the discrepancies of TCNs. The geocentric staffing strategy is over generalised and needs to be diversified according to the use of different TCNs; 'one size fits all' is not a tailored answer for explaining MNCs' staffing strategy facing a variety of TCNs.

Second, the original setting of the above strategies target at managerial level. The non-management level is excluded from the discussion of traditional staffing strategies (Harzing, 2004). Within the existing framework, it is difficult to observe TCNs' strategic status in both the management and non-management level. As a consequence, there is a necessity to review staffing strategies by leveraging the strength of various types of TCNs. Filling TCNs to all levels, including both management and non-management, may be a strategic staffing technique. The benefits of doing so may include the exploitation of TCNs' transferability to PCNs and HCNs, the allocation of rare knowledge and the increase in MNCs' labour pool, for instance. Above all, the three types of TCNs in different organisational level can be more desired than PCNs and HCNs to enable MNCs to achieve various outcomes desired by the traditional staffing strategies.

The section has elaborated what traditional staffing strategies have and have not made clear. The traditional staffing strategy has explained the reason why MNCs use one leading employee group rather than others to form a staffing strategy to achieve their desired outcomes. The section also explains the circumstances that

TCNs may play a vital role in each staffing strategy according to various transferability belonging to four types of TCNs. However, two weaknesses have been observed in the existing staffing strategic framework. First, the possible use of alternative TCNs, who may provide similar strength to PCNs' and HCNs', have not been considered. Second, TCNs are regarded as an entity without variations at all, which undermine the TCNs' transferability. Afterwards, it is argued that filling TCNs, depending on what kind of transferability is required, in different levels within an MNC may be a technique that helps achieve desired outcomes of each traditional strategy.

However, how MNCs manage and compose PCNs, HCNs and TCNs in a chosen staffing strategy can also be subject to the manager's personal interest and discretion, i.e. micro-politics. Next, the factor of micro-politics in the subsidiary level, impacting on the formation of staffing strategies, will be analysed in the following section. The stream of literature may help analyse how subsidiaries may impact on staffing strategies. Decision-makers in the subsidiary level may also be given discretion on the intake of employees. The subsidiary may not only make a rational decision prioritising MNCs' benefits but may accord to individual interest. Should a subsidiary intend to satisfy individual interests rather the organisation's, the literature of micro-politics is related, suggesting various situations when why a subsidiary may oppose to the interest of the MNCs. Therefore; micro-politics will be discussed in the following section.

## **2.7 Micro-politics**

Micro-politics relate to a situation when employees in a subsidiary attempt to influence how central policies and practices are operated for their benefits. Edwards & Kuruvilla (2005) indicates that internal politics may help shape or manipulate existing practices. Levy (2008: 957) notes that 'actors develop a consciousness of their identities and interests and forge strategies to mobilise resources, build alliances, and frame issues in particular ways'. Effective actions

by internally political actors may be empowered by various kinds of sources, such as, 'micro-political bargaining power', 'systemic power', 'resource dependency power' and 'institutional power' (Dörrenbächer & Gammelgaard, 2011).

First, 'micro-political bargaining power' depends on subsidiaries' initiatives to manipulate information, such as 'issue selling'. Second, 'systemic power' enables subsidiaries to take advantage of their crucial position in MNCs' value chain; for instance, MNCs may lose their supply chain on given subsidiaries as irresponsible joint forces. Third, as a result of 'resource dependency power', subsidiaries may abuse their discretion and autonomy when holding difficultly irreplaceable and location-specific resources, such as market access and business network. Last, subsidiaries exploit 'institutional power' with their host country-specific knowledge and setting, including law and regulation.

Edwards and Kuruvilla (2005) suggest that the internal dynamics created by the interactions between the MNCs' critical players at various levels and the institutional forces are ignored in the previous literature. The three employee groups, namely shop-floor employees, local managers, managers at headquarters, have been both theoretically and empirically identified as significant players creating heterogeneity within MNCs' global practices (Edwards & Kuruvilla, 2005). First, shop-floor workers take advantage of management's incomplete control over their relations with suppliers, technology and flaws in monitoring the compliance of policies and practices due to difficulties and costs. Second, local managers 'may also look to block some corporate initiatives where they see these as eroding their influence or as clashing with the local system'. Last, headquarters' management may legitimise an extra global practice to enjoy the extension of their authority and influence.

From the perspectives of micro-politics, the key actors in a subsidiary may impact on the staffing strategy, and the extent may be positively related to various bargaining powers one subsidiary has. Although MNCs execute standard global policy worldwide, there may be still some flexibility depending on

individual subsidiary's discretion to adapt to the policy. The level of discretion one subsidiary obtains may be relevant to the four types of bargaining powers above. The more substantial bargaining power one subsidiary has, the higher discretion the subsidiary may utilise to intervene in the central policy. Furthermore, individuals in a subsidiary may oppose to central policy for various reasons based on their interests. For example, TCN managers of one nationality may prefer recruiting employees of the same nationality, which is opposed to MNCs' global employ equality policy and does not necessarily lead to a good result for the organisation. Reynolds (1997) raises an example that 'when a senior level TCN of a nationality surrounds him or her with many others of the same nationality...It did not take long for the British, Germans, and others to undermine the managing director's authority'.

To sum up, the perspective of micro-politics suggests that key actors at both management and non-management level also may prioritise their interest before MNCs', which may be amplified by subsidiary bargaining powers. Subsequently, these actors in the subsidiary level may influence the staffing strategy, according to their interests. After elaborating on the crucial factor of micro-politics in the subsidiary level, organisational typologies as an essential factor impacting on expatriate management in the organisation level will be discussed in the following section.

## **2.8 Organisation typologies**

A linkage between organisational typologies and MNCs' global staffing strategies has been identified in the IHRM literature. Staffing practices and policies should vary distinctively with multi-domestic firms or firms that globally integrate into different levels (Collings & Scullion, 2009; Scullion & Paauwe, 2004). Organisational typology is a classification according to general types of organisations, (Bartlett & Ghoshal, 2002), which help predict corporate practices, including staffing practices. Bartlett & Ghoshal (2002) suggest four

kinds of organisational typologies, including global, multi-domestic, and transnational typologies. Generally speaking, while the global and the transnational typology pursue their shared goal of achieving cost efficiencies; the multi-national strategy promotes local responsiveness. Scullion (2006) has predicted staffing strategies according to different organisational typologies, which will be summarised and evaluated below.

### **2.8.1 Global typology**

Global typology captures the advantages of economic scale and scope through highly global integrated subsidiary operations as well as the central innovations of product and processes to reduce costs (Bartlett & Ghoshal, 2002). A high level of control may occur due to the need of global integration between headquarters and subsidiaries; robust centralised control mechanism is likely to be observed with the global typology because subsidiaries rely on high input from headquarters. The ethnocentric strategy is preferred by the MNCs adopting the global typology, given that PCNs share similar perspectives with MNCs and value MNCs' strategy ad priority (Tseng & Liao, 2009).

### **2.8.2 Multi-domestic typology**

On the other hand, the purpose of multi-domestic typology emphasises on the local needs, such as local customer preferences and institutional requirements (Bartlett & Ghoshal, 2002; Luo, 2001; Tseng & Liao, 2009). A higher level of discretion and autonomy could be given to local subsidiaries from MNCs following a multi-domestic typology. The reason is that these subsidiaries are less dependent on their headquarters due to localisation and that the pressure driven by the need for global integration is not as high as global typology, as



mentioned above. As a consequence, the polycentric staffing strategy seems to be adopted by MNCs pursuing the multi-domestic typology, which takes advantages of HCNs' knowledge stock and capabilities.

### **2.8.3 The transnational typology**

Transnational typology is pursued to strike the balance of centralised control and local responsiveness (Bartlett & Ghoshal, 2002). It is proposed that a geocentric staffing strategy caters to these requirements of this typology. Inpatriates, who have been socialised at headquarters and understand the local environment due to their country of origin, maybe the best candidates used in the geocentric strategy. Accordingly, other types of TCNs may contribute less than the inpatriates but still are key players helping MNCs proceed with the transitional strategy because of their relatively significant strength in combined knowledge of the central and local perspectives than PCNs and HCNs. For example, MNCs may rely on Local-orientated TCNs, providing that they understand the central policies and practices through being socialised in the regional headquarters and have some parallel knowledge in the host country environment given their origins in the same cultural zones.

### **2.8.4 Linking staffing strategy with the nationality of the staff**

There is no clear-cut strategy fixed for different MNC typologies (Harzing, 2000). Leong and Tan (1993) empirically test the Bartlett and Ghoshal (1989) organisational typologies with the study of 131 MNC senior executives. They evaluated these MNCs' diffusion of knowledge, worldwide subsidiaries' roles and configurations of assets and capabilities concerning the different typologies these senior executives claimed. They found that results only offer only partial supports for Bartlett and Ghoshal's global and multi-domestic typologies whilst the authors' hypothesised practices associated with transnational and

international typologies are relatively weakly supported. There is no distinct hypothesised practice between international and transnational typologies, as Bartlett and Ghoshal (2002) predicted. It seems rather deterministic to assume one MNC typology must adopt a specific staffing strategy.

Consequently, it is more than reasonable to leave a space for tolerating possibilities of hybrid strategies or alternative strategies after MNCs are distinguished according to different organisation typologies. Hybrid or alternative strategies still possibly happen as outcomes linking to different organisational typologies. It is more likely that a two-side weighted scale, that is, one side with global efficiency and the other with local responsiveness, determines the staffing strategies MNCs would use under different typologies (e.g. Ghoshal & Nohria, 1993; Roth & Morrison, 1990). Moreover, MNCs would look for integration and coordination between the two sides rather than maintaining one and abandoning the other.

Following the prior logic, one staffing strategy may be fixed as a necessary outcome for one specific organisational typology. Global typology may not use the most PCN expatriates, and multi-domestic typology may be not associated with the generous use of locals whilst transnational typology does not necessarily achieve a balance between the previous two typologies. It is argued that there is a possibility of using hybrid or alternative staffing strategies in relation to how TCNs' transferability may take place in an individual staffing strategy. It seems that the diverse types of TCNs may impact on MNCs' staffing strategies, distracting the equation between organisational typologies and conventionally corresponded staffing strategies. Examples are demonstrated as follows.

First, with global typology, inpatriates may be used as alternatives to PCNs in the earlier stage of MNCs' global integration (Collings & Scullion, 2009) when a global strategy is pursued. The reason is that inpatriates' knowledge of central procedures is as strong as PCNs (Harvey, Speier & Novecevic, 2001). Higher demand in integration between headquarters and subsidiaries requires a higher

amount of control in return for higher internal consistency (Collings, Scullion & Morley, 2007; Tarique, Schuler & Gong, 2006)). As traditionally and consistently discussed in the literature, PCNs may be used to maximise the result of control. Inpatriates, on the other hand, have also been acknowledged that they share the PCNs' strength at the control perspective (Collings & Scullion, 2009; Harvey, Speier & Novecevic, 2001) and are used to serve the same purpose as the ethnocentric strategy. The reliance on inpatriates indicates the possibility of the replacement of the geocentric strategy to the ethnocentric strategy; thus, MNCs may have adopted the geocentric staffing strategy, although they are under the global typology.

Second, through multi-domestic typology, Local-orientated TCNs may have similar or more vital knowledge and abilities that are better adapted in the local business environment, where foreigners and migrants dominate the main demographical population. In other words, the TCNs-led geocentric staffing strategy may be an alternative staffing approach to the default polycentric staffing strategy, adopted by the MNCs that pursue a multi-domestic strategy. However, the staffing choice over either TCNs-led geocentric staffing strategy or polycentric staffing strategy depends on the composition of the population in the host country environment. For instance, Dubai has TCNs significantly outnumber HCNs; therefore, the local customers are much more international than domestic. The pursuit of the polycentric staffing strategy seems pointless when employing HCNs to attend an internal than a local business.

Last, due to the necessity of using TCNs, the geocentric strategy develops naturally in a subsidiary, although its headquarters adapt to another organisational typology rather than transnational typology. For instance, although an MNC, adopting a global typology, prefers the use of PCNs, it may use more Central-orientated TCNs than PCNs in an overseas subsidiary, in which limited PCNs are willing to take the assignment, and qualified TCNs equivalent to PCNs are widely available. As a result, the use of more TCNs than PCNs may inevitably shift MNCs' staffing choice from the PCNs-led ethnocentric strategy to the TCNs-led geocentric strategy.

With previous examples, different types of TCNs may replace PCNs and HCNs' positions in original staffing strategy given (1) various transferability offered by different types of TCNs and (2) the necessity of employing TCNs. Each organisational typology, e.g. the global or multi-domestic typology, has its preference in using PCNs or HCNs but the staffing choice may change when PCNs and HCNs can be substituted by TCNs given their similar abilities and necessity. As a result, although MNCs' staffing strategy may be influenced by organisational typology, it may also be moderated by TCNs' transferability and necessity. Above all, it has been demonstrated how MNCs may adopt different staffing strategies to suit their overall business goal.

## **2.9 Dominant effects**

Ferner, Edwards and Tempel (2012) argue that empowered by the features of 'dominance effects' and 'rule-makers', MNCs are capable of shaping institutional settings at a national level. Dominant effects enable MNCs to shape the host institutions (Ferner, Edwards & Tempel, 2012). Dominant effects are measured by a country's economic status. The stronger a country's economy is, the more likely that its HQs' practices are adopted rather than adapted in a subsidiary in a relatively weak economy (Smith & Meiksins, 1995; Almond et al., 2005). For instance, American MNCs seem to be confident in adapting their centralised practices in different countries. The concept of 'dominance effects' helps MNCs' practices from home transfer smoothly when MNCs (1) are initially from leading economies, (2) take the lead in their sector, and (3) benefit from corporate reputation.

In addition, MNCs may be 'rule-makers'; they are not only passively influenced by host institutions, but they also effectively shape the host institutional setting. Institutional theory, which will be reviewed below, undermines the possibility that MNCs' power may over-rule host country institutions (Ferner, Edwards & Tempel, 2012). Regarding macro-politics, MNCs may over-rule host country

practices given the advantage of their leading economies. Theoretically speaking, MNCs from leading economies, such as American MNCs, intend to be more confident in adapting home country practices and policies worldwide. This may make powerful MNCs' staffing practices free from the constraints of the coercive isomorphism (the regulatory pressure). For instance, powerful MNCs manipulate their environmental setting by executing pressure on host governments or exploiting the ambiguities and weaknesses in the formal host institutions, including advantages taken in the periods of national host turmoil. In short, firms may have fewer constraints imposed by the host environment than the extents neo-institutional theory suggests.

Drawing from this perspective, the way powerful MNCs staff subsidiaries may not necessarily follow regulations and behave in the cognitive environment. When MNCs are from a relatively more robust economy than the host country, they may be capable of manipulating the politics at a national level and of gaining external legitimacy regarding staffing becomes less meaningful and irrelevant. Instead, MNCs have a more flexible approach towards global staffing based on their 'best practices' and interests rather than passively following the host country's policies and regulations. The 'best practices' is the IHRM practices and policies MNCs believe and utilise to achieve better results. The headquarters may impose a system they often use worldwide on the focal subsidiary. In short, when MNCs are from a leading economy and are an active actor in manipulating host country's politics, their staffing approach may not be limited to cognitive isomorphism as neo-institutional theory suggests. Having explained factors in both the subsidiary and headquarter levels, in the next section, an attempt will be made to capture the impacts from the host Emirate/country, on which a subsidiary is based, through the perspective of institutional theory.

## 2.10 Institutional theory

Institutional theory applied to international business argues that the host institutions influence MNCs' staffing strategies because staffing is part of human resource management that needs to be locally embedded to keep MNCs maintain external legitimacy, understand the social value and local organisational culture to survive in the host country. The theory helps explain how the relevant environments in the host country possible interact with MNCs' decision-making process, policies and practices. Rosenzweig (1994) uses the concept of formal and informal institutions to elaborate environmental complexity, that is, institutional factors impacting on MNCs' behaviour. Formal institutions include laws, regulations and rules while informal institutions refer to norms, culture and ethics. However, the notion of environmental complexity only with simple formal and informal divisions might not be able to explain comprehensively the majority of complex issues happening in the host country context. For instance, these issues incorporate the government's demands and the influences of local and international non-governmental organisations, regulatory structure, laws and social norms and values (Scott & Meyer, 1983). As a result, old and neo-institutional theory have been developed to explain what factors and pressures in the host country environment may impose constraints on, or help modify, MNCs' practices in foreign subsidiaries. Classic institutional theory and its impact on staffing strategies will be discussed first, followed by neo-institutional theory and its association with staffing approaches. Finally, the theories reflecting the limitations of institutional theory will be emphasised in relation to the global staffing perspective.

### 2.10.1 Classic institutional theory

So-called 'Classic' institutional theory helps capture the dynamics of local environmental complexity via a three-pillar framework. According to Scott, (1995), the framework of institutional environments is constructed by three pillars that are a regulatory environment, normative environment and cognitive environment. The regulatory environment, following Rosenzweig and Nohria (1994)'s concept of 'formal institution', incorporates the visible mechanisms that maintain a country's stability and social order, such as law, regulations and governmental policies. Labour law in a nation, for example, is one of many highly relevant elements formulating MNCs' HRM in the host country. The normative environment is established by systems that illustrate how the individuals in a given country hold values and norms. Scott (1995: 37) puts it as 'a prescriptive, evaluative, and obligatory dimension into social life'. The perspective of normative environment indicates the importance of gaining legitimacy from individuals in an institution through following these individuals' rules and practices. This is a method to gain internal legitimacy from employees within a firm, based on the appropriate level of 'the way of doing things'. According to Scott (1995:40), the cognitive environment means 'the nature of reality and the frames through which meaning is made'. The cognitive environment associates with external legitimacy outside an institution and from society. MNCs would have to recognise established social value in host countries and act accordingly in exchange for the acceptance of society. MNCs' staffing strategies are positively associated with the local institutional environment. The following paragraphs will introduce the impacts of the above three environments on staffing strategies.

#### *The regulatory environment*

First, the staffing composition in a subsidiary may have to match the local regulation to gain external legitimacy. For example, in a country, where the

government encourages MNCs to recruit their citizens, the restrictions may be imposed on the MNCs' recruitment of non-nationals. Governmental policies and labour laws may favour their citizens in terms of job priorities. In this sense, MNCs' initiatives of using TCNs or PCNs may be reduced as the main staffing compositions in subsidiaries. The polycentric strategy may be preferred by MNCs in order to sustain a host country, where it imposes high restrictions on employees of other country and origins, whereas the geocentric strategy is less encouraged. Nevertheless, MNCs may not necessarily passively follow regulations and sometimes might rule over the regime for a staffing approach best presenting MNCs' interests as the factor of macro-politics discussed previously.

#### *The cognitive environment*

The cognitive environment in the host country provides a framework of how MNCs may behave in order to gain social acceptance. Apart from the general public, there are important stakeholders, such as suppliers and trade unions who have a direct or indirect influence in operations and performance of local subsidiaries. Utilising HCNs as main staffing composition may benefit from their knowledge stock in using local ways of doing business with these stakeholders to enhance efficiency and decrease potential conflicts. Once again, this statement might be only appreciated in a society, where the nationals are the majority, and the nationals present the major stakeholders. In some regions, such as oil export countries in the Middle East, migrants make up the primary workforce, and they may be the key stakeholders MNCs deal with rather than the host country nationals.

Consequently, a polycentric strategy may not be as effective as a geocentric strategy, whereby MNCs are able to extract the candidates from a diverse talent pool and rely on their international experience. However, it is worth noting that although these migrants may be the main demographic population, they may not necessarily be active in expressing their opinions. Due to the issues of language



and unfamiliarity with the host country legal system, most migrants are isolated in the host society and are not fully aware of their labour rights. Even if migrant workers are, they may be not willing to react and say nothing to keep their jobs. MNCs might view this as a way of easing their pressure to seek legitimacy in the cognitive environment.

Furthermore, how the host country society perceives the jobs titles may also impact on the MNCs' staffing decision. In a country, where the public sector is generously subsidised by the government, the benefits received as a civil servant may be better than the private sector can offer in terms of higher salary rates, longer holidays etc. The larger the discrepancies in salary and bonus packages between the public and private sector, the more critical this issue can be. As a result, the availability of the HCNs in such kind of country may be limited, and retaining the existing HCNs may be problematic. The host country citizens who obtain skills and knowledge MNCs require may either wait for vacancies with the public sector or leave the private sector jobs whenever public sector jobs become available. The concerns for a limited talent pool of HCNs and higher turnover rate of HCNs as top management may force MNCs to leave the polycentric staffing approach for others. This issue may be context-specific and can be only observed in some countries.

#### *The normative environment*

Last, to gain internal legitimacy in the local subsidiary, MNCs may find the background of top management may have specific effects on managing local employees. According to the perspective of managing diversity, the same nationality or the similar ethnicity and race may reduce conflict and enhance communication (Bassett-Jones, 2005; Knight, Pearce, Smith, et al., 1999; Milliken, 1996). It seems that a polycentric staffing strategy to cater to benefit. As the polycentric strategy uses HCNs to fill the critical positions in subsidiaries, the discrepancies of the country of origins, race and ethnicity between top management and local employees are presumably minimised. However, the

argument may not work effectively in a subsidiary, in which the main employee composition consists of a rather minority of the local workforce. The fact is likely to be observed in a country where migrants make up the majority of its demographic population and labour market. When the majority of employees is made up of migrant workers and TCN expatriates, it is uncertain whether HCN managers are more effective than TCN managers in managing diverse local employees. This is because TCN managers may have more understanding and be closer to these 'local' employees than HCNs; these TCNs as top managers may speak the language and have their communication style diversified to these foreign workers. In this aspect, a geocentric strategy may ideally cater to the need for staffing such kind of subsidiaries. It is unclear whether the geocentric staffing strategy rather than the polycentric strategy may be a better choice to gain internal legitimacy within the subsidiary and to make MNCs sustain in the normative environment. However, in a subsidiary consisting of the majority of foreign workers, to sustain in the host country normative environment, the geocentric staffing strategy or a hybrid staffing strategy is believed to be an ideal option.

The classic institutional theory above is, nevertheless, followed and complemented by neo-institutional theory. Neo-institutional theory suggests three kinds of isomorphic pressures, namely coercive, mimetic and normative pressures. The pressure of the coercive isomorphism is generated by the host government policies and regulations to synchronise staffing strategies. The other two pressures causing homogeneous practices, the mimetic and normative isomorphism, are caused by rival MNCs' staffing practices and the expectation of the same profession. The neo-institutional theory adds new aspects that are exclusive from classic institutional theory, namely mimetic and normative isomorphism, although both the theories share their view on the importance of the regulatory environment. The neo-institutional theory is to be introduced as follows.

## 2.10.2 Neo-institutional theory

The neo-institutional theory focuses on the effects of 'isomorphism'. DiMaggio and Powell (1983:149) define isomorphism as 'a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions'. 'The same set of environmental conditions', they mention, refers to coercive, mimetic and normative isomorphic processes. In other words, firms within the same industry or business share similarities in adopting certain practices due to external and internal pressures. The three types of isomorphism are as follows.

(1) The coercive isomorphism is impacted by regulatory and political pressures. MNCs' practices are shaped accordingly to the host country's legal requirements and governmental policy. (2) The mimetic isomorphism is a pressure facing imitation of competitors' practices in order to reduce MNCs' foreignness in an uncertain environment. (3) The normative isomorphism is an internal pressure caused by the management in the same profession within an MNC, which helps define management control (Paauwe & Boselie, 2005). Subsequently, the managerial value and ideology about the ideal way of managing their employees lead to homogeneity in their practices.

Drawing from neo-institutional theory, it is likely that global staffing strategies may be under the pressure of the three isomorphisms. First, similarly to the regulatory environment constructed by the classic institutional theory, coercive isomorphism emphasises the fact that the staffing strategy must be formed with the consideration on the regulations and the legal system in the host country. Second, the mimetic isomorphism suggests that MNCs will imitate their competitors' staffing approach to fill critical positions of subsidiaries in the same host country. Last, according to the normative isomorphism, the preferences to the use of PCNs, HCNs and TCNs may vary with different departments and hierarchical organisational level (according to dominant professions) in MNCs. The neo-institutional theory provides a fundamental ground, which elaborates to

what extent the staffing strategies may vary with the host country institutional pressures. As a result, the host institutional environments complicate MNCs choices of staffing; inequality in staffing may be observed in the relevant IHRM policy and practices in a subsidiary. For example, rather than following the rationale of creating competitiveness as a result of diversity management, MNCs may prefer or prevent some employee groups than the other for a position.

Kostova (2008) holds the strong view that the regulatory environment in the host country is the most dominant factor causing MNCs' homogeneous practices. According to Kostova, Roth & Dacin (2008)'s critique of three isomorphic pressures, the pressure from coercive isomorphism is most effective directing and forming MNCs' practices while the pressures from cognitive and normative institutional environments impact relatively little on MNCs. This is because as long as MNCs play within boundaries of the local legal system (refer to coercive isomorphism), they then have discretion in determining their level of local responsiveness without the constraints of mimetic and normative isomorphism.

Nevertheless, how effective laws are implemented within the local context may mediate this view. It is also dependent on how 'open' the host business systems are to determine the degree of management style; how innovative home country-based practices are related to national regulation (Almond, Edwards & Colling, 2005). In other words, home practices and policies may be adapted to a more considerable degree in a less regulated business environment, and vice versa. Although Kostova (2008) intends to challenge the traditional theoretical framework and prioritise the importance of isomorphism, one may find difficulties applying her argument in reality. For instance, Tesco and other retailing MNCs in the UK are having bad publicity regarding the potential exploitation of the youth workforce after joining government unpaid work placement schemes. Despite the consistency in abiding with local regulation, these MNCs have recently been forced to change their policies, which are not required by law. This is just an example to present the fact that the coercive isomorphism is sometimes not the dominant cause homogenising the behaviour of MNC's in the same industry, as Kostova (2008) suggests.

Besides, there are distinct generic characteristics of institutional theory that may influence the usefulness of adapting this to explain MNCs' behaviour. Ferner, Edwards and Tempel (2012) suggest the two dominant features, 'institutional duality' and 'institutional distance', as the distinct flaws within the institutionalists' literature. The concept of 'institutional duality' refers to a one-off setting between MNCs themselves and the local environment in which they operate. Institutional duality can dismiss many other factors that may also influence how MNCs react to the host environment. For instance, the concept does not address how different employee groups at various levels in both headquarters and subsidiaries, as political actors, interact with institutional forces (Dörrenbächer & Gammelgaard, 2011; Edwards & Kuruvilla, 2005; Ferner, Edwards & Tempel, 2012; Levy, 2008)). In other words, the notion of 'institutional duality' limits levels of analysis within MNCs. The institutional duality regards host institutions as the only force that drives MNCs' homogeneous practices and policies in the host country.

Similarly, the other fundamental norm, 'institutional distance' disproportionately dominates institutional theory. The notion of institutional distance between the parent and the host institutions, based on Kostova (1999)'s norm of 'country institutional profile', assumes that the greater the distance between the home and host environment is, the more difficult the practice transfer is. In other words, when the distance is more considerable, the foreignness increases in host regulations, and MNCs face challenges assimilating their practices to host employees' normative framework (ibid.). The above 'Kostovian approach', including the two central concepts, institutional duality and institutional distance, makes neo-institutional theory is more conceptual than practical. As a result, the distinct generic features of neo-institutional theory, namely institutional duality and distance, highlight the possibility that the explanation of MNCs' staffing strategies under the three isomorphism may be oversimplified.

Furthermore, the simple framework of institutional forces has caused the invalidity in predicting MNCs' behaviour without careful consideration in the consequences of internal dynamics. With the perspective, as mentioned earlier, micro-politics and key players at different levels within MNC may prioritise the central staffing practices according to individual interests but not the benefits of MNCs. As Almond, (2005:282) put it, '[d]ifferent actors at all levels of the organisation will always retain some scope to pursue aims and goals of their own. The scope of institutional theory fails to capture the dynamics of firms' internal pressures, including the bargaining power of the subsidiaries and key players in various levels as the previous section of micro-politics. The usefulness of relying on mimetic and normative pressures to guide our understanding of staffing behaviour in a host country, therefore, seems to be reduced.

To approach a better understanding of how the staffing strategy is formed in the host country perspective, a few factors need to be taken as the complements to neo-institutional theory. A few scholars have helped identify the limitations of isomorphism, including: (1) the exclusion of other causes driving heterogeneity within the homogeneity of MNCs' practices in a foreign country are to be identified; and (2) the doubt of the usefulness in applying the institutional theory framework to the MNC context. Isomorphism is only critically useful in explaining why MNCs prefer certain practices rather than others in a foreign country in the precondition that the research itself is not constrained by the three pressures. In other words, the researcher should remain curiosities to observe causes and potential variations outside and inside the three pillars of isomorphism and also has an open mind-set to help extend and challenge neo-institutionalism theory. Some literature has disagreed with the neat setting of isomorphism and call for subtle and cautious observation towards explanations of the firms' similar behaviour (e.g. Ferner, Edwards & Tempel, 2012). As a consequence, while exploring the factors impacting on MNCs' global staffing strategy in relation to the host country institutions, some moderators may need to be taken into consideration, such as the aforementioned dominance effects, for instance. After establishing and evaluating the influential dimensions of the host country institutions, the real context of the chosen research destination, one

of the seven Emirates, Dubai, in the United Arab Emirates (UAE), will be introduced, next.

## **2.11 The Host Emirati Context**

In this section, three major areas will be addressed in the host Emirati context, including the background of Dubai, both the Dubai and UAE labour market and the induction to Dubai Free Zones, followed by the major local factor, Emiratisation.

### **2.11.1 The background of Dubai**

Dubai, as one of the seven emirates of the UAE, is considered as an individual body given its strong economies. In 1971, seven states along the Persian Gulf coast: Abu Zaby (Abu Dhabi), Ajman, Al Fujayrah, Ash Shariqah (Sharjah), Dubayy (Dubai), Ra's al Khaymah, Umm al Qaywayn (Quwayn), merged to form the United Arab Emirates (UAE). The UAE has developed its economies through oil revenues and by moderate policies, such as joining free trade zones and having a globally focused and relatively open economy. As Moore (2004:134) states, partly because of its thriving free-trade zone established since the early 1980s, the UAE now is holding the best place to do business in the Gulf. Moreover, with construction erected in recent years and service industries developing, great business opportunities have been offered, such as infrastructure.

Consequently, international companies have been attracted to the UAE, which is becoming a bright star among Arab countries. For instance, the Korean technology giant, Samsung obtained a contract for constructing the Burj Dubai building. The Japanese companies, Marubeni (MRBNF) and Hitachi (HIT) have

constructed a human-made island resort off the coast of Dubai in the shape of a date palm tree (Bremner, 2007). It is often stated that the business environment in the UAE is vibrant and worth investing in because business opportunities are generously ameliorated for international corporations. For example, the UAE is also proposing to provide foreign investors with further legal 'systematic incentives' in the hope of accelerating its economic diversification<sup>1</sup> (Maktoob). Company, industry and Investment laws are to be revised to maximise protection for investors' assets and ease restrictions on conducting business in the UAE (Gulfnews.com, 2009). Significantly, the Emirate, Dubai, has been attempting to be attracted to MNCs with several incentives.

Dubai, together with Abu Dhabi, and possibly Sharjah, could be regarded economically as individual bodies, and sponsor other smaller emirates (Sherman, 2000:36). Dubai has established a variety of free zones in various themes, providing incentives, such as 100 per cent business ownership and tax exemption. MNCs from different countries have been attracted to these free zones, such as Microsoft, Yahoo, Acer, Asus, HTC, Foxconn, HP, Dell and so on. However, the study discusses Dubai at an emirate level but also regards it as an individual unit at a host country level whenever necessarily given Dubai's strong economies and a high degree of autonomy in executing its policies.

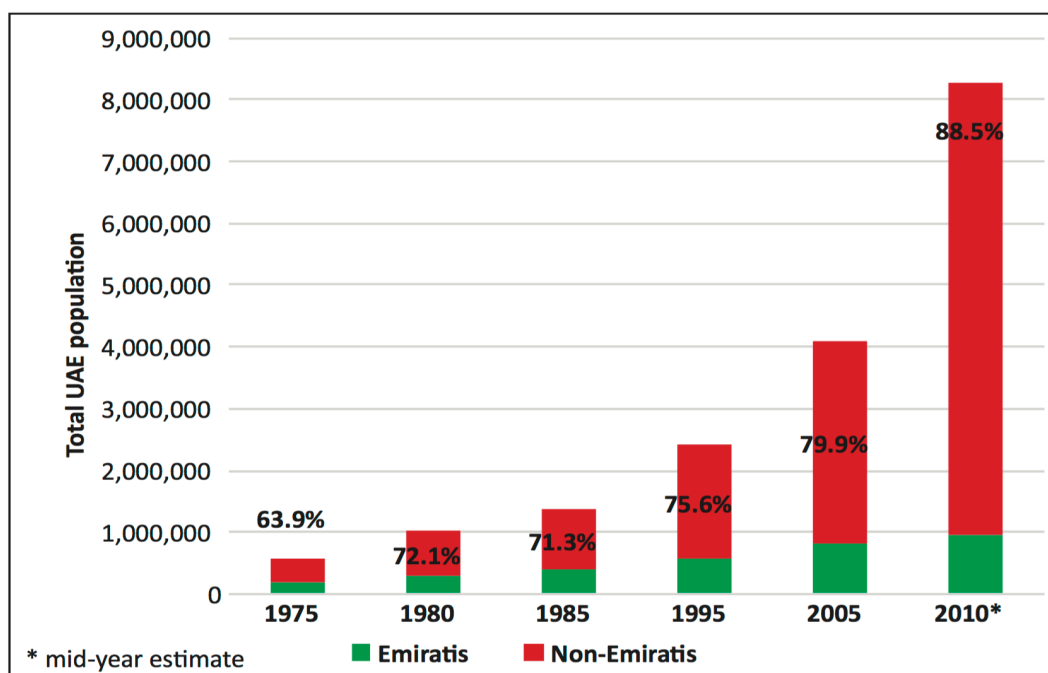
### **2.11.2 Dubai/UAE labour market**

Since the oil boom, the UAE government has attempted to diversify its economic activities and shift from the oil industry to a sustainable economy. Migrants, including skilled, semi-skilled and the unskilled labour, have been imported to support national developments. Nevertheless, these migrants have outnumbered the UAE nationals. The workforce in the UAE and Dubai is greatly disproportioned.



Twenty-two per cent (4.1 million) of the UAE's total population are national residents, whereas the non-national residents account for 78 per cent of the population (Ministry of Economy UAE, 2011). Non-national workers had increased in the total workforce over a 35-year period from 1975 to 2010, as demonstrated in Figure.4. One point worth noting in the graph is the relatively large increase in the percentage of the non-national workforce in the UAE at 8.6 per cent between 2005 and 2010, compared to previous years. As a result, we could see a dramatic ratio of 88.5% of non-national workers primarily against a mere 11.5% of national workers in 2010. In recent years, the national workforce remains the minority, while expatriates are the majority in either the private or public sector (See Figure 5). In the public sector, UAE nationals occupy just over one-quarter of the total workforce.

Meanwhile, UAE national workforces in the private sector are just over 1 per cent. The ratio of UAE nationals working in both public and private sectors are the lowest among all the GCC countries. The chart also reveals that nearly 70 per cent of UAE nationals aged between fifteen and twenty-nine show tendency to work in the public sector, which is one of the reasons for the scarcity of nationals at no more than 2 per cent in the private sector. A significant percentage of expatriates, explained by Mohamed (2002), is caused by the country's ambitious economic development plans that require migrants rather than nationals. The latter lack relevant skills and experience and is not attracted to infrastructure works. The primary workforce, consisting of the diverse people of India, comes to the UAE for careers in infrastructure construction (Sherman, 2000).



**Figure 4. UAE’s total population and estimates of the proportion of non-nationals in census years (1975; 1980; 1985; 1995; 2005 and 2010)**

Sourced from: National Bureau of Statistics (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
<i>UAE</i>	<i>27.4</i>	<i>72.6</i>	<i>1.3</i>	<i>98.7</i>	<i>12.0</i>	<i>66.0</i>
GCC	72.3	27.7	31.7	68.3	17.2	66.6

**Figure 5. The UAE labour market, compared to other GCC countries**

Adapted from: Forstenlechner, (2012)

Dubai has the most severely disproportioned population among the seven emirates of the UAE. Dubai is the Emirate with the most significant population at approximately 1.596 million (Monger, 2007). Approximately 71 per cent of Dubai's population is made up of migrants mainly from India, Bangladesh, Pakistan and the Philippines (ibid.). In terms of workforce, Monger (2007)

comments on the high foreign population of Dubai's total workforce states, that 'no other location on the globe has quite the same possibilities (of having an outnumbered non-national population)' Indeed, according to a government report in 2005, 2.87 per cent of Dubai's total workforce is HCNs, and merely 5 per cent of HCNs participate in the private sector. Dubai hosts a large number of expatriates through the offer of excellent job opportunities and extensive benefit employment perspectives. There are 7.8 millions of expatriates, in contrast to 1.4 millions of nationals among the total population of 9.2 million (Andrade & Miller, 2019).

### **2.11.3 Dubai free zones**

From a global perspective, there are over 3500 free zones across approximately 130 countries (Khaleej Times, 2018). The UAE owns the largest number of free zones in the world. There are 47 free zones located in the UAE, while a further ten free zones are being built. Among 47 free zones, more than 30 free zones are located in Dubai (ibid.).

Employment-related laws in Dubai differ from area to area. Some labour laws are especially legitimised within free zones. MNCs in most free zones are entitled to relaxation of business restrictions, including tax exemption. The law seems to benefit MNCs' HRM with their discretion on staffing. An open ground of employment regardless of nationality origins seems to be encouraged by the Dubai government to enhance foreign direct investment in the free zones. There are main free zones located in Dubai, namely.

- Dubai Knowledge Park (DKP)
- Jebel Ali Free Zone (JAFZ)
- Dubai Airport Free Zone, Dubai Internet City
- Media Free Zone and Dubai Silicon Oasis

The above free zones encourage foreign direct investments with 100% foreign ownership; 100% repatriation of capital and profits as well as 100% import, export and custom duty exemption. Other incentives include a 100 per cent exemption from personal income tax and corporate taxes for 50 years. In addition, there is provision of one-stop-shop for administration services. The one-stop-shop of governmental processing for most business-related paperwork includes trade licenses and work permits (Davidson, 2005:234). In the following paragraphs, the free zone regulations will be firstly discussed with the attention to the regulation details of the Jebel Ali Free Zone (JAFZ) as an example because Free Zones share the similar and parallel regulations to the longest established free zone, followed by specialised labour laws. In addition, comparison of the specialised labour law in free zones to the general labour law. The next is an emphasis on the implications of the law on both of the MNCs' staffing compositions.

### *Free Zones*

The Jebel Ali Free Zone (JAFZ) was established in 1985, serving as a chief industrial export-processing zone for both domestic and foreign companies. It is a popular resort for MNCs to establish Middle-Eastern headquarters; by 2002, it had accommodated over 40,000 workers and 2000 companies, including the Middle Eastern companies at approximate one-fourth, Asian companies at over thirty per cent and North American and Western companies at around forty-five per cent (Davidson, 2008: 116).

There are four other free zones established after JAFZ. The Dubai Airport Free Zone started operation in 1996, located in central Dubai and neighbouring Dubai International Airport, which has access to more than two hundred destinations via 130 airlines. This free zone targets High-Tech companies and has accommodated 1,600 companies across several industry sectors, such as aviation, freight and logistics, engineering, IT and telecommunications, pharmaceuticals, and jewellery (Dubai Airport Free Zone, 2010). Dubai Internet City was established in 2000 as an information and communication technology

business park. The companies located in this free zone, include HP, Dell, Intel, Microsoft, Google, Yahoo and so on; these MNCs set up subsidiaries here in order to serve the region of Middle East (Dubai Internet City, 2012). Dubai Media City opened in 2001 and has hosted companies in the media-related industries. The Dubai Silicon Oasis, established in 2005, aims at supporting and enhancing modern technology-based industries.

### *The regulations of the Jebel Ali Free Zone (JAFZ)*

According to the Free Zones Rules and Regulations of the Jebel Ali Free Zone (2005), working hours, wages, work overtime pay, holiday and the control of employee numbers are especially specified from 9.1.52 To 9.1.9, and the entry permits are required as indicated in 9.2.6 and 9.2.7, as follows. The reason the list is referred to and is given in detail is that there are significant similarities shared by the regulations of JAFZ and other free zones.

The regulations from 9.1.52 to 9.1.9 protect employees from the exploitation of working overtime, and the entitlement of higher wage rates. It is unlikely that

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9.1.52 Working hours for employees will be 8 hours per day, plus a one-hour meal break, six days per week.

9.1.6 During the Holy Month of Ramadan, the working hours shall be reduced from 8 hours per day to 6 hours per day, and this will apply to all employees of the Free Zone companies, regardless of their religion. Any additional hours worked shall be entitled to overtime payments.

9.1.7 Overtime shall be paid at the rate of 125% of the basic hourly rate, and overtime worked on Public Holidays shall be paid at the rate of 150% of the basic rate.

9.1.8 Public Holidays for employees in the Free Zone Companies will be in line with the Public Holidays announced by the UAE Government for employees of the Private Sector in the UAE.

9.1.9 Any requirement for shift working must be notified to Jafza, Customer Service Department, in respect of the number of shifts, hours and numbers to be employed per shift. Otherwise, the necessary increase in staff to be employed may not be approved because the space available is inadequate for the numbers to be employed.

MNCs will follow these instructions in a weak legal supervision environment. So far, it is unclear that to what extent the JAFZ fulfils and supervises the regulations it expects from MNCs. The regulations, 9.2.6 and 9.2.7, require the entry permits from non-national employees, which involves a waiting time and a fee. This seems to be substantial conflict between the regulations of these free zones and article 16 issued from 'Dubai Technology, Electronic Commerce and Media Free Zone Law No. 1 of 2000', which encourages the use of employees of diverse country origins. Article 16 and other related articles included in Dubai Technology, Electronic Commerce and Media Free Zone Law No. 1 of 2000 will be introduced and discussed in the following section.

*Dubai Technology, Electronic Commerce and Media Free Zone Law No. 1 of 2000*

Dubai Technology, Electronic Commerce and Media Free Zone Law, No. 1 of 2000, was issued by the Ruler of Dubai, Maktoum bin Rashid Al Maktoum, on the on 29 January 2000, indicates the relaxation on the employment in the Dubai free zones. The related Article 16, 17 and 18 are as follows.

Article 16: 'Assets or activities of the free zone establishments shall not be subject to nationalisation or any measures restricting private ownership, throughout the period of their activities in the free zone.'

Article 17: 'Free zone establishments may employ or hire whomsoever they choose in their operations in the free zone, provided that such employees are not subject to any countries politically or economically boycotted by the UAE.'

Article 18: 'The operation of free zone establishments or employees, within the free zone, shall not be subject to the laws and regulations of Dubai Municipality, the Department of Economic Development of the Government of Dubai or the powers and authority are falling within their jurisdiction.'

According to Article 16 and Article 17, MNCs located in Free Zones shall have total discretion on determining the recruitment of employees regardless of their nationality origins. Moreover, Article 18 indicates that for those working in the free zones, their working rights are guided by specialised labour laws and are free from the guideline of the general labour laws. According to Article 18, employees in free zones are excluded from the guideline of the problematic general labour law; this suggests that how the composition of employees is staffed and managed depends on MNCs' discretion. Nevertheless, whilst article 16 encourages the use of employees to be free from nationality constrain, the entry permits from non-national employees, required by the aforementioned free zone regulations, may be a burden for individual employees or MNCs in terms of expenses and time-consuming administrations, which may potentially discourage the recruitment of non-national employees.

#### *Dubai Knowledge Park (DKP)*

Dubai Knowledge Park (DKP) was previously known as Dubai Knowledge Village (DKV). DKP was established in 2003 and accommodated a range of universities and education-related companies. Currently, DKP hosts over 400 partners (dubaicity.com, 2018). There are a few supportive facilities, training centres and institutes for private companies. DKP was positioned by the UAE government as a destination of learning excellence. The purpose of establishing DKV is to provide the region's talents with development, learning methods and training according to one's professionalism. Tax exemption and 100% ownership are offered to local and international companies.

Some global education providers utilise DKP as a meeting point to recruit Middle-Eastern students. Several British pathway programme MNCs established their Dubai subsidiaries within close distance to each other in the Free Zone, Knowledge Village. By such a geography setting, the entire British pathway

programme MNCs share the same availability of resource and share a certain degree of practices corresponding to external environmental conditions.

### *General labour law & Kafala*

Although general labour law and 'Kafala' are not adaptable to the research, a brief overview on these two aspects is necessary in order to highlight and contrast the free zones that are free from 'constraints' of employment and ownership. When comparing the general labour laws to the free zone labour laws, a decreased level of discretion of MNC's employment will be observed. According to Kelly (2012)'s point of view, four perspectives regarding the feature of the general labour law can be summarised as follows.

- The general labour laws may discriminate and fail to protect certain groups of people with weak social status, for example, migrant workers.
- The laws discriminate against female workers. The seriousness level varies with sectors and marriage statuses. Domestic workers, such as maids, nannies and caregivers of the elderly, are not entitled to some protection from labour laws. When married foreign women come to the UAE as dependents on their husbands, and divorce or are left by their husbands, they will be automatically forbidden to work and maybe deported back to home countries.
- Some labour laws are made to safeguard migrant workers but are not put into practice. Due to the lack of enforcement and supervision from the UAE government, labour laws are not fully abided by firms, especially in labour-intensive industries, such as construction where workers are mistreated. News, such as that workers' passports are illegally taken away by their employers or contact agents, remain unpaid or less paid as agreed, are often heard.



- Workers with specific nationality origins, typically from developing countries, such as the sending states of The Philippines and India, are even more vulnerable when the home country fails to efficiently safeguard and provide helps to their nationals as expatriate workers.

To sum up, specialised labour laws benefiting MNCs are only executed in free zones located in Dubai. The purpose of the laws is to encourage foreign direct investment via the offer of flexible employment related to incentives without the constraints from the general labour laws. No legal requirements are governing on minimum wages, trade unions, and MNCs can easily recruit and lay-off employees. As a result, Forstenlechner, Madi, Selim, *et al.* (2012) claim that labour laws are 'very business-friendly' for employers in Dubai. The regulation environment seems to offer MNCs high discretion on HRM practices in the host country; fewer constraints on MNCs staffing are likely to be expected.

### *Kafala*

The meaning of *Kafala* is sponsorship in Arabic, which is a government policy that non-Emirati entrepreneurs are required to have a local partner. A large number of expatriates are on residence visas attained mostly by the *Kafala* system, although the remaining minority of expatriates obtain sponsorship through a freehold property's ownership (Forstenlechner, 2010). The initiative of *Kafala* is for the UAE citizens to share the profit or at least some involvement in managing the company (Davidson, 2005). As a consequence, there are strict requirements and restrictions placed on expatriate partners. Potentially staffing composition in local subsidiaries would be affected subject to local business partners' co-decisions. The researcher suspects that 'flexibility' through the use of PCNs and TCNs may be compromised when the sponsorship system, *Kafala*, takes place.

Nevertheless, *Kafala* will not be discussed further in the study because the factor is not applicable in Free Zones, where the research focus is. Although this factor had impacted on subsidiaries operating outside Free Zones in the UAE, any company in Free zones is entitled to 100 per cent ownership of the business as aforementioned. However, further research on *Kafala* will be beneficial to see to what extent staffing compositions in MNCs vary with companies inside and outside in Free Zones, and thus, any strategic staffing could be informed and observed.

#### **2.11.4 The major local factor-Emiratisation**

In a regulatory environment, the UAE's governmental policies regarding employment and labour law have triggered a strong trend of nationalisation or Emiratisation. The UAE Minister of Labour and Social Affairs issued Ministerial Decision NO. 955 of 2002 concerning a standardised employment contract for UAE nationals employed by the private sector (Suliman, 2006: 70)', which is aimed at 'encouraging locals to seek employment in the private sector instead of queuing up for years to get a public-sector job (ibid: 71)' To put simply, Emiratisation is a way to increasingly incorporate several national workers into private sector firms. The factor seems to impact on how MNCs form their Dubai subsidiaries' staffing compositions. As Rees & Braik (2007: 48) put it, 'HRM activities in Middle Eastern countries such as the UAE are influenced by centrally driven nationalisation agendas.

Private companies in Dubai have been asked by the government to create new job vacancies for nationals. For example, the UAE government aims to have the recruitment of nationals make up 40 -45 per cent in the banking sector from the current scope of 33 per cent (Zawya, 2012a). To achieve so, in Dubai, banks have to recruit nationals at a rate of 4 per cent annually, and similarly, so do insurance companies at 5 per cent; any commercial company that has over 50 employees ought to recruit UAE nationals at a rate of 2 per cent (Davidson, 2008: 207;

Simeon & Andrew, 2009). Above all, Emiratisation has been realised as a significant factor in the regulatory environment.

Furthermore, following Emiratisation is seen as a way to gain external legitimacy in an uncertain business environment shared by the majority of developing countries. As Forstenlechner & Rutledge, (2010) suggests, the Emiratisation-related policy can be deemed as 'a form of taxation', which complements the 'tax-free haven' business environment. Paying more for national employees and increasing unnecessary vacancies is the synonym of paying tax to ensure a companies' survival. However, without doing so, that is, not achieving the goal of certain quotas regarding national recruitment, MNCs may think that the fine is considered much more insignificant, compared to the salary and training costs spent on nationals (ibid.). Although Rees and Braik (2007: 49)'s findings highlight that top managers need to 'demonstrate their commitment to nationalisation initiatives as convincingly as possible' the reality is to the contrary. In response to the pressures of Emiratisation, companies 'either massage their employment statistics or use outsourcing to hire non-nationals and thereby disguise the actual breakdown of their employee base (Davidson, 2008: 207).' MNCs may also lower the standards of recruitment and selection in order to have a large number of national workforces (Forstenlechner, 2010). The above side effects of Emiratisation from manipulation of employment figures and outsourcing of personnel may have created the bias observed in the aspects of nationality discrimination and lack of training. The next paragraphs will firstly explain the causes and the outcome of Emiratisation policy and outcome of Emiratisation, followed by its potential impacts on MNCs in Dubai free zones.

### **Major causes of Emiratisation**

Four perspectives are analysed and summarised to elaborate the significant causes triggering the policy of Emiratisation, namely the saturated state of the host public sector, increased outgoing remittance, gender imbalance and the concern of national security.

### *The saturated state of the host public sector*

Due to the fact that the public sector has started to become saturated, the UAE government intends to seek labour self-sufficiency in both the public and private sectors. The UAE has long routinely disguised their unemployment rate through appointing their national graduates as sinecure officials with little substantial workloads (Abu Baker, 1995: 258). According to Forstenlechner (2010), official figures obtained from the governmental statistics of 2007 point out that the saturated public sector struggled with absorbing the new graduate entrants at just beyond 16,000, no mention that the figure is estimated at 40,000 by 2020. The estimation is consistent with World Bank (2004)'s prediction that approximately a 100 million-job increase will be required across GCC by 2020 in order to recruit all-new national job seekers and decrease unemployment rate of nations to a sustainable degree. Moreover, given the saturated public sector jobs facing the tumbling of oil prices from time to time, increased national deficits have made the government seek alternatives to absorb their national workforce. As a result, the government intends to have employment-related policies reformed to encourage their nationals to participate in the private sector workforce mainly occupied by non-national workers.

### *Increased outgoing remittance*

The socioeconomic problems, as a result of a large number of expatriate workers, also push the government to nationalise the workplaces (Davidson, 2005). These problems include the issue of growing remittance, gender imbalances and the loss of cultural and religious identities (ibid.). Firstly, salaries and other payments being transferred out of the country cause negative implications for the UAE's money supply. Approximately \$3.3 billion was estimated to be repatriated abroad annually through expatriate workers sending remittances back home (Al-Sharhan International Consultancy, 2000). The figure seems to have dramatically increased recently. The remittance sent by Bangladesh, as one of the significant migrant workers (more than eight million)

in the UAE/Dubai, accounts for a record \$12.85 billion in the fiscal year ended in June 2012 (Dawn.com, 2012).

### *Gender imbalance*

The gender imbalances arise from the dominant male expatriate workers. This is because the majority of expatriate workers in the UAE are Pathan bachelor or married Keralite males who are unable to bring their spouse and family along due to the requirement of a minimum of salary; as a result, males have outnumbered females and have skewed the demographic structure (Davidson, 2005). According to Dubai Statistics Centre (2011), the number of the male population in Dubai has increased beyond approximately 1.2 million which is nearly three times more of their opposite sex at slightly fewer than half a million. As a result, practising Emiratisation is a way to reduce the number of 'male' expatriates and to bring in local citizens from both genders, which helps the balance of genders in the Emirate.

### *The concern of national security*

In addition to the above three reasons, the concern of national security may also drive Emiratisation. Krane (2010: 209) notes that these migrant workers have been viewed as a national threat since 2005 when several strikes by migrant construction workers started over unpaid wages and unsatisfactory living conditions. These strikes went as far as halting work in the essential sites of Dubai, including an airport terminal and the Burj Dubai. As to prevent expatriates from setting long-term and organising political unions, the government imposed a law on a six-year visa as a part of the essential elements of Emiratisation.

Although the above are all the causes of Emiratisation, their seriousness levels in triggering Emiratisation vary. The second point to the final point may be more

like regarded as indirect and supporting factors, compared to the much stronger government's initiative of easing the pressure on the saturated public sector as the first point indicates. Even though these above causes of Emiratisation are discussed at a macroscope, the outcome of Emiratisation remains ineffective because the policy seems contradictory to MNCs' interests, the local society's value and the majority of Emiratis' career choices and preferences. We are going to review the outcome of Emiratisation next.

### **Ineffective outcomes of Emiratisation**

The outcomes of Emiratisation so far do not seem to meet the government's expectation. A few reasons have been analysed. First, the inefficient local education may raise employers' concerns of national's quality (Forstenlechner, 2010; Muysken & Nour, 2006) whilst qualified and skilled TCNs are widely available. Muysken & Nour (2006) identify the problems caused by a flawed educational system, including low skill levels and great skills mismatch, which make nationals less favourable and less competitive than the non-nationals. Forstenlechner (2010) shares the view and attributes the inefficiency of the currently worrying educational system to that (1) the majority of Emiratis before entering universities are required to take foundational courses that are 'remedial in nature', and that (2) the designs of course curriculums in many universities are irrelevant to the needs of the private sector.

Consequently, Rees and Braik (2007: 41) suggest that MNCs are to expect 'expenses related to recruitment, training and development, overall substitution costs and payroll cost of nationals during their formal training period'.

Second, the Emiratisation initiative also intervened by 'awkward situations' that many expatriates are training nationals to replace themselves (Budhwar, 2004; Forstenlechner, 2010; Rees, Mamman & Bin Braik, 2007). The insecurity of these expatriates, bringing about the concerns of quality control in training, may stop or slow down the progress of Emiratisation with MNCs.

Last, MNCs showing weak commitment to Emiratisation; following Emiratisation is seen as a way to gain external legitimacy in an uncertain business environment shared by the majority of developing countries. As Forstenlechner & Rutledge, (2010) suggests, the Emiratisation-related policy can be deemed as 'a form of taxation', which complements the 'tax-free haven' business environment. Paying more for national employees and increasing unnecessary vacancies is the synonym of paying tax to ensure a companies' survival. However, without doing so, that is, not achieving the goal of certain quotas regarding national recruitment, MNCs may think that the fine is considered much more insignificant, compared to the salary and training costs spent on nationals (ibid.). Although Rees and Braik (2007: 49)'s findings highlight that top managers need to 'demonstrate their commitment to nationalisation initiatives as convincingly as possible' the reality is to the contrary. In response to the pressures of Emiratisation, companies 'either massage their employment statistics or use outsourcing to hire non-nationals and thereby disguise the actual breakdown of their employee base (Davidson, 2008: 207).'

MNCs may also lower the standards of recruitment and selection in order to have a large number of national workforces (Forstenlechner, 2010). The above side effects of Emiratisation from manipulation of employment figures and outsourcing of personnel may have created the bias observed in the aspects of nationality discrimination and lack of training as follows.

Above all, by looking at the number of nationals in the public and private sector, Forstenlechner (2010) comments that Emiratisation has seen success in the public sector but is still way behind the private sector. This means that the percentage of nationals has not reached the government's proposed target. Furthermore, Davidson (2008: 207) regarded the Emiratisation trend is unsuccessful because the increasing annual rate of national employment fails to match government targets.

## **The potential impact of Emiratization on MNCs in Dubai free zones**

The Emiratization initiative created 'awkward situations' that many expatriates are training nationals to replace themselves (Budhwar, 2004; Forstenlechner, 2010; Rees, Mamman & Bin Braik, 2007). The insecurity of these expatriates, bringing about the concerns of quality control in training, may stop or slow down the progress of Emiratization with MNCs. On the other hand, the use of HCN co-workers can increase PCNs' and TCNs' insecurity and can impact on their commitments to long-term employment. Besides, The Emiratization policy had pushed HCNs' salary and compensation packages beyond MNCs' personnel budget to an unreasonable level. Under the same job titles but being paid differently, this can create tension between the HCNs and their counterparts at a much lower salary rate. Above all, given Emiratization, the use of HCN co-workers can adversely impact on the fairness of workplace and could reduce PCNs and TCNs' willingness to stay on their jobs, which cause the difficulty in knowledge retention.

Compared to MNCs outside free zones, Emiratization does not forcefully impact on MNCs located in Dubai free zones because MNCs enjoy much higher discretion and freedom on employment regardless of nationalities. However, the majority of MNCs in the UAE face more or less the same consequences as a result of Emiratization, that is, 1) HCNs' high salary expectations and also 2) TCNs' and PCNs' resentment against their HCN co-workers. MNCs can strategically control their staffing composition by excluding HCNs. This way not only helps MNCs save on personnel costs but also helps retain knowledge by enhancing TCNs' and PCNs' job security and stabilising fairness of the work environment. Having illustrated the literature related to Dubai's unique background, the under-explored higher education industry in the area of pathway programme MNCs will be introduced next.



## 2.12 The pathway programme education industry

To introduce the pathway programme education sector, three selections are incorporated, including the higher education industry as a whole, the pathway education and the central administration and the overseas operations.

### 2.12.1 The higher education industry

The higher education industry is generally referred to as universities and colleges. 'Colleges and universities are complex institutions...one source of that complexity is the reality that academic institutions are inhabited by people and are designed to foster human creativity and development (Bolman, 2010:1)'. These universities and colleges are also service organisations having students as their customers, and thus, operating with a unique production and delivery process (Kotler & Armstrong, 2005). Thus, the position of the higher institutions intends to maintain a balance of developing students and being profitable.

However, over recent years, the higher education industry has driven itself towards a 'money-grabbing' side in response to the increasing pressure from seeking funding. As Shattock (2010) put it, the pressure has encouraged the higher education industry to become more entrepreneurial, which means that educational institutions have become increasingly involved in more commercial activities for self-funding. Thus, the industry has shared many organisational characteristics with 'private sector' (Smeenk, 2008). Like most private sectors, the higher institutions 'sell' education as their main products to their 'customers', aligning with their customers' hopes of a degree, better career perspectives, a realisation of their future, etc. Nevertheless, unlike the private sector in the process of selling, there are dynamic chemistries in the process. Education as products, which should ideally be tailored to qualified students, sometimes may conflict with profits. Having become more business orientated in

higher education, some negative feedback has been observed in recent years. 'Recruiting students overseas to fill seats, not to meet standards' is the major challenge for US universities (Saul, 2006). University enrolment office may overpower the academic departments in the sense that universities prioritise the number of enrolled overseas students and the amount of finance overseas students can bring at the costs of lowering entry requirements, including academic results and English test grades. The above background has impacted on the change of HRM practices within universities.

The research on HRM in universities has been a growing interest. Some scholars, such as Watson (1997) and Torrington (1996) regard the HRM in Universities' 'academic departments' as a new paradigm when the possibly first research was undertaken in the Harvard University and then has spread over to UK universities Watson (1999). One of the features causing the 'new paradigm' is that the academia, who used to work independently, are not used to the idea of following their line managers' instructions, and thus, variant employment management need to be adapted to mitigate the fall of expectations (ibid.).

However, little HRM literature in 'non-academic departments' is found. The existing idea of the new HRM paradigm identified within academic departments may not suit the interest of the non-academic departments, in which most managers and employees are business professionals rather than academia. There may be some similarities between the two caused by the share of the academic environment and the students as the customer base, for instance. Especially, with regards to non-academic departments, a newly formed department or partnership, the pathway education, was established approximately a decade ago and has soon been developed as a global business by signing up more partnerships with Western universities that may potentially appeal to more overseas students. Meanwhile, rival companies have grown up at a global level, sharing a similar business model.

## 2.12.2 The pathway programme sector

Due to the intendency of the higher education industry to maximise profits, there are increasing partnerships between universities and pathway education companies, and thus, a regular education timeframe in universities has been transformed. Pathways companies have been actively seeking partnerships with Western universities, especially in the United Kingdom and the United States.

The pathway education companies actively recruit overseas students on behalf of universities, and thus, provide a variety of foundation programmes and prepare overseas students to progress to universities' degree courses. From the universities' point of view, these pathway programme companies are capable of conducting marketing for the pathway courses in regions in which these universities would have less presence. Moreover, instead of declining overseas students who do not meet entry direct-entry requirements, these universities can refer overseas students to pathway companies. In this way, these universities are able to maintain these overseas students but just have them after a year's foundation programmes. Nevertheless, foundation programme students wishing to proceed with aiming progression degrees need to be on the track of satisfying internal assessments, like exams and coursework.

Varying with partnerships contracts, foundation programmes as well as related English preparation courses are mostly provided in 'International Study Centres' embedded in University campus but run by these commercial companies. Furthermore, foundation students utilise and share the same facilities as regular university students.

Some universities in the UK have been seeking partnerships with commercial companies to provide pathway education programmes to their regular direct entry courses. With the above features, it seems that the correlation between some universities and pathway education companies has extended a 3-year regular undergraduate programme to 1+3 foundation and undergraduate

programmes for overseas students. With graduate programmes, the timeframe has been developed from a one-year regular study to 1+1 pre-master's and master's programmes. Study plans may be even longer, subject to students' English level. English preparation courses may be required before foundation/pre-master's programmes. The length of time depends on the Student's IELTS or other equivalent English test results.

Universities in the US are now a focus among all the pathway education MNCs, due to the massive US market of more than 4000 universities and the closely saturated the UK and Austria markets. One of the significant differences between UK and US pathway programmes is most pathway programme was embedded in the US's four-year regular undergraduate programmes. Students start directly from year one and have to undertake English courses and relevant academic skill courses. Students have to meet GPAs required at the end of each term or semester before progression. Failing that, students are asked to repeat the same courses again with up to three attempts before being dismissed.

### **2.12.3 The central administration and the overseas operations**

Central administration is provided at the headquarters level of pathway education companies. Central administration can include the functions of sales and marketing, international admission, global finance and HR. The central administration at the headquarters is, in fact, operating all the essential business functions in coordination. Meanwhile, overseas operations could be involved with regional offices as subsidiaries worldwide as well as international study centres (ISCs) embedded in Universities mainly in the US, UK, Australia and Canada. The central administration and overseas operations will be introduced in the following paragraphs.

The central administration can disperse at the companies' global territory with concerning local specific advantages, such as the benefits of local knowledge,

cheaper business taxes and labour. For example, global HR can be based in Singapore given relatively lower business-related taxes while marketing and sales departments are embedded in the regions where main customer bases are. Employees working in central administration usually can expect an international career, which involves infrequent travels to different countries or work in other countries in the companies' global territory. For pathway education, MNCs' point of view, employees, who demonstrate potential to develop in an international context, diversity, good communication and interpersonal skills, job-related competencies well-rounded language skills and good knowledge of the market could generally be appealing to pathway MNC recruiters.

Overseas operations with pathway programme education companies often serve two purposes, namely regional offices as subsidiaries and international study centres. First, regional offices as subsidiaries were established in different countries for the purpose of student recruitment to approach local markets, i.e. international students. Regional offices are often wholly owned by pathway programme education MNCs while abiding by local regulations, including personnel arrangements. Regional managers and directors are sales staff providing in-country support to university partnerships. They manage education agents by offering extensive meetings and training regarding targets, bonuses and promotions. Regional office staff also face and recruit students through a variety of education fairs and exhibitions. The location and functions of regional offices can also be complicated by the restructuring plan of the central administration. For example, some functions from MNC could be relocated or moved from headquarters in the UK to Dubai to reduce personnel costs and business-related taxes. As aforementioned, Free Zones in Dubai offer tax exemption, which can be a considerable incentive for MNCs to establish offices in the Emirate. With the pathway programme education sector, the majority of MNCs chose the Free Zone, Knowledge Village as introduced previously, to establish a subsidiary.

Second, International study centres (ISCs) embedded in each university cross countries, consisting of teaching staff and academic assistants, mainly provided

education as services to students, with little involvement in a business operating perspective. However, the sector has inter-used academic and non-academic staff from universities and caused employment-related issues. For instance, the trade union in the UK had concerns over the employment of staff on different terms and conditions (Denholm 2014). The major controversy is that employees transferred from regulated universities in the UK to pathway programme MNC's headquarters or subsidiaries are likely to lose or downgrade existing employment benefits, such as pension and salary cuts. However, ISCs was excluded from the research setting because there was no ISCs but regional offices in Dubai with all pathway programme education MNCs. Hence, in the research, 'subsidiary' only referred to 'regional office'.

## Conclusion

At the beginning of this chapter, this research first looked at the resource-based view. TCNs, as well as PCNs and HCNs, were examined within the frame of normative notions of the expatriate. These nationally distinguished boundaries were useful for the study of assigned functions and place in the hierarchy. It was determined that this nationality-based division was overly ethnocentric where we saw that preference was given to those workers who were from the parent country. The reasons for this were manifold, but the parent company's desire to maintain robust control over the subsidiary was important. However, it was determined that although the distinction seeks to observe and articulate real-life labour delegation, they also ignore essential aspects of human resource management and strategising such as resource-based strategies. Through the exercise, it is observed that TCNs may move to or be moved to the host subsidiary by MNCs with their own resources. The TCN workforce may work under different conditions; TCN expatriates moved by MNCs to the host country may enjoy more benefits and work at a higher organisational hierarchical level

than migrant workers. The pitfall of a nationality-based view of the workforce is that it ignores the valuable contributions made by TCNs to the company, both in the host country and in the parent country. Rather than being treated as a homogeneous group, it is essential to point out that diverse TCN workers are working at different levels and under different working conditions. Some of the TCN workforces is close to how we understand the traditional expatriate while others are not. Here, again we see that there is trouble in adhering to a solely nationality-based view of the workforce. It was shown earlier the valuable knowledge and skill resources that TCNs could bring to organisations and that are wholly ignored by a nationality-based division that places undue emphasis on those workers who come from the parent country.

Then, wished to position TCNs' knowledge and capabilities to PCNs' and HCNs' to seek their transferability to other two groups. As a consequence, from section 2.1 to 2.4, PCNs and HCNs' knowledge stock was identified via the perspectives of the resource-based view and the management control perspective. Whilst the employment of HCNs might aim at taking advantage of HCNs' knowledge of local markets and institutions, PCNs might be utilised consistently to maximise different aspects of MNC control of subsidiaries as well as their deep understanding of MNCs' global strategies and work procedures. The above provides a basis for identifying and differentiating TCNs, according to their experience and social, as well as developing TCNs' transferability to PCNs and HCNs in section 2.5. It was found that although these distinctions help outline a framework for the study of TCNs, it was inadequate that it did not allow for the study to go sufficiently beyond the boundaries of national conceptions. In section 2.6, traditional staffing strategies, namely ethnocentric, polycentric and geocentric staffing strategies, were discussed. The three staffing strategies explained the rationale on the pursuit of using specific employee group. Compared to each pursuit under different staffing strategy with TCNs as mentioned earlier' characteristics and orientations, this exposes the potentials TCNs could achieve to match the function each specific employee group brings about competitively. This was contributed by TCNs' characteristics and orientations and management over TNCs. It was argued that TCNs with various

orientations in different organisational levels, rather than be the substitutes of PCNs and HCNs, can be equally and more desired by MNCs to achieve a competitive advantage.

From section 2.7 onwards explored the potential factors that may impact the extent MNCs used TCNs with various orientations in a staffing strategy to achieve competitive advantage in the GCC region in organisational, subsidiary, home and host country levels.

A summary of the previously mentioned significant factors that might impact how MNCs achieve a competitive advantage with TCNs' involvement in staffing strategies at three levels. In the subsidiary level, a subsidiary may play a part in the staffing decision. Key actors in a subsidiary, based on various bargaining powers, may involve in shaping staffing composition. From the micro-politics perspective, keys actors at different organisational levels may take advantage of the subsidiary's bargaining power and may shape the staffing composition based on their preferences.

In the organisation level, the organisational typologies, namely global, multi-national, and transnational typologies, are associated with the MNCs' preference in staffing strategy given specific knowledge of PCNs, HCNs and TCNs on offer. However, it seems that due to various TCNs' transferability to PCNs' and HCNs, a hybrid staffing practice may be anticipated. Besides this, with the perspective of dominant effects, it is likely, an MNC from a home country with a robust economic strength may adopt the headquarters' staffing practices and policies rather than attempt to localise practices. It seems that staffing strategies would be moderated by the power of MNCs and the home country they originate from. As a result, dominant effects may impact on a staffing strategy and the extent of how TCNs are used in staffing composition and moderate MNCs' competitive advantage.

In the host country level, raised by classic institutional theory, distinct local institutions regarding the regulatory, normative and cognitive environment may impact on MNCs' reliance on various employee groups and MNCs' ways of managing these groups. MNCs will have to follow these institution's



requirements to survive or gain external legitimacy in the host environment. Furthermore, raised by neo-institutional theory, MNCs in a host country are in some pressures forcing themselves to behave in specific manners in relation to coercive, mimetic and normative isomorphism. Subsequently, a staffing strategy is reinforced with the requirements of local authorities, rival MNCs' local practices, and the perception from local employees at different professions and departments.

Last but not least, section 2.11 and 2.12 brought in the uniqueness of the research context and the background of both Emirati and industry to this particular research. Section 2.11 introduced the distinctive nature of Dubai as well as the Emirati's disproportional labour market, Free Zones and its influential local policy of Emiratisation. It was first explained the rationale behind choosing Dubai as the host as a subject of the study and provided the background of Dubai and the UAE and their labour market, followed by the induction to Dubai Free Zones. By virtue of its extremely distorted distribution, Dubai was chosen as an environment that would be key to determining TCNs importance in strategic and managerial decision-making. The country, because of its demographics, national policy and attractiveness to foreign workers, counts more non-Emiratis than Emiratis amongst its workforce. Importantly, Dubai was chosen for its institutional similarity to several other countries (or emirates) in the region. The similarities in the institutions of Dubai and other neighbourhood countries in GCC, such as Saudi Arabia, Kuwait and Qatar, are the nationalisation-driven labour laws and social context and organisational culture. As a result, it was anticipated that the findings of the study might be adaptable to other countries in the region that share similar institutions. Similarly, it is hoped that the specificity of the case studies will provide a framework for the study of TCNs' roles in strategy development in other markets and other contexts.

Section 2.12 introduced the unusual higher education sector with a focus on global pathway programme MNCs and their non-academic employees. The peculiarities lie in a robust commercial setting embedded within academic environments, i.e., MNCs' profitability versus students' and parents' hope of education entry. This section has introduced the recent debates related to the

above contradictory in this industry. More importantly, the under-explored and poorly documented sector of pathway programmes and how it operates internationally were fully illustrated as a background to understand the interaction of expatriates, MNCs and their management in this unusual industry.

These above contexts not only provide a solid research ground to support the arguments as mentioned earlier regarding the deficiency of existing literature debating over staffing and the competitive advantage generated by each expatriate but also will essentially guide our understandings toward the formation and management of MNCs' staffing strategy with the particular use of TCNs in later chapters. Therefore, both section 2.11 and 2.12 established a useful connection to the peculiarities of IHRM and IB and emphasised that this is a particular study of a rather unusual sector in an under-explored Emirati.

Given TCNs' can occupy high expatriate ratios in Dubai, and their capacity to be MNCs' primary and alternative workforce at subsidiaries in such Emirate, where lack PCNs and HCNs, there is a crucial need for new insight into developed MNCs' staffing practices in using and managing TCN expatriates and its theoretical and practical contribution to competitive advantage. As a result, there are three research questions motivated given the above ground: 1) Do TCNs, as a group, possess defining characteristics? 2) How do MNCs in the higher education sector in the MENA region utilise TCNs in their staffing? Furthermore, 3) To what extent can such MNCs better use TCNs to improve competitive advantage? Next, the research methods that best capture the above three dynamic research questions will be discussed and concluded in the next chapter.

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# Chapter 3

## Research Methods

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### Introduction

The study aims to investigate to what extent TCNs' characteristics and management can contribute to MNCs' competitive advantage. More specifically, the researcher is seeking the answer based on three tiers of research questions, that is, 1) TCNs' characteristics; 2) TCN's management; and 3) the contributions of both TCNs' characteristics and management to MNCs' competitive advantage. The rationale of research design will be explained in this chapter.

This particular study could be defined as an exploratory one as academic literature dealing with the specific problems highlighted above is scarce. Exploratory research is the typology of research that underlines a problem, which has not been entirely and clearly defined (Maxwell, 2008). The reason for using exploratory research is to help the researcher familiarise with a phenomenon or establish insight to develop propositions or tackle a more accurately defined problem. Due to the nature of this research, a case study approach is selected. Why this is the case will be introduced in the sections of 3.2.1 The case study approach. Besides, relevant research methods will be evaluated, and an appropriate research methodology will be identified in the same section.

The case studies used for this exploratory research will centre on the management, staffing and general practices of two British-orientated MNCs that have operations in Dubai. The criteria considered to select these two MNCs will be explained in section 3.2.2, Case selection. Following case selection, three

primary ways to collect data from both the MNCs, that is, participant observation, field notes and interviews will be introduced in section 3.2.3, Data collection.

Furthermore, section 3.3, The research context, consisting of two perspectives regarding the company context and the informant context, will introduce the two British MNCs and the informants for the research in section 3.3.1 and section 3.3.2, respectively. In section 3.4, Data analysis will introduce the approach to analyse the data obtained for this study.

### **3.1 Research questions and analysis overview**

In a research project, purposes and research questions determine the methodology (Berg, 1995:199). Research questions would lead to the design of a case study, i.e. what number and types of cases a researcher would select and how to select. The number of cases can be single, dual or multiple. The type of cases can be contrast or similar cases. There is no best way to select and design a case, but a researcher aims at seeking a case or cases in order to inform the research questions best. According to Eisenhardt (1989)'s theory-building roadmap (see Figure 6), case study research involves several steps.

<b>Step</b>	<b>Activity</b>	<b>Reason</b>
Getting Started	Definition of research question Possibly a priori constructs	Focuses efforts Provides better grounding of construct measures
Selecting Cases	Neither theory nor hypotheses Specified population	Retains theoretical flexibility Constrains extraneous variation and sharpens external validity
	Theoretical, not random, sampling	Focuses efforts on theoretically useful cases—i.e., those that replicate or extend theory by filling conceptual categories
Crafting Instruments and Protocols	Multiple data collection methods	Strengthens grounding of theory by triangulation of evidence
	Qualitative and quantitative data combined Multiple investigators	Synergistic view of evidence Fosters divergent perspectives and strengthens grounding
Entering the Field	Overlap data collection and analysis, including field notes	Speeds analyses and reveals helpful adjustments to data collection
	Flexible and opportunistic data collection methods	Allows investigators to take advantage of emergent themes and unique case features
Analyzing Data	Within-case analysis	Gains familiarity with data and preliminary theory generation
	Cross-case pattern search using divergent techniques	Forces investigators to look beyond initial impressions and see evidence thru multiple lenses
Shaping Hypotheses	Iterative tabulation of evidence for each construct	Sharpens construct definition, validity, and measurability
	Replication, not sampling, logic across cases	Confirms, extends, and sharpens theory
	Search evidence for "why" behind relationships	Builds internal validity
Enfolding Literature	Comparison with conflicting literature	Builds internal validity, raises theoretical level, and sharpens construct definitions
	Comparison with similar literature	Sharpens generalizability, improves construct definition, and raises theoretical level
Reaching Closure	Theoretical saturation when possible	Ends process when marginal improvement becomes small

**Figure 6. Process of building theory from case study research**

First of all, well-defined research questions help a researcher focus on the agenda in case and cross cases. Furthermore, specified research questions help establish and measure constructs. As stated in the chapter of literature review, there are very little established scholarships that deal with the central research questions that essentially seek to determine TCNs' characteristics, attitudes and management and how TCNs contribute to MNCs' competitiveness. Through close readings of the dominant literature and anecdotal observation of issues important to the roles of TCNs in global business, three overarching research questions are devised to answer by this original research. Considering the dearth

of information about TCNs' roles in corporate and more specifically IHRM strategies, these research questions are:

- *Do TCNs, as a group, possess defining characteristics?*
- *How do MNCs in the higher education sector in the MENA region utilise TCNs in their staffing?*
- *To what extent can such MNCs better use TCNs to improve competitive advantage?*

In addition, to answer these research questions, it will be necessary to address several smaller 'sub-questions'. Some sub-questions have been developed concerning TCN's characteristics and their knowledge in comparison to PCNs' and HCNs'.

Further, the rationale of MNC's composition of PCNs, HCNs and TCNs as staffing strategies, will be examined, according to the specific and unique knowledge among these groups. As stated above, the issue of 'traditional staffing' is that it undermines those elements that are beyond its nationalised conceptions of value, where we see that the TCN position is inevitably undervalued. A consequence of this is that we have very little knowledge regarding the actual substantive nature of TCN's characteristics, including knowledge and skills. Besides, it follows that lacking information about the substance of TCN knowledge, and the effect of this knowledge on other members of the workforce is unknown. Hence this thesis hopes to problematise the issue of transferability of TCN knowledge and skills.

In response to the prevailing literature, a series of sub-questions are devised to correspond to the above three research questions, respectively. First

- *Do TCNs, as a group, possess defining characteristics?*

The study will explore and propose the following sub-questions to answer the above research question. The sub-questions (1) and (2) are links to the above research question.

*(1) To what extent can TCNs have transferability to PCNs' and HCNs' knowledge?*

*(2) What are TCNs' typical virtues and attitudes that MNCs value?*

The second research question is:

- *How do MNCs in the higher education sector in the MENA region utilise TCNs in their staffing?*

The sub-questions (3), (4), and (5) are then linked to the above question as follows,

*(3) Can we define a suitable workplace for TCNs?*

*(4) What incentives can MNCs use to encourage TCNs to do better for their jobs?*

*(5) How do MNCs rely on TCNs' possible transferability to PCNs and HCNs'?*

*(6) Is there any particular staffing strategy over TCNs?*

Furthermore, to respond to the third research question,

- *To what extent can such MNCs better use TCNs to improve competitive advantage?*

The sub-questions are made as follows,

*(7) To what extent can TCNs' typical virtues and attitudes be converted to MNCs' competitive advantage?*

*(8) To what extent can TCNs' transferability help sustain MNCs' competitive advantage?*

*(9) To what extent does the management over TCNs and their knowledge lead to a competitive advantage?*

Last but not least, a few factors, in the organisation, subsidiary, host and home country level, have to be taken into account to discuss and justify the finding accordingly. Hence, three additional questions are asked as follows,

*(10) To what extent organisational characteristics may impact on the use of the three TCN types in a strategic staffing strategy through the framework of the organisational typologies?*

*(11) What factors may influence subsidiary management on the use of TCNs through the perspective of micro-politics?*

*(12) How will the host country characteristics in Dubai/the UAE strategically influence a subsidiary staffing composition in the framework of the institutional theory?*

These questions have made it clear that any credible answer to queries about the place of TCNs in staffing strategies and their contributions to competitive advantage will have to consider the questions from a holistic point of view. In so doing, any research will have to collect insights from both the outside and the inside. It will be necessary to gain an understanding of how the business operates as well as its internal environments to answer these questions fully. The research is envisaged, encompassing issues are then such as company culture, to staff mix and a variety of other relevant areas. Next, the rationale of the appropriate research methodology for this study will be explained and detailed whilst attempting to evaluate relevant research methods.



## 3.2 Research design

### 3.2.1 The case study approach

For this study, qualitative research is appropriate because the boundaries of the field of study are not known. Qualitative research methods are also 'an essential tool in studying the process by which IHRM policies evolve, diffuse, and institutionalise in MNCs (Schuler et al., 2002:63)'. This study would be exploratory due to its ambitions to develop and set the boundaries of a framework. As such, it is in the process of collecting data that we will begin to parse answers to the research questions. There is, at this point, no data to verify.

Due to its exploratory nature, this study will incorporate case studies as part of its heuristic strategy. The case study strategy is recommended by researchers Robson (1993) and Yin (2002) when the underlining study is little known, or some explanatory variables may not be inclusive and when the access and collaboration from the individuals involved can be possibly permitted. Case studies are defined by Yin (2002:13) as 'an enquiry that investigates a contemporary event within its real-life context, especially when the boundaries between phenomenon and context are not evident'.

Nevertheless, the general perception of qualitative research is less credible, given its lower degree in generalizability, compared to quantitative research (Scandura & Williams, 2000). According to Scandura & Williams (2000), 'various research designs result in more (or less) (1) generalisability to the population that supports the issue of external validity, (2) precision in measurement and control of the behavioural variables, affecting internal and construct validity, and (3) realism of context.' Qualitative research is also at risk of being so subjective that researchers may manipulate the findings and conclusions. The whole

process under qualitative research may not only be time-consuming but also result in great difficulty in analysing from a large pool of data.

However, qualitative case studies are proposed in this study due to the following necessities. First, case studies fit in this study's focus on 'why' and 'how' questions. The case study approach helps clarify (1) why the decision of particular MNCs' staffing strategy is made; and (2) how both the internal and both factors, as aforementioned, interact with MNCs' decision process in the chosen IHRM in Dubai. Case studies have been applied in many researchers' work in order to explore HRM practices and strategic choice's process and mechanism (e.g. Beechler & Yang, 1994; Chang, Mellahi & Wilkinson, 2009; Edwards, Rees & Coller, 1999; Ferner & Varul, 2000; Tayeb, 1998). The case study strategy provides a generous space for researchers to observe and identify the attitudes and behaviour of the respondents and the causes from the social context, which impact on the decision-making process at both subsidiary and headquarters level. With interviewing and in-house observing, it would be interesting to observe TCNs' roles playing in MNCs, whose socialisation background vary with each other, and thus, accordingly allocated at various positions. Besides, it will also be imperative to observe the views of managerial staff impact on their use with TCNs. From this, we will be able to make inferences about the roles of TCNs and their importance within their respective organisations to observe how TCN's characteristics and the management over TCNs can create a competitive advantage for MNCs.

At organisation and subsidiary level, case studies will allow us to explore the idiosyncrasies of different businesses without having to worry about keeping the set questions that would need to be answered or insights that are expected. This degree of flexibility is desirable because it allows for unanticipated details. Although the theoretical framework in the study suggests that organisation typologies, micro-politics and host country institutions may inform MNCs' staffing strategy in Dubai, case studies as first-hand collection and analysis methods allow for the querying of these claims. The case study approach possesses the merit of enriching context and reducing misconception in a

circumstance, where not all the explanatory variables are well known and studied (Bennett, 2005). Case studies are essential as part of this broader investigation because they allow for the comparison and contrasting of different organisations. This cross-examination is incredibly vital, considering that they will then allow more robust pronouncements about the overarching research questions. Case studies provide strength to investigate the analytical research questions in-depth as they are used as the most appropriate method to explore British IHRM behaviour in the Dubai business environment. Qualitative case studies allow the investigation of causal relationships, an understanding of the processes of how British-orientated headquarters respond to host country environment when forming an IHRM strategy, and an understanding to what extent key actors may confront central policies and the host country institutions.

Besides, referring to a variety of situations, where for example, organisation cultures, the proportion of TCNs or working conditions are different will allow for a richer study and hence more credible insights. In contrasting these case studies, both primary and secondary data, such as interviews, in-house observation and company databases, may be utilised to give information about the different realities. Case studies will allow for the collection of staffing data, such as number of TCNs, PCNs, and HCNs in the company as well as gleaning information on the different roles assigned to them. In addition to data collection, case studies will allow for the close study of the operations and processes taking place within the organisation. These close studies will allow, on the one hand, for first-hand observation of staffing decisions made in the parent company but also how these are played out in the subsidiaries and why these are the case.

For this study, multiple cases that observe the company at both parent and subsidiary level will be used. A single case study would be inappropriate here considering the need to draw insights on many highly complex issues. As heuristic tools, case studies allow for a flexible approach to gaining an understanding of the roles of TCNs in different companies. This flexibility is attributable to the fact that the case studies have only to contribute

constructively to answering the three main research questions. The issues prevalent in companies will vary from business to business because of different organisation structures, attitudes to TCNs or corporate culture. Developing more than one case with different organisation typologies and attitudes towards managing a diversity of employee groups provides a basis on which to investigate the influences of these significant issues on a staffing strategy. Case studies allow us to explore issues relevant to each company in their rights whilst maintaining the end goal of determining whether TCNs' transferability, characteristics and management can have an impact on MNCs' competitive advantages. At the same time, the variables, such as institutions, are taken into account. Next, the rationale of the case selection for this research will be introduced.

### **3.2.2 Case selection**

How to select a case sometimes depends on how a researcher would like to ensure the external and internal validity of the answers to the research questions. The answers to research questions are in a way to contribute theory building, i.e. to establish new theory, to fill in the gap and to extend theory. Therefore, to enhance external validity, a researcher may opt to conduct sampling within a specified population, for example, country origins, industry and the age of companies. For internal validity, a researcher may opt to manipulate (not random) and choose a case that best helps complement the theory-building process of the researcher's sister cases, for instance.

The unit of a case study should provide a vital context, which makes research meaningful enough to be analysed in a pre-set theoretical framework. As Thomas (2011:512) suggests, 'the case that is the subject of the inquiry will be an instance of a class of phenomena that provides an analytical frame—an object—within which the study is conducted and which the case illuminates and

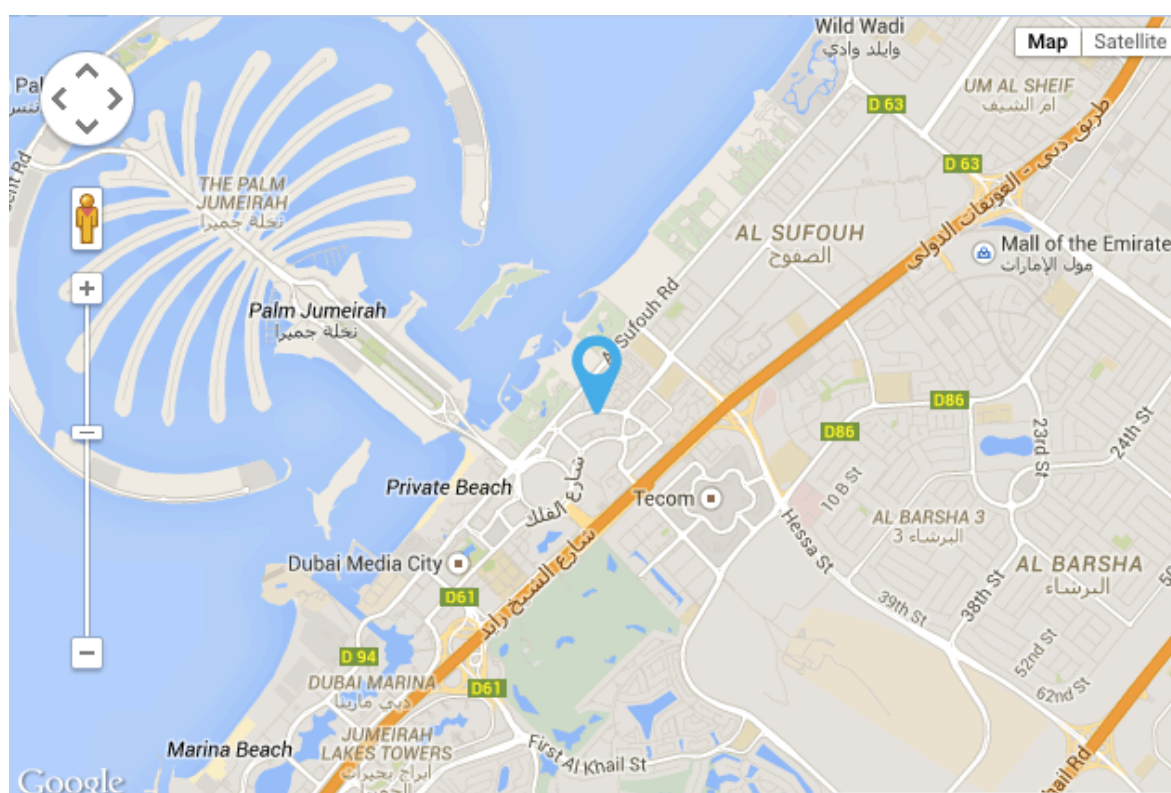
explicates'. As a result, a good case will be able to address and or/ answer research questions and describe a phenomenon that is to be explained.

To enhance comparability and observation of how various factors influence staffing strategies, to choose relatively similar companies will be proposed as the objects of this study. In the study, a case is defined as a British pathway programme MNC with subsidiaries in Dubai. Although the population is small, it includes world-leading firms in this category. The MNCs in the case study are selected based on 'hypothetical sampling' (Miles & Huberman, 1994). This type of sampling means that the choice of the cases is determined by analytically significant criteria, such as MNCs' location, size, age, country of origin and industry. The reason for proceeding with this sampling method is that it limits the field of study to those appropriate companies but also gives researchers confidence in gathering and reformulating information and data. Five selection criteria to consider for the case selection will be 1) the availability of resources 2) size, 3) age, 4) country of origin, and 5) industry. The five analytically significant criteria will later determine the selection of the cases among British MNCs operating in Dubai. In the rest of this section, the five selection criteria will be introduced separately, together with their relationships with the study and research questions.

#### *The availability of resources*

Most selected cases share similarities in the availability of resources due to the share of location-specific advantages and subsidiary functions. The majority of cases are all located in the same kind of environment, i.e., Dubai's free zones with one exception. They receive the same local benefits, including tax exemption and 100% ownership. Nevertheless, there is a case outside the free zones, which may be subject to the indigenous legal system (such as the requirement of 51 per cent local citizens' business share ownership). As a result, the majority of MNCs have their Dubai subsidiaries operating as wholly owned operations, and thus, may enable them to have a similar level of control from headquarters and staffing practices.

Moreover, due to many of the functions in these Dubai subsidiaries being similar, such as sales, customer service and repairing, the headquarters of these MNCs may face similar resource dependency circumstances. For example, several British pathway programme MNCs establish their Dubai subsidiaries with a short walk to each other in the Free Zone, Knowledge Village, where the following blue mark on the map is (See Figure 7). By such a geography setting, all the British pathway programme MNCs share the same availability of resources as aforementioned, and thus, share a certain degree of practices corresponding to external environmental conditions.



**Figure 7. Knowledge Village, Dubai, the location for British pathway MNCs**

(Adapted from Google map, accessed May 2019),

<https://www.google.co.uk/maps/place/Knowledge+Village+-+Dubai+-+United+Arab+Emirates/@25.1108608,55.1300761,13.93z/data=!4m2!3m1!1s0x3e5f6b6b74ef7673:0x2904c075ce9b7a45>)

### *Size of the company*

'Firm size is defined as the natural logarithm of the number of full-time employees (Snell, 1992).' For this study, there are two reasons to consider company size as one of the main selection criteria. First, the firm size significantly correlated with HRM formalisation, i.e., the existence of individual HR department and the incorporation of most HRM functions (Warner, 2010), such as training, performance appraisal and career advancement. Relatively larger subsidiaries in Dubai free zones are anticipated to have more formal HRM practices and policies than their smaller counterparts.

Secondly, size may also be associated with the degree of autonomy enjoyed by a subsidiary. Child (1973) suggests that size associates with procedures and rules; maintaining direct control becomes difficult when size increases. The point of view is supported by Gomez & Sanchez (2005)'s empirical research that a significant relationship is shown between the size of the subsidiary and formal control mechanisms. However, the strength of the relationship is complicated by other variables, such as local regulation and employee education. It is argued that more autonomy may be seen in larger subsidiaries because of less centralised control. As a result, for larger subsidiaries, locally-embedded HRM is more likely and easily visible in parallel with MNCs' global policy and practices. The selection from MNCs with larger subsidiaries in Dubai may help the observation on how HRM, i.e. staffing, is executed and confronts MNCs' global policies and practices under the influences from local institutional environments.

### *Age of the company*

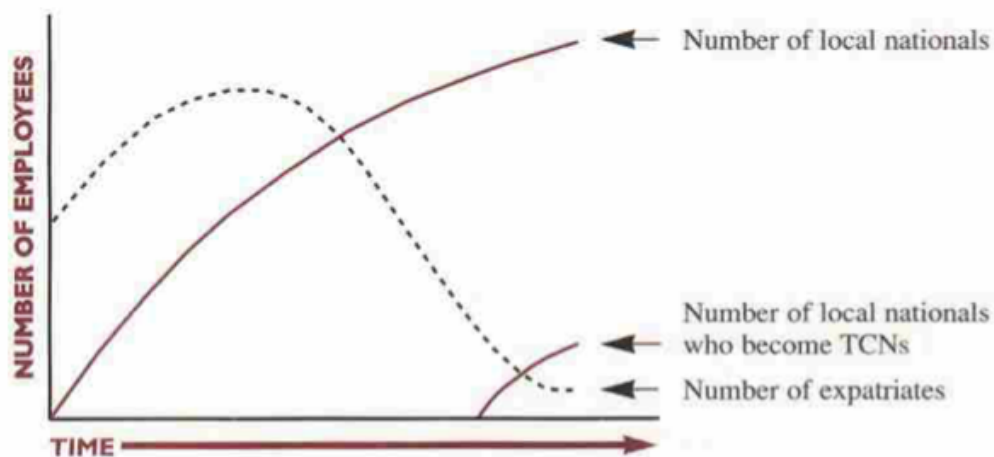
Subsidiary age is defined as the length of time a subsidiary has operated in a host country. With the study, the importance of having selected cases from a similar age group is explained as follows. First, the degree of adaption to the local environment may vary with subsidiary age. According to Björkman and Fey (2007), subsidiary age will need to be controlled because subsidiaries become

more adapted to the host country over time. It is believed that the selected cases from MNCs with older subsidiaries in Dubai will increase the chance to see how MNCs interact with local institutions within the framework of the institutional theory informing staffing strategies.

Second, a more or less diverse base of staffing may also be related to the age of subsidiaries. The point of view is consistent with Sekiguchi, Bebenroth and Li (2011) empirical finding that it is crucial to fill subsidiaries managerial positions with top PCN managers to assist knowledge transfer when the subsidiary age is younger. This is also closely related to assertions in earlier literature that MNCs prefer to send out PCNs in the first instance as this allows them adequate control over the running of their overseas subsidiaries.

Furthermore, when a subsidiary matures, and MNCs' operation and knowledge routines are established, there is an increased number in the recruitment of local top HCN managers, which discourages from sending PCN managers. Moreover, older subsidiaries may enjoy a more considerable degree of autonomy than younger ones and thus may be seen to foster more innovation (e.g. Foss & Pedersen, 2002). In adopting the concept of staffing, older subsidiaries may bring about more flexibility to recruitment without the domination of PCNs associated with younger counterparts. Similarly, the number of TCNs in the workforce seems to be positively related to the subsidiary's maturity; Figure 8 illustrates (Reynolds, 1997).





**Figure 8. The evolution of a foreign subsidiary**

Sourced from: Reynolds (1997)

As younger firms are generally under tighter control from the parent company, it is more interesting for us to focus on those more mature subsidiaries to glean insights relating to the involvement of TCNs, HCNs and PCNs in staffing strategies.

### *Country of origin*

Country of origins may help predict MNCs' HRM practices (Hazing & Serge, 2003) although increasing globalisation causes limitations to the generalisability of the finding to MNCs with a different country of origin (Sekiguchi, Bebenroth & Li, 2011). Some differences in HRM practices have been identified in comparative research, according to MNCs of the different country of origins. Research conducted in the United States (Ferner, Almond & Colling, 2004), Korea and Taiwan (Bae et al., 1998), China (Bjorkman & Lu, 2001), and a range of European countries (Gunnigle, Murphy & Cleveland, 2002) and a combination of both Asian and Western countries (Rosenzweig & Nohria, 1994) have all revealed at least some degree of MNC parent country effects. ‘

For instance, Rosenzweig and Nohria (1994)'s empirical research of 249 American subsidiaries of foreign-based MNCs reveals that subsidiaries of Canadian, Japanese and European MNCs, respectively have sharp home country effects on HRM in parallel with some degree of localised practices. Bjorkman and Lu (2001) studied 63 Chinese-Western joint ventures in China and found that their HRM practices are more closely related to the parent country practices than the local practices as these MNCs face weak institutional pressures from China. Nevertheless, the managers of these MNCs express the need to slightly adjust parent country practices to suit local employees after some failures in a direct transfer of western practices. Regardless of other variables, generally speaking, parent country practices depending on different MNCs' country of origin would suggest the degree MNCs in favour of more localised or more globalised HRM.

As a consequence, it will be more effective in a way to achieve higher validity to select cases from the MNCs of the same country of origin. The cases in the study are selected from MNCs of British origin.

### *Industry*

The industrial variable is received as an essential intermediate variable causing high variation from sector to sector (Luo, 2001). There are significant influences from industry characteristics on shaping the management of subsidiaries, encompassing human resource management (Coiling & Clark, 2002) Some distinct differences can be observed between industries, for instance, the comparison between the R&D-driven and intensive labour-driven industries. High human-intelligence-involved industries may invest, to a greater extent, in IHRM than labour-intensive industries. For example, IHRM structure in the high-tech industry is, therefore, more advanced and transparent than most other industries. In the high-tech industry, in which this is involved with a high density of cutting-edge R&D research, personnel input and output are highly valued in return of competitive outcomes from the best talent. As a result, staffing is expected to be multi-sourced and selective in the High-Tech industry.

Nevertheless, the above statement may be complicated by the situation that technological know-how may be sensitive, and MNCs may wish to have it kept within the parent country through the use of PCNs.

### 3.2.3 Data collection

According to Stake, (2011:443),

*'Case study is not a methodological choice but a choice of what is to be studied . . . . By whatever methods we choose to study the case. We could study it analytically or holistically, entirely by repeated measures or hermeneutically, organically or culturally, and by mixed methods—but we concentrate, at least for the time being, on the case.'*

There is no mean to form a case study as this is not an approach but a frame of different approaches. As a result, some data collection methods for this fieldwork will be introduced in the following section, namely (1) participant observation, (2) field notes and (3) Interviews.

#### *Participant observation*

Becker (1997:652)'s participant observation approach that "gathers data by participating in the daily life of the group or organisation' and that studies 'situations they (employees) regularly meet' as well as studies 'conversations with some or all of the participants in these situations'. Moreover, Dewalt (2010:260) further illustrates the method of participant observation that the way to collect data through this method is 'an unstructured manner in naturalistic settings by ethnographers who observe and take part in the common

and uncommon activities of the people being studied'. As a participant observation researcher, we may be 'co-participants with our informants Nash (1976:164)' who live or work with our informants while participating in daily events that may be in a routine or come as a surprise.

### *Degrees of participation*

Spradley (1996:58-62) suggests four degrees of participation, namely nonparticipation, moderate participation, active participation and full participation. Nonparticipation refers to obtaining insight by the use of secondary documentation, such as reading newspapers and diaries, without interacting with people. With moderate participation, researchers participate in selected daily events and may only travel instead of living or working in the research site with occasional interaction with people. Active participation, on the other hand, refers to the situation when researchers engage themselves in every event on targeted people. When it comes to complete participation, researchers are the members of the community. Like an undercover, two identities may exist at the same time, which are not just for the purpose for research but have the chance of being 'one of them' and experiencing how they felt and how they are managed. Meanwhile, cultural shock may take place when researchers face several new behaviours and stimuli (Bock, 1970; DeWalt, 2010). Often researchers may feel nervous and anxious about what to do at the four levels of participation interacting with people.

For the benefit of this research, an attempt to employ four levels of participation, thus maximising any chance of gathering evidence to see how TCNs are managed and recruited. With comprehensive observation, it is discovered the power being 'one of them'. As the researcher is also a TCN worker, he observed how his colleagues in Dubai and himself were managed and recruited. Several factors with evidence have been gathered during a period he stayed with two companies, which contribute mainly to the research. Nevertheless, at the same time, he has faced the danger that the power of complete observation could

overwhelm his research through a large degree of emotional involvement. As a result, he occasionally confronted managers, directors and questioned them when his colleagues or himself were potentially exploited or bullied. The point mentioned above will be further addressed in the next section, 'Limits to Participation'.

With participation, sometimes, researchers dedicate to establish rapport, which refers to different channels of communication between researchers and their informants to enable researchers to gather information and understand research ground as a whole (Nader, 1986). Rapport as a connection is essential but maybe time-consuming to build up as it may involve different scales of trust from informants to researchers. Throughout this research, ample time had been spent on establishing rapport, which was convenient for later stages when more formal data collection was employed, such as interviews. Most of my informants agreed to accept my interview at the first invitation attempt. Moreover, they felt comfortable answering questions while being interviewed despite consents also being signed before interviews.

### *Limits to participation*

It is well understood the critical being 'objective observer'. Bernard (2005) suggests that participants can proceed with one extreme to the other, i.e. pure participation and pure observation. With pure participation, the researcher becomes native and is part of the phenomenon, which gradually drives researchers to naturally behave and emotionally react as other members of the community. On the other hand, pure observation attempts to remove all the add-ons as mentioned earlier from the researcher. As a result of the extreme, it points out the difficulty to stay neutral while employing the method of participant observation. 'When we see people with whom we are working being exploited, subject to violence or damaged in some other way, it is increasingly difficult to justify not intervening Dewalt (2010:277)'. Inevitably, he also suggests that we as researchers would 'bring in a series of preconceptions, biases and developed

personal characteristics to the enterprise'. The difficulty may lie with emotional involvement developed by individuals' characteristics. However, he highlights that 'a good field researcher must react to the goings-on with sensitivity and discretion' As a result, a researcher may wish to follow the flow, but it is crucial to maintain objective perspectives to a large extent while researching, sensibly reacting and avoid being overwhelmed by emotions.

An incident happened in the researcher's fieldwork, which is inconsistent with the above difficulty DeWalt, (2010) indicates, is that the researcher reported a misbehaved manager to a director when the manager verbally humiliated a TCN worker in public. Such behaviour did not benefit the research as the researcher's relationship with the manager, who was one of the essential informants he targeted, was thus damaged to some extent.

Besides, the backgrounds of researchers also affect the quality of participation observation, such as personal characteristics, research training and experience and abilities. Personal characteristics, which refer to age, sexuality and religious belief, etc., are necessary grounds forming an individual's subjective perspectives, which may continuously challenge the objective perspective most researchers dedicate to maintain as aforementioned. The amount of research training a researcher has may reflect on how skilful the researcher is when conducting fieldwork. Experience and abilities, to some extent, may contribute to how smooth researchers conduct participant observation, which may require more than one language, interpersonal skills and a basic understanding of the industry the study is in for instance. The researcher found that some experience and skills he had brought to participation were beneficial. For example, the interpersonal skills the researcher developed via several work roles in different industries did help me get along with and maintain a good relationship with a few key informants' regardless of hierarchical organisational levels. Speaking Mandarin, Arabic and English helped with transcript recording. These language skills were especially useful when the researcher explained the concept of his research to informants and when conducting interviews, which might be explained in different languages to enhance informants' understanding of his

questions. There are a few main methods to conduct participant observation, such as field notes and interviews, which will be introduced in the following paragraphs.

### *Field notes*

Fieldnotes are required by the method of observation participation (DeWalt, 2010). Fieldnotes can be conducted via videotape, audio or writing. With day-to-day research, writing is the mere method to record an observation of events and ways of doing things, casual interviews and overheard conversation (ibid.). Fieldnotes are utilised because the method is simple to use; researchers can just use pens and paper to record events on the site with or without the aid of tape recording (Tessier, 2012) Fieldnotes are not just utilised when events progress. According to Hamo (2004), before events, field notes can be used to record situational backgrounds to provide insight into the event context.

Nevertheless, also, after events, field notes can include summaries of events and the researchers' impression. Also, Sanjek (1990) suggests how researchers feel as non-linguistic data can also be included in field notes. However, Tessier, (2012) summarises two disadvantages in utilising filed notes. First, the simplicity of filed notes may result from information loss, as the events cannot be replayed. Second, participant's perspectives may be underrepresented because field notes are often selective and are recorded subject to researcher's perspectives to the most coherent interpretation.

### *Interviews*

Interviews were semi-structured with open questions in order to obtain in-depth qualitative data and explore unpredictable constructs. Open questions were also designed not to mislead participants, and to avoid coercing them towards answers beneficial to this study. Further communications and questions were made via emails sent to relevant interview participants. All the interview

statements were recorded by pen and paper in bullet points, and occasionally, with a voice recorder. Interviewees were notified from the beginning of an interview whenever voice recording takes place. The interview process took approximately 30-40 minutes per person and was conducted in English with the assistance of Arabic, depending on the interviewees' linguistic background. Nevertheless, the proposed timeframe may be subject to interruption, given participants' temperate leave for work needs.

The interviewees were drawn from two MNC's headquarters and their Dubai subsidiaries. Several employees in the positions relevant to this study, including general managers, human resources managers, the directors and TCN employee groups at all levels in both HQs and Dubai subsidiaries. The interviewees were provided with consent forms and assurances of anonymity when asked to participate in the study. Because of this condition, in-depth biographical details about particular individual interviewees, such as specific job titles, were omitted. Interviewees were assured that any of their statements used for this thesis would fully have their consent before publishing. The majority of consent forms were signed before interviews.

Interview questions were set up respectively at employee and recruiter perspectives. The employee perspective the researcher referred to includes both management and non-management TCNs. These TCNs, whose jobs were at a different hierarchical organisation level, were employed by the two companies A and B. They answered the researcher's questions from the perspective of being an employee with the respective companies. The recruiter perspective mainly referred to the value of the directors and managers who had conducted recruitment interviews with TCN employees and decided on the use of TCNs.

First of all, with the employees' perspective, both the individual and organisation aspects were tackled with two sets of questions and were for the later use of cross-analysis with the recruiter perspective. At the individual aspect as <sup>the first</sup> set of questions, the researcher obtained Dubai TCN employees' personal and socialisation backgrounds, including their migration experience, including



education, extracurricular activities and work experience in a foreign country before and alongside the job.

The second set of questions at the organisation was established for non-management TCN employees regarding their experiences of being interviewed for the job and how they found the differences between themselves and other PCNs or HCNs regarding their perception against the same job and the work environment. For example, a typical question the researcher had asked was 'How do you compare the turnover rate of HCNs to TCNs? Is there any explanation for your perception?' This is a way to compare 'commitment' at work between TCNs and HCNs'. Moreover, answers can be transferred to further interview questions with management regarding (1) How they perceive the commitment between TCNs and HCNs; and (2) Whether or not this potentially or substantially leads to an MNC's competitive advantage.

Secondly, with the recruiter perspective, the researcher interviewed managers and directors at HQs and Dubai subsidiaries regarding recruitments of TCNs. Questions were to test their perception against TCNs and insights of job descriptions as well as factors impacting their decision on the use of TCNs.

Please note that some of the interviews had taken places in an informal atmosphere during a lunch break and drinking in pubs after work. This was because that the researcher found this way was causing a less negative impact on interviewees' daily workloads, enhancing acceptance on interviews and having richer stories when these interviewees felt relaxed rather than when they were at work. The limitations might include the risk missing out narratives due to poor recording quality in a noisy public environment.

As aforementioned, the researcher had known most of the interviewees at work and outside work. The above circumstances allowed him to know each individual being interviewed in-depth. These interviewees had spoken to me like friends and colleagues, sometimes. The researcher felt the answers given in the interviews are

faithful to these interviewees themselves. The awareness of ethical issues will be addressed in the next section.

### *Ethical issues*

'If informants were always consciously aware of our activities as ethnographers, the information we acquire would be less rich. We want them to forget, for a time at least, that we are outsiders. We want to develop sufficient rapport and to have them become so comfortable with us as community participants that they will share insight and information that only insiders would know (DeWalt, 2010)'. It is very often that informants are not aware that they are part of research especially during some casual events, such as a beer or a chat, and often, research may fail to have informants' consents all the way through. However, it is the researchers' responsibility to think carefully and keep informants anonymous while recording and reporting data (Punch, 1994). We should intend to minimise the negative impacts of our research on our informants. However, with technologies developed, it is becoming more and more challenging to hide informants' identities. Therefore, researchers should pay extra attention while using and reporting the data collected. Having analysed the five selection criteria, the next will detail the cases selected in the research context.

## **3.3 The research context**

The case studies used for this exploratory research will centre on TCNs' characteristics, the management, staffing and general practices of two British-orientated MNCs that have operations in Dubai. As aforementioned case selection, in order to enhance comparability and to make for more robust interpretation of findings in later stages, two MNCs are considered and selected

in consideration of individual variables, namely the availability of resources, size, age, country of origin, and industry.

Two case studies will be used in dealing with Dubai based subsidiaries. A case is referred to a British Education MNC with an overseas subsidiary in Dubai Free zones. Two main reasons for studying Dubai subsidiaries in this study are as follows. First, a key reason for choosing Dubai is to address the possible impacts of the wide availability of TCN types on MNCs' expatriation. Dubai has a very high percentage of TCN workforces, while HCNs and PCNs are a contrasting minority.

Whilst Dubai's workforce composition would be hard to replicate anywhere else in the world, the insights of this study would be of interest for those MNCs doing business in countries with a high proportion of TCNs, or those in which numbers were increasing. Dubai is argued to be a distinctive host country with a wide range of TCNs, as such it is an attractive environment for the study because of the larger role played by these members of the workforce and the hope that all three TCNs' categories will be present. As such, the country promises to offer more opportunities for the study of the roles played by TCNs in staffing strategy.

The second key reason is that it is highly likely that the findings in Dubai will be mirrored in environments in which there is a similarly high proportion of TCNs and where there are similar institutions. Gulf nations and states such as Oman, Saudi Arabia and Qatar are prime examples of environments for which these findings will be relevant. Dubai has several institutions that are similar to those in other neighbouring countries. These institutions may have an impact on how staffing strategy is implemented. Its idiosyncratic legal system, social and organisational cultures are in some ways analogous to those in Saudi Arabia, Kuwait and Bahrain. For example, the national policy-driven to encourage the employment of locals in the private sector defined as Emiratisation in Dubai has its analogue in the policy of Saudization in Saudi Arabia. Next, both MNCs and informants will be introduced.

### 3.3.1 Company A and B

In this section, both Company A and B will be introduced, followed by the comparisons between the two with a significant focus on the five selection criteria, namely the availability of resources, size, age, country of origin and industry.

#### *Company A*

Company A is one of the leading pathway programme MNCs in the education industry. The MNC has a global market with subsidiaries across Asia, MENA and Europe. At the current stage, Company A has partnerships with more than 18 universities in the UK, North America, Australia and New Zealand. Their overseas students were recruited from 145 countries. In the UK, Company A also owns four sixth-form colleges. HR functions with Company A may be inactive because the non-HR director and managers participate in or lead HR decision-making processes, such as selection training and promotion and most concern over budgets than employees' benefits. However, Company A operates at a flat hierarchical level. Directors and managers sit in an open plan workplace together with non-managerial employees. TCN employees work at the top, middle management and non-positions along with HCNs and PCNs at both Dubai subsidiary and the headquarters in Brighton, the UK. TCNs were widely employed despite varying with departments; some departments employed only TCNs. Managers of each department can be key decision-makers in a recruitment circle.

The total number of employees at the headquarters was 215, and the number of the Dubai subsidiary is about 39. The majority of the staff in the HQs tended to a young generation in between the 20s and 30s, such as graduates. Nationality wise, the numbers of foreign workers were about the same as local workers. Company A was dedicated to cutting down costs by all means. HR took great

advantage of internships for no pay or minimum wages. One of the internship schemes Company A used was the 'Leonardo' programme. The programme enabled people to travel and work within the EU while the EU government-sponsored participants with the first six-month rental and living costs. Companies that utilised this programme benefited from free labour and no obligation to provide further recruitment contracts upon the completion of the six-month project. Approximately six Italians were recruited to work in the HQs based on the Leonardo programme, three of whom, after six months, were continuously recruited to work for the HQs or overseas subsidiaries based on permanent or fixed-term contracts.

There were about 35 TCN and 4 PCN employees staffed in the Dubai subsidiary despite the lack of HCNs. TCNs worked across at both management and non-management levels. They had an average of three years of work experience, the majority of whom were from South Asia, followed by non-oil export Arab countries and European countries. It was noted that about three employees were born or grew up in Dubai as the second generation but had not had citizenships due to the government's regulation.

The atmosphere in the Dubai office was pleasant. Most of the time, when The researcher spoke to people in the office on the phone, the researcher could always hear people laughing. Most colleagues had a great sense of humour. The Dubai office was the same as the headquarters with an open-plan workplace. The temperature could be an average of 40 degrees, but the office was fully air-conditioned. The building was new and was part of the newly developed area.

#### *The researcher's role with Company A*

The researcher had worked full-time with Company A for just under a year. The researcher applied for his position, Student Advisor, through Reeds, had an interview within a week and was recruited in two hours after the interview. The researcher's initiatives and the purpose of requiring the role were fully explained during the job interview. Top management just briefly and simply

asked what my research area was. Having realised that the researcher's subject was not involved with the company's core business, the manager agreed to offer him the position, providing that my research would not affect my job performance. His contract with Company A was a 6-month fixed term rolling contract. He was given the lowest level of salaries in the company as well as the lowest level of bonus despite demanding workloads. His typical working hours were between 9 AM and 5.30 PM with a one-hour lunch break as well as two 10-minute tea breaks in the morning and afternoon. During summer business peak time, work overtime and very early shifts were often required.

He worked with the headquarters. His role was office-based, and the job description is to enhance students' acceptance rate of an offer through calling and emailing campaigns. This role gave him an excellent opportunity to work with regional subsidiaries worldwide, including the Dubai subsidiary. Collaborations were commonplace between his department, Sales and marketing and personnel in the Dubai subsidiary. As a result, he was able to build up rapport remotely with employees in the Dubai subsidiary on top of the necessity of a working relationship. Their friendships prolonged even after the researcher left Company A. His colleagues, manager, director and he have kept in touch through Facebook, mobile applications and LinkedIn. Consequently, the well-maintained relationship can be valuable when further information is required for his research.

During the whole year of working and researching, his position as a researcher was frequently clarified. His manager left it to him to introduce himself to other colleagues as a person and as a researcher. His initiative was to introduce himself as a person first to other colleagues. And then after a few conversations, the researcher fully revealed himself as a PhD researcher. As a result, most colleagues were not afraid of making friends with me. With regards to ethical issues, the decision not to reveal my identity was to build up rapport rather than gathering and noting information. No field notes were gathered before he had consent from any informant. He had shined his personality honestly through to co-workers with a great sense of humour. Even when He revealed his identity

and specified what his research objectives were, most informants' reaction and facial expression were like 'Are you sure?' Although most of his colleagues found it difficult to believe a PhD student could also conduct a full-time job. Thanks to great social venues to staff Company A offered at the headquarters; therefore, it was straightforward to establish a strong rapport. There was a student canteen, where employees were allowed to sit in and dine three courses for less than two pounds. At lunchtime, he usually went to the student canteen to sit with colleagues from all departments. Also, there were a few coffee corners. Through colleagues' introduction, he soon made friends with a wide range of employees across different departments, across different organisational hierarchical positions and different cultural backgrounds. Due to his personal and friendly approach, the majority of my colleagues were very cooperative and considerate when formal and informal meetings were arranged.

### *Company B*

Company B was established in 2005 by the same founder who previously owned Company A. Company B was regarded by The Financial Times as 'a niche UK Education Company' and valued itself at £266m (Cook, 2013). Company B indicated that it had generated \$95m in revenue for university partners since its launch until 2011 (Baker, 2011). In 2013, Company B further increased its size by securing an investment of £66m from the firm, Leeds Equity Partners, for 25 per cent share of its business. Company B had 31 subsidiaries worldwide with 1,800 global employees in 2015 increased from 40 global employees in 2006. Company B signed up a total of 25 partnerships in three countries, namely China, the UK and the US in 2015 and affiliated 90 universities in the UK. By 2015, the MNC achieved an annual investment of \$45 million of global marketing network. The headquarters is located in Brighton, the UK, with a total of 247 employees working in the three-story office. Approximately 30 employees are working in its Dubai subsidiary. Twenty-seven among them are TCNs while three are PCNs.

In contrast to the five-year Company A's business proposal, the business model of Company B was to maintain a long-term co-ownership with a university up to 35 years. As a result, Company B had been committed to a long-lasting investment up to £350 million in infrastructure, such as on-campus study facilities, with their partner universities. The infrastructure might include teaching blocks and accommodation for pathway programme students. Providing its private sector's resources while letting Partnership University, Company B had complete control of its academic plans. In 2011, Company B was awarded the 'Higher Education Provider of the Year' and won the 'Exporting Excellence' category. Due to the long-term business model, Company B also invested in its employees. One of the company's missions was 'Pride', which meant that people took pride in what they were doing in their role. The company aimed at creating high-quality employment by providing permanent contracts as standard contracts and proposed relatively higher budgets on training employees, compared to Company A.

#### *The researcher's role with Company B*

The researcher resigned from Company A and obtained a job from Company B straight away. Based on the urgency of seeking an ideal candidate for the job, Company B signed him on a permanent contract as their standard contract, although they understood the fact that he was a PhD researcher. The company understood that he would conduct the work assigned whilst proceeding with my research within the headquarters and the Dubai subsidiary.

The researcher's role was very similar to Company A's. The main difference was that he was in charge of the US rather than UK universities. As a result, he frequently travelled to the US and European countries. The purpose of his trip was to familiarise himself with Company A's portfolio of universities in the US. Before he signed for his employment contract, Company B had already been in the process applying for a VISA, Electronic System for Travel Authorization (ESTA), for him to the US. Having started working for just seven days, he flew to



the US for two weeks. Everything had been paid for, including dry-cleaning in the mid-week. He was surprised by the amount of budget invested on me as a foreign and new worker. He could not imagine he would have such an opportunity when working with Company A.

There were not as many social venues in Company B as Company A. Employees intended to gather together in a kitchen area, where sofas, a small bar, TV and light catering facilities were available. He found the setting could be challenging to establish rapport with key informants. However, the company arranged a free drink and nibble social event at the headquarters every month, called Third Thursday, on every third Thursday before payday. He was able to meet most colleagues, managers and directors through the event. Sometimes, employees visiting the Dubai subsidiary would join the event. The event helped him socialise and maintain good relationships with key informants in both headquarters and subsidiary level.

#### *Comparisons between Company A and B*

Consistent with the rationale of case selection explained previously, the two MNCs are summarised and compared from the perspectives of (1) country of origin, (2) Industry, (3) Size of the company with the breakdowns of global employees in total, employees in the UK headquarters and Dubai subsidiaries, (4) age of the company, (5) Available resources in DKP, Dubai and (6) open research access to headquarter and the subsidiary in the following table (Table 2),

	<b>Company A</b>	<b>Company B</b>
<b>Country of origin</b>	United Kingdom	
<b>Industry</b>	Education (pathway programmes & sixth form colleges)	Education (pathway programmes)
<b>Total employees worldwide</b>	Over 3,000	Over 1,800
<b>UK Headquarters</b>	215	247
<b>Dubai Subsidiaries</b>	39	30
<b>Age of the company</b>	Approximate 20 years	Approximate 10 years
<b>Availability of resources in DKP, Dubai</b>	1) Entitlement to 100% ownership of the regional office and tax exemption  2) Learning opportunities from rival MNCs in DKP  3) Support facilities and infrastructures offered by DKP	1) Entitlement to 100% ownership of the regional office and tax exemption  2) Learning opportunities from rival MNCs in DKP  3) Support facilities and infrastructures offered by DKP  4) High autonomy of local staff employment delegated by the headquarters
<b>Open research access to headquarters and subsidiary</b>	Yes	

**Table 2. Comparisons between Company A and B**

Firstly, both Company A and B were established in the United Kingdom, and both of their UK headquarters are located in a seaside city, Brighton, in the southeast UK. Consequently, the factor will assist the research in dismissing the impact of a different country of origin on staffing practices. Secondly, although both MNCs are in the education industry, Company A owns four sixth form colleges together with pathway programme business. As a result, Company A has an additional number of students from the age of 13, compared to Company B's students with a minimum age of 17. While potentially working with underage students, all

employees with company A are required to have their DBS (Criminal Records Bureau) checked in the UK, with no exception for overseas employees. Therefore, staffing composition in the overseas subsidiary with Company A is also subject to DBS check as one of the significant recruitment criteria whilst Company B does not require so. Thirdly, the size of both MNCs are very similar to each other in both headquarter and subsidiary level, which may lead to the similar HR functions and HRM practices that help research comparison and analysis on the two cases to some degree. Fourthly, Company B was established approximately a decade after Company A, which potentially could impact on the maturity of both Dubai operations, and then staffing compositions as aforementioned in Chapter 3. The uncontrolled factors could be potentially harmful to find, which means that the two selected cases will be compared and contrasted based on one mature subsidiary and the other well-developed subsidiary. However, having taken the potential risk into account when selecting the two MNCs, the fact that the same founder established the two MNCs might mitigate the issue. It is likely that the experience of the founder setting up the headquarters and overseas operation could enhance the maturity of Company B in both headquarter and subsidiary levels. Fifth, both MNCs are located in Dubai Knowledge Park, where they offer the same incentives to all MNCs, namely 100% ownership of business and tax exemption. Both MNCs also share the support facilities and infrastructures subsidised by the Free Zone. As all pathway programme, MNCs' Dubai subsidiaries are located in DKP in close distance; both MNCs can learn from each other's practices. However, it was noted that the Dubai subsidiary Company B enjoyed a higher level of autonomy delegated by the headquarters. Compared to Company A, they had more control in budgets and employee recruitment. Last but not least, both MNCs opened access to my research in both headquarter and subsidiary levels. Both MNCs understood that my research initiatives were not involved with their core business but mainly in the scope of human resource management.

In addition, both MNCs shared a very similar degree in a formal HR practice, named PMPD (Performance Management, Performance Development). Most employees at both subsidiary and headquarters were required to attend a

meeting, diarised with managers to discuss performance over the past year and to agree on objectives for the coming year. The activity was held once a year by the year-end. Having had the meeting established, the first action was for each of the employees to start to complete the PMPD form by completing a self-appraisal. Performance management was all about an employee working with his/her manager to ensure that each employee could understand what is expected of them and how they were expected to work to deliver results. It was also an opportunity to focus on each individual's own development. The meeting will then focus on:

\*Reviewing the self-assessment of performance and identifying the extent to which:

- The objectives and results have been delivered
- The demonstration of the company's values with 2-3 professional behaviours

\*Discussing how performance could be improved and reviewing skill development needs

\*Jointly agreeing to the priorities and targets for the forthcoming year (SMART objectives)

\*Agreeing performance measures which will be used to evaluate the performance (KPI's)

\*Discussing and agreeing on the knowledge and skills, which are required to do the job over the coming 12 months

The reason the researcher highlights this practice is that PMPD contents and practices were very similar between the two MNCs but were both perceived negatively by some employees, and thus, led to staff retention and turnover issues. The activity was an opportunity for an employee to ask for career development, further training, and the request for pay increases. The researcher had conducted one PMPD with his line manager. The researcher asked for language training in Korean, given the necessity of using the language with some clients whilst lacking Korean speakers in the company. However, the request was acknowledged but was not followed up. A similar event happened to him

with Company A. He was promised of being promoted as a manager in PMPD, which did not materialise due to the company's restructuring plan.

The effectiveness of PMPD was not sure to some employees. It seems the agreed results of PMPD were disconnected from further actions by directors. The obstacles were sometimes because of budgets. The ineffective PMPD led to disappointment for employees expecting actions for their career advancement plans and some constructive criticism. There was a comment from a TCN working in the Company A's Dubai subsidiary,

*'I felt that I had been let down after PMPD. I asked for a pay increase during the PMPD meeting with my manager. My argument was that I have worked in the role for the years, but they (directors) decided to pay the new starter without any experience at the same basic rate. Something even made this worse is that they indicated a lower basic rate in the job description but paid the person the same money as mine! I have been expecting a different response for two months, and nothing happened.'*

The TCN resigned three months after the PMPD and was promoted as a team leader with a rival company with a pay increase of three thousand pounds. One TCN manager with Company B recalled her PMPD that.

*'I was thinking about challenging the bonus system in the team, but I do not dare to bring this up at the meeting. The bonus for me was terrible last year while comparing mine to most colleagues. I think we worked as hard as each other. It is not fair....'*

It seems that PMPD with both MNCs was just standard and formatted performance appraisal and was detached from actual actions for one's career development and training requirements initiated in the meeting. This might cause further turn over if employees could not see the end results. This could be further complicated while TCNs like the TCN manager was afraid of or were not encouraged to speaking out of one's expectations from managers/directors. This

was an example to show HR activities might be weak in enforcement while managers and directors were not fully committed to actions required as agreed at the meeting, and perhaps both MNCs lack an office culture to encourage employees to speak out for themselves.

In general, there were high similarities in the company's background, shared by both Company A and B. This is an ideal pre-condition for further analysis on both the MNCs. As both companies were selected based on pre-set selection criteria, this enhances comparability and observations on agendas based on a few theoretical frameworks, which are to be discussed and analysed in the next two Chapters.

### 3.3.2 Informants

Table 3 summarises 38 informants from the two MNCs at both the headquarters and subsidiary level, including 9 PCNs and 29 TCNs. Data were collected between 2014 and 2016. The primary sources of information were sourced from participant observation, interviews and documentation.

Participant identifier	Current MNC tenure	Total MNC tenure	Level	Type	Gender	Working venue
E.1	3	*	Middle mgt	TCN	M	S
E.2	4	6	Middle mgt	PCN	M	S
E.3	5	*	Top mgt	PCN	M	S
E.4	2.5	2.5	Middle mgt	TCN	M	S
E.5	3	4		TCN	F	H
E.6	1	1		TCN	M	H
E.7	1	1		TCN	F	H

E.8	2	3		TCN	F	H
E.9	4	4		TCN	F	S
E.10	2	2		TCN	F	S
E.11	2	5		TCN	M	S
E.12	3	4	Middle mgt	TCN	M	S
E.13	2	5	Middle mgt	PCN	M	S
E.14	2	7	Middle mgt	PCN	M	S
E.15	4	4	Middle mgt	PCN	M	S
E.16	3	7		TCN	M	S
E.17	2	5		TCN	M	S
E.18	2	3	Middle mgt	TCN	M	S
E.19	4	4	Middle mgt	TCN	M	S
E.20	1	1		TCN	M	H
E.21	4	6		TCN	M	S
E.22	5	9		PCN	M	H
E.23	4	6		TCN	M	S
E.24	1	4		TCN	M	S
E.25	2	2		TCN	M	S
E.26	3	3		TCN	M	S
E.27	1	2		TCN	M	S
E.28	2	2		TCN	M	S
E.29	2	2		TCN	F	S
E.30	1	1		TCN	F	S
E.31	5	8		PCN	M	H
E.32	1	3		TCN	M	H
E.33	7	14		PCN	F	H
E.34	3	5	Top mgt	TCN	M	S
E.35	6	7	Middle mgt	PCN	M	H
E.36	3	5	Top mgt	TCN	M	H
E.37	4	4	Top mgt	TCN	M	S
E.38	1	6	Top mgt	TCN	M	H

**Table 3. Staffing compositions at both subsidiaries A and B**

\*Missing data; Mgt' stands for Management; 'S' stands for Subsidiary; 'H' stands for Headquarters

Each informant was given a participant identifier. Each informant was asked for the working period of their current tenure with either Company A or B as well as their total tenure with any MNC before their current careers. All the informants, except for 2 HR directors, worked in the MENA region, either at the Dubai subsidiaries or at the headquarters. The informants were across both management and non-management levels. The management level incorporates five directors as top managers and ten middle managers. Non-management for a total of 23 was left blank on the chart. In terms of gender, there were eight female informants vastly outnumbered by 30 male informants, which reflected the fact that the employees working in both Dubai subsidiaries were mainly males.

According to the researcher's theoretical framework of TCN types, 7 TCN informants were identified as Central-orientated TCNs whilst 17 informants were identified as Local-orientated TCNs, followed by 5 Worldwide-orientated TCNs. First, the 7 Central-orientated TCNs were from the UK headquarters to Dubai subsidiaries. These TCNs were internally selected with an average of 2.5 years of work experience at the UK headquarters. They were also familiar with the central or global practices before expatriate assignments, the majority of whom are native Arabic speakers. Second, the 17 Local-orientated TCNs were recruited either in Dubai or in the UK. The nationalities of these TCNs ranges across South Asia, South-East Asia, the Middle East and North Africa and East Europe. The similarities shared by the majority of these TCNs were that they had lived, educated, and worked in Dubai/UAE or nearby Arab countries before their current jobs. Failing that, few TCNs had a degree related to Arabic language or culture. Most of these TCNs were experienced in either the admissions or the recruitment of students from the MENA region. Some of these TCNs did not speak Arabic but understood the MENA education market and Arab cultures very well, as these are part of the strict selection criteria, and the others came from neighbourhood Arab countries speaking Arabic as their first language and naturally sharing cultures as a result of Islam. Finally, the 5 Worldwide-orientated TCNs were recruited locally in Dubai subsidiaries, responsible for IT and finance. Four of these TCNs came from India and did not speak Arabic as



they originated from Hindu regions. One of these TCNs was a Pilipino undergraduate student from a Dubai University, working as an intern to gain work experience to qualify with ACCA (the Association of Chartered Certified Accountants) from one of the Dubai subsidiaries. These Worldwide-orientated TCNs did not seem to have particular references to the home or host country.

Through the above analysis of both MNCs' staffing compositions, it is possible that MNCs in Dubai could rely on the use of TCNs based on their transferability. However, the transferability of the TCNs is not always the key because transferability cannot be justified without taking a few factors into account, which could impact on the use of TCNs and the priority of the three TCN types in staffing compositions. The data collected from interviews, field notes and on-the-job observations helped clarify and develop the understanding of how and why more factors, other from transferability, could impact a staffing composition in a Dubai subsidiary.

#### *Daily activities and interactions with informants*

The researcher had gathered information through in-house observation and had participated in companies' daily routines and meetings. Before the two months of intense observation at headquarters with company A, the researcher had worked with the Sales & Marketing department at headquarters with active interactions with Company A's Dubai subsidiary for just under a year. However, intense observation for the research was conducted in the last two month's employment with Company A. He worked with Company B as soon as he resigned from Company A. He remained at the same position coordinating with a Dubai Subsidiary with Company B. As an ethnographer, this made it possible for him to gain insight information staffing management practices and discourses in the two MNCs with his ears and eyes. In addition, taking the time to build up rapport has enabled him to gain access to information and invite key informant for interviews.

The directors and managers of Company A had introduced him as a researcher to the majority of employees. Similarly to an employee, he came in at 9 AM and finished by 5:30 PM, occasionally, working overtime together with key subjects being observed. Managers' interactions with TCNs, HCNs and PCNs had been vividly observed. He also joined recruitment interviews for staffing the Dubai subsidiary together with some managers and directors. This had enhanced my understanding of the whole recruitment process of selecting and decision-making on the use of TCNs with company A.

Similarly, with Company B, he was offered a position. The purpose of granting the job was made clear during a job interview. Directors and managers were fully aware of his research and my research methods, including participant observation, accessing company database and interviews. Company B was pleased to have him to work while researching for several reasons. As far as Company B was concerned, his research contribution may potentially benefit and help HR to establish a global system. Furthermore, the research topic did not involve with their core business and was declared that the data and the research results related to Company B would remain as anonymous as possible. Last, Company B had an urgent need to fill the job vacancy as his previous experience and skills developed with Company A had become useful.

The researcher's procedure undertaken is related to the definition of Becker (1958: 652)'s participant observation approach that "gathers data by participating in the daily life of the group or organisation' and that studies 'situations they (employees) regularly meet' as well as studies 'conversations with some or all of the participants in these situations'. Last but not least, the researcher can seek 'their interpretations' of the events. Research diaries with Company A made accordingly in the last two months of intensive research. Research diaries with Company B were kept on production subject to the availability of events from day one.

The researcher had attended some events, such as recruitment activities. He made or listened to conversations regarding Dubai employees' job interview

processes. Interviewers' names were also recorded for arranging an interview later to conduct cross-analysis. The cross-analysis was necessary for a way seeking balance, supplementary and conflicts between employees and employers' perceptions against TCNs. The cross-analysis was conducted by interactions of three primary sources, namely field notes, interview finding and company secondary data. Also, contradictories observed during interviews helped the cross-analysis. For example, some selection criteria that matter to the manager may be hidden could be exposed and illustrated by the employee hired. This is often the case because the manager may be concerned about any statement that may relate to age, racist or gender discrimination. British MNCs' corporate policies severely forbid these discriminations. For instance, when some jobs were advertised with languages as a bonus, some managers may have had set their pre-condition and expected specific 'faces'. 'Chinese-looking' Arabic speakers may not be in the same position competing with 'Arab-looking' Arabic speakers. Such an observation triggered the researcher's reflection on one of the answerers to the research question of how TCNs are strategically recruited in the Dubai context. So far, the long-going method of participant observation with both companies indeed had resulted in several opportunities to witness some unsaid practices in Dubai.

'Focus' is an essential discipline in my research setting. In parallel of Watson & Watson (1999)'s discipline, the researcher ensured himself as a researcher focusing on specific matching events or perspectives in the two MNCs, and he had paid attention to conversations with equivalent 'key informants'. In respective MNC, the 'focus' was to involve him in staffing management issues generally and in seeking the factors that may impact on the use of TCNs. For instance, he was 'assigned' as a joint interviewer for a real-life job interview with his managers of the both MNCs he researched on. Together with his manager, he studied every candidate' resume and both the corporate and my manager's selection criteria before interviews. He also sat side-by-side with the manager and understood his ideal person for a job in the Dubai subsidiary before and after the interview. In the interview, he listened and recorded his manager's key questions while sharing the responsibility as a joint interviewer by asking

interviewees some competency-based questions. He found such an opportunity in the real context facing his key research question had broadened his perspectives to seek research answers. However, researching while being in the role (as a joint interviewer, for instance) did sometimes distract me from writing down critical details, which led to a loss of information. The limitation could have been prevented through the use of tape- or video-recording. However, both companies discouraged such a manner as both had set priorities in keeping interviewees' details confidential.

The in-house observation helps research go beyond merely reporting of interview conversions for two reasons. First, rather than strangers to the interviews, most colleagues, managers and directors invited to interviews are in a close working relationship to his department or him. Some of them had been working with him daily with the use of office communication software, Lync. Therefore, in later interviews, some questions were extended conversions to their daily talk, or once again, to interrogate the authenticity of answers. Second, some conversations were recorded after some social events outside the workplace. Some further and authentic insights were able to be obtained. To have consents from key informants regarding information obtained was put continuously in practices whenever the practice was possible, especially before formal data collection, such as interviews. However, some informal events, such as a sudden conversation between two colleagues, were recorded without being noticed by the two informants. In response to ethical issues, the researcher intended to gain permission afterwards from key informants before the presentation of the data. Meanwhile, he intended to keep raw data confidential and to himself only.

### **3.4 Data analysis**

This research used a number of data collection methods, namely participant observation, interviews and field notes, to collect qualitative data. The initial directions of the above data collection methods were to obtain various perspectives based on the research questions. As aforementioned, the qualitative approach was to interrogate the social phenomenon and generate new insight. To achieve new insight, qualitative data that gather through data collection methods will require appropriate data analysis. Although the data collection methods consisted of a few kinds in this study, ethnographic interviews were the consistent and significant methods conducted during this research. Qualitative data gathered through ethnographic interviews achieved approximately seventy per cent of the total data. The rest of the data collection methods were often used as a complementary approach to interrogate or follow up data gathered by interviews. Nevertheless, in some cases, the rest of the data collection inspired the researcher by creating new directions for interview subjects. To process and analyse a large amount of data through interviews, there are several relevant ways to analyse (Aronson, 1995; Taylor & Bogdan, 1998).

The researcher decided to choose a thematic analysis as the primary analysis method for this study. Thematic analysis is a method 'identifying, analysing, and reporting patterns (themes) within the data' (Braun & Clarke, 2006:79), and this analysis method is widely used to process ethnographic interview data. There were two main reasons the researcher wished to proceed with thematic analysis. First, the thematic analysis allowed both inductive and deductive approaches to inspect and analyse data. This flexibility was incredibly helpful when the researcher analysed data from both data-driven and research questions-driven perspectives. The inductive approach could help summarise and conclude identifiable themes and sub-themes across data to create new insight and new directions and mitigate insufficiency caused by unexpected and undermined areas outside main reach questions. The deductive perspective brings coding related to research questions into the inspection of the interview data to ensure consistency and sufficiency. Second, the thematic approach is rigorous that can generate a judicious analysis to answer specific research questions (ibid.).

In order to answer his research questions, the researcher initially followed Aronson (1995)'s suggestions on conducting a thematic analysis. First, the researcher collected data through ethnographic interviews. The data was then audiotaped and transcribed. The next step was to identify all data that was relevant to the already classified patterns. The already classified patterns were initiated through literature review, in-house observation, and company secondary data before interviews. However, he acknowledged Braun and Clarke (2006: 85)'s suggestion that the themes are the 'worst examples of thematic analysis' as themes can be entirely deductive. This can be harmful to any new theme emerging during data collection and analysis. As a result, when dealing with the possible classifications of TCNs as his first research question, he frequently moved back and forth on the data between the inductive and deductive approach. Sometimes, the patterns initiated from literature review did not apply to or fit the qualitative data. He would then need to feed the discrepancies back to patterns, which led to a reduction on the original four types of TCNs into three types, for instance.

Third, the data collected was then inspected further and coded into sub-themes. Under each pattern, there were 'components or fragments of ideas or experiences, which often are meaningless when viewed alone (Leininger, 1985:60)'. These ideas or experiences could be proverbs, feelings, meanings, repetitive activities, conversation subjects and even just one or few vocabularies (Aronson, 1995; Taylor & Bogdan, 1998). These components or fragment data would then be made sense of and then became meaningful through links under various sub-themes. This step significantly helped him on my second research question to efficiently seek and justify linkages across the factors that impact on and interact with the use of TCNs in the organisation, subsidiary and host country levels. And then it was essential to obtain feedback from informants once new patterns or sub-themes were emerging. These feedbacks were then incorporated into my thematic analysis, which also helped generate new interview questions and directions of in-house observation if necessary. The final step is to establish valid arguments. In this step, as suggested, he referred the findings, under several themes and their related sub-themes, back to

literature. However, due to the exploratory nature of the study, there were some areas lacking literature to evaluate. To mitigate these circumstances, the researcher would then refer the findings to literature that best relate to the themes. After ensuring the findings were interwoven with relevant literature, an argument was then established through formulating theme statements.

To conclude, thematic analysis is the appropriate method of analysis that was driven by research questions and theoretical themes. The thematic analysis is also useful in processing and analysing data from ethnographic interviews. However, conducting thematic analysis needs to be cautious to prevent classified patterns or themes from deductively dominating the analysis process, which can undermine emerging themes. The researcher will have to maintain flexibility, employing both inductive and deductive approaches in analysing data to capture any emerging themes.

## **Conclusion**

In this Chapter, the research design for the study, the selection criteria for cases, data collection and analysis had been introduced and discussed. A strategy of undertaking multiple case studies was decided upon for this paper. As a research subject for whom the boundaries have yet to be defined, case studies allow for an in-depth exploration of the issues and the companies relevant to the investigation of the role of TCNs' characteristics and management in the devising of MNCs' competitive advantage.

Furthermore, undertaking qualitative research in the form of case studies is advantageous because it allows to layout the basis of comparison needed to determine and analyse the different factors that would influence the use of TCNs in strategic staffing composition. Thus, we see that in their very form, case

studies are of great help in answering the central research questions. Also, case studies possess the advantage of the enriching context and reducing misconception in a circumstance. A variety of techniques allowed in the case study approach, such as further explanation and through alternative communication approaches in an interview, helps establish the richness of an issue and clarify ambiguous points. Besides this, the in-depth investigations through case studies help seek causal relationships between research questions.

The case studies will allow for a robust and nuanced understanding firstly of IHRM practices of British MNCs operating in Dubai in general but specifically how these firms deal with TCNs. Qualitative case research design is in a better position than a quantitative approach to confirm and identify elements impacting on staffing strategies that can be within or outside the discussion of the literature review.

With the roadmap setting, this chapter also sought to highlight the research questions, and thus, leading to case selection. Five criteria were included in the study, namely the availability of resources, size, age, country of origin, and industry. First, concerning the availability of resources, most selected subsidiaries are within the free zones, sharing the same location-specific advantages and have similar functions. Second, larger sizes of Dubai subsidiaries will be preferred because there is a higher chance with these subsidiaries to (1) have more formal HRM functions and (2) help observe a local-embedded HRM method together with global policies and practices. Third, the age variable may determine the degree of adaption to local practices and the various level of employee groups within a firm. It is believed that selecting mature subsidiaries will benefit from wider TCNs workforce participated in a subsidiary. Fourth, the country of origin is an essential variable causing variations to the way of IHRM. The research intends to be fixed with a single country of origin to reduce country impacts. Last, the industry was limited to the pathway programme industry, where a good number of examples can be drawn from widely available TCNs working at various hierarchical organisation levels.



Furthermore, participant observation and interviews were utilised as the researcher's primary data collection methods. First, working while researching with pathway programme, MNCs enabled me to expose a wide range of agenda related to his research questions. Second, being able to establish rapport helps networking, and thus, enhance the acceptance rate of his interview invitations and also enhance the authenticity of interviewees' answers to his questions. Third, as part of the community, insights to most events' backgrounds are well established though filed notes, which help cross analyse with interview results. With regards to the research context, the researcher went further into the background of both companies and their informants. Last, the rationale of data analysis was explained accordingly.

# Chapter 4

## Cross-case Analysis and Findings: TCNs' Characteristics, Management and Contributions to Competitive Advantages

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### Introduction

Through the findings from Company A and B, the three research questions can be addressed, namely.

- *Do TCNs, as a group, possess defining characteristics?*
- *How do MNCs in the higher education sector in the MENA region utilise TCNs in their staffing?*
- *To what extent can such MNCs better use TCNs to improve competitive advantage?*

Table 4 below summarises the above three questions, respectively. The researcher will have the above three research questions answered via explaining Table 4 in the three sections: 1) what the characteristics of TCNs are; 2) how TCNs have been managed; 3) To what extent TCN characteristics and management can generate a competitive advantage for MNCs.

Case/employees/industry/ownership/locations	TCNs' characteristics: scale/profession/competency	TCN management	Ways to generate competitive advantage
<p>Company A Over 2,500 employed worldwide; 215 at headquarters; 39 at Dubai subsidiary</p> <p>100% ownership by the UK parent company</p> <p>Dubai Knowledge Village</p>	<p>35 TCN and 4 PCN expatriates at both managerial and non-managerial positions</p> <p>Main professions: marketing, sales, finance and HR</p> <p><u>Large numbers of TCNs presented at both management and non-management positions</u></p> <p>Lower costs (compared to PCNs and HCNs)</p> <p>High commitment</p> <p>High adaptability to the host environment</p> <p>Positive perceptions against the host country reputation</p> <p>Host country language</p> <p><u>Transferability</u></p>	<p>No use of HCN co-workers</p> <p>Monetary and promotion incentives (mainly up on selection)</p> <p>The strategic use of various TCN types</p> <p>Central control and cultural control under hybrid ethnocentric staffing strategy</p>	<p>1. Stabilise fairness of the work environment</p> <p>2. Enhance job security</p> <p>3. Cut costs on personnel budgets * Increase applicants</p> <p>4. Transfer Analytical, synthetic symbolic knowledge</p> <p>5. Amplify the transfer of symbolic knowledge</p>

<p>Company B Over 1,800 employed worldwide; 247 at headquarters; 30 at Dubai subsidiary</p> <p>100% ownership by the UK parent company</p> <p>Dubai Knowledge Village</p>	<p>27 TCN and 3 PCN expatriates at both managerial and non-managerial positions</p> <p>Main professions: marketing, sales, finance and HR</p> <p><u>Large numbers of TCNs presented at both management and non-management positions</u></p> <p>Lower costs (compared to PCNs and HCNs)</p> <p>High commitment</p> <p>High adaptability to the host environment</p> <p>Positive perceptions against the host country reputation</p> <p>Host country language</p> <p><u>Transferability</u></p>	<p>No use of HCN co-workers</p> <p>Monetary and promotion incentives (throughout employment circle)</p> <p>The dynamic selection and use of TCN groups</p> <p>The coordination between central control and local responsiveness under hybrid geocentric staffing strategy</p>	<p>3. Retain TCNs and save on training expenses</p> <p>4. Transfer Analytical, synthetic and symbolic knowledge</p> <p>5. Amplify the transfer of synthetic and symbolic knowledge</p>
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**Table 4. The case study of Company A and B**

In the next sections, the chart of findings will be explained in detail in the order of the above three research questions, respectively.

## **4.1 Do TCNs, as a group, possess defining characteristics?**

### **4.1.1 Large numbers of TCNs presented at both management and non-management positions**

The researcher's in-house observation and interview data confirmed the extensive use of TCNs in both Dubai subsidiaries, illustrated by Company A and B. A large number of TCNs were employed by both Company A and B at both managerial and non-managerial positions. In Company A, there are 35 TCNs out of the total of 39 employees were TCNs in their Dubai subsidiary. A similar ratio could be observed in Company B, where 27 TCNs were against a total of 30 employees. In both cases, TCNs were sourced mainly through (1) being transferred from headquarters and (2) being sourced internationally either by headquarters or the subsidiaries. These TCNs were largely semi-skilled with some skilled. With TCNs sent from the home country, they were mainly the company's employees, transferred abroad after service at the headquarters. Managers from both Company A and B addressed several reasons for the use of TCNs. This starts with lower costs (than PCN and HCN equivalents).

### **4.1.2 Lower cost, compared to PCNs**

There were pay differentials between TCNs and their PCN counterparts. PCNs in both cases were paid higher. However, TCNs were attracted to the expatriate assignments because of better pay than their domestic peers and career advancement opportunities.

With both MNCs, TCNs took the lead in terms of numbers among all the expatriate groups as the primary workforce with Dubai. This came with a reason that TCN was satisfied with a lower salary rate, which PCNs did not usually accept. A sales director based in subsidiary A stated that

*'For the basic salaries we offer, most jobs seem to be attracted internally to more of our non-British staff from the head office in the UK.... The reasons behind this could be that the introductory rate does not meet our British colleagues' expectations. Another reason is that the British do not intend to learn an additional language, which comes very handy to a sales role. (E.3)'*

Top management of Company A had placed most of their concerns on employment costs. I recalled the conversation between an experienced TCN team leader, who was being headhunted, and a director during salary negotiation.

*'20k? It seems a bit low for what you want me to do. I have got years of experience, and I have to travel a long way to work for you.'*

*'I am really sorry it is not you, but it is our finance. We cannot afford to pay you a high rate while it is very costly for us to subsidise you with accommodation and travelling costs. Bear in mind that you will have the same package as a director's' (E.4).'*

Despite the fact that the salary level was less satisfying than the TCN expected, the salary level was still considered a better option, compared to his alternative arrangements. On the contrary, the post had been remained unpopular for PCNs. According to the HR department, two out a total of twenty-six applicants were PCNs. From HR department's point of view, the position was not generally attracted to experienced British employees as the salary level for the job was not high enough in the industry, and most British were very selective when they could see many similar alternatives elsewhere in the home country for less work while being paid the same or more. TCNs were considered as the primary population for this position.

### 4.1.3 Lower cost, compared to HCNs

From the perspective of personnel costs, both companies were not motivated to use HCNs whilst well qualified TCNs and PCNs were at relatively lower costs. Emiratisation is in a way driving both companies to be selective partially based on nationalities as the majority of HCNs have 'priced themselves out'. The government legally requires UAE nationals' salaries in the private sector at above the market rate plus the entitlement to longer holidays although the government will subsidise some. Also, nationals are entitled to generous pension packages; nationals can retire on 80 per cent of their last salary after the completion of 20-year service. The above finding is consistent with the current debate. Nationals demand considerably higher wages (Forstenlechner & Rutledge, 2010). According to Davidson (2005), initiatives coming with Emiratisation have 'priced UAE graduates out of the market', including higher requirements of salaries and pension schemes. In the following paragraphs, the relevant higher cost of hiring HCNs than TCNs will be explained in three aspects, namely high salary expectation, high training cost and inflexibility in redundancy.

#### *The high cost of employing HCNs due to high salary expectation*

It was to my colleague that locals were pricy, and this triggered my initial understanding that the subsidiary was full of non-locals for the benefit of having lower personnel costs to Company A. According to my field notes while working full time with Company A.

*'Having had a glance of Company A's Dubai subsidiary through one of a colleagues' notebook while he was "showing me around", hardly any of these colleagues would not have the Arab features I expected. Most of them looked like European, South Asians and perhaps some British. According to the cameraman, Arab colleagues from Egypt, Jordan, etc. are usually out for*

*education exhibitions in schools, and education fairs. The cameraman laughed at me when I asked where your local employees are, and then he commented that our company is not rich enough to recruit locals....'*

On the contrary, most TCNs and PCNs recruited and staffed by both MNCs were based on their high competencies and various abundant experiences, i.e. transferability at lower personnel costs related to starting salaries and compensation packages. According to a PCN manager from Company A, who had worked in Dubai for five years, he stated that

*'It may look like that we are racist, having no local citizens working with us. But the fact is that most qualified and skilled are the people from all over the world but this country. Another thing is that our starting salaries are good enough for foreign workers but not local citizens. This is probably one of the main reasons that we never had local applicants. Even we did, I would be very surprised (E.35).'*

The PCN manager suggested HCNs could demand more starting salaries whilst competing with relatively well trained and qualified TCNs, who had been widely available in Dubai's labour markets. TCNs as alternatives might serve the same purpose of having HCNs but at lower costs. Indeed, Company A had either sent TCN expatriates from the headquarters or recruited TCNs locally as alternatives to HCNs. As aforementioned, some TCNs were from Arab countries but had worked in the UK or Dubai for some time. These TCNs grew up in the Arab countries, such as Libya, Syria and Iraq. They spoke Arabic as their mother tongue with fluent English. They were competent in speaking Arabic and speaking English to international clients. They were also competent in applying their understanding of local knowledge to local clients and some knowledge of the MENA market in general. The majority of these TCNs had no objection to relocation and were more disciplined and less demanding than HCNs. Unlike HCNs with legally-required compensations, most TCNs did not intend to negotiate with the salary level and benefits, which impacted on Company A's decision-making process in favour of recruiting TCNs instead of HCNs.



*The high cost of employing HCNs due to high training costs*

Second, alongside high asking salaries, potentially lengthy training and high training costs could also discourage the MNCs from the employment of HCNs. One of the interviewees as top management from Company B indicated that the high cost of recruiting HCNs was not only reflected on salaries but also potentially on the training expenses. The majority of HCNs in the labour market did not seem to have relevant skills to Company B's most work positions' requirements, such as the competency in using a CRM system, i.e. Salesforce. For company B, they had a relatively open mind of using HCNs as they had higher personnel budgets, compared to Company A. However, the main factor that training could be very time- consuming had discouraged Company B from recruiting HCNs. A TCN director, who used to work for the UAE government before Company B, said:

*'According to my past experience, training HCNs can take a very long time. It seems that there is a big gap between education in the UAE and the skills we require for the job. I am not in doubt that with time and efforts being spent, locals can do a good job too. But from the company's point of view, time is money. (E.36). '*

The director with Company B raised the further cost-related issue that local education did not meet the skills required by the job market, which could be costly to companies in terms of an expected long training timeframe.

Third, both MNCs' intention to recruit HCNs could just liaise with meeting local regulation. With Company A, Director for the MENA region reflected his view on HCNs with an example that:

*'We used to have young local interns from universities in Dubai, working in the office. We saw this as a way to fulfil our social responsibilities. We do not have any discrimination against age or nationality, but these locals*

*were not very keen to learn and sometimes came to work late and took longer lunch breaks. Although our sector does not seem to appeal to these locals, we are not keen to have them as our full-time staff upon their graduation either. (E.37)'*

To some degree, Company A was not in an active attempt to integrate nationals into their workforce. The main reason why Company A had local interns was to please external stakeholders, such as the media and government. Aligning with the statement, Director of Sales Operation with Company B stated that:

*'We are fully aware that the trend of Emiratisation can potentially increase our personnel cost. What we are doing now is abiding by the law to the minimum. We do not currently hire locals unless we are forced to do so by local authorities one day (E.38).'*

It was apparent that currently, Company B had no initiative and any clear plan to incorporate HCNs into their global workforce just yet. The recruitment of nationals was sometimes perceived as a burden; therefore, Company B still recruited non-nationals due to the concern of personnel costs despite Emiratisation.

#### *The high cost of employing HCNs due to inflexibility in redundancy*

Last, at the current stage, there was no evidence from both Company A & B showing that the difficulty making HCNs redundant as a result of the Emiratisation policy was the main reason for both companies not to recruit HCNs. However, having had an informal talk during lunch with a global HR director from Company A, he suggested that in the future even though Emiratisation comes in place, it is very likely that the company could still prioritise the recruitment of PCNs and TCNs partially because of their 'flexibility' whilst HCNs are 'inflexible' given Emiratisation.

He explained that company A mainly offered fixed-term contracts as standard employment contracts. The purpose of doing so is to give the Company 'flexibility' to control the size of the company to prepare for any potential termination of the university partnership contract. Nevertheless, upon any acceptance of recruitment with MNCs, HCNs will be immediately protected by the preferential labour law and are not subject to the threat of redundancy. In contrast, both the TCN and PCN expatriates give MNCs flexibility to terminate their employment contracts. Most expatriates were on short-term contracts, which offer the company higher flexibility to control employment time and minimise redundancy-related compensation costs.

According to the Director, he shared the concerns raised by Dubai local regulations. In the UAE, making any UAE citizen redundant requires specific reasons, such as severe individual misconduct, including absenteeism, theft or drunkenness (Simeon & Andrew, 2009). Employers seeking to dismiss UAE citizens will have to apply to the labour ministry a month in advance of any termination order (ibid) Hence, a lengthy procedure for making any GCC citizen redundant should be expected that would lead to the 'inflexibility' when dismissing HCNs. Despite the above numerous literatures addressing the relevant lower cost of hiring TCN expatriates, it is also noted TCNs obtain other distinct characters, namely high commitment, high adaptability to the host environment, positive perception against the host country reputation, and host country language, which will be addressed in the next sections.

#### **4.1.4 High commitment**

Most TCNs were highly committed to expatriate assignments, that is, showing a high tendency to undertake and sustain the assignments. It seemed that the majority of TCNs in the case of the MNC A and B were prone to accept the

assignments. To some degree, the circumstances could be explained by Scullion and Collings (2006) that TCNs usually are willing to accept the expatriate assignment than PCNs given no job perspectives and limited job offers in their country of origin.

There were common reasons behind TCNs' high commitments through the findings. First, some of the TCNs who worked in both MNCs' non-managerial positions came from countries with relatively low economies. The factor may please these TCNs to work in a problematic working condition in a third country to earn much higher salaries than the countries they are from. Their origin from poor economies not only enhance these TCNs' commitment to their jobs but also drive them to achieve better their counterparts. The typical example from this finding is that,

*'I am from Vietnam. I am very grateful to have a job in the UK. If not for this job, I would be now working for the same role but earning two-thirds less than what I am earning now. (E.5)'*

The above perspective is consistent with the findings of Suutari and Brewster (2000) and Jackson et al. (2005) that low employment acts as a push factor that drives self-initiated expatriates outside their countries to seek better employment opportunities. Perhaps, this is the reason that TCNs are more sustainable in a working condition that is considered poorly by PCNs. Second, TCNs appreciate their current career, especially an image of working in the office whereas PCNs and HCNs can have more opportunities to change their jobs either in the home and host country. For example,

*'I am very happy that I am having an office job, unlike most Egyptian here working in a grocery shop. (E.17)'*

However, high commitments could also be enhanced by the level of expatriation if these assignments only required entrance levels. The factor, as mentioned above of country of origins regarding strong or weak economies may not be

relevant. Company A used more entry-level expatriates than Company B. For examples,

*'When I was a student in Italy, I did everything to help pay for my tuition fees and living costs, such as delivering pizza and working in a call centre and working as a waiter in a bar. (E.6)'*

*'I am a recent graduate before the job with [Company A]. I did not have much work experience. I was a waitress for a year when studying at University. (E.7)'*

*'I did not have any work experience when I was a student until graduation. I think it would be better to work when studying. I feel embarrassed when people ask about my job when I was in Italy. This job with [Company A] is my first job. (E.20)'*

Some TCNs from Company A were taken these assignments as their first jobs; therefore, they were very grateful for these opportunities. They understood that these tasks were their first 'proper jobs'; and that they were determined to do these well. They seemed even more eager and committed to these expatriation assignments than some TCN expatriates at a professional level, no mention to PCNs and HCNs. As a result, high commitments in the case of the MNC A and B were found among most TCNs, especially who came from poor economies, but this factor also interacted with levels of expatriation assignments.

#### **4.1.5 High adaptability to the host environment**

It is suggested that TCNs are more likely to adapt to a new environment given TCNs' broad knowledge towards the host country because they are usually transferred from a geographic area (Reynolds, 1977). However, this may be a

country-origin specific case. Referring to the adjustment of TCNs, Selmer (2002) empirically found that Western PCNs and TCNs were more well-adjusted in the new host country than Asian TCNs. Although a TCNs' higher adaptability may be generally agreed, the ability in different contexts may vary. Adaptability was another quality associated with TCNs through both cases. According to HR manager with subsidiary B,

*'Although we don't have an exact figure, my impression is that our foreign staff sent from headquarters intend to stay in the positions or hang around longer than our British colleagues... Not sure what the reasons are. But I hear lots about British moaning about the heat and the people and the local system in general. Our foreign colleges seem to integrate better in the environment; perhaps they travel a lot and use to adapt to different lives.'*

As indicated by Company B's HR, TCNs could show better adaptability in terms of staying on the same job for a longer-term and intendancy to integrate into local life. TCNs presented their ability to overcome foreignness during the period they work in the home country where the headquarters were. It was expected and was consistent with the above Top management's perception that cultural shock was mitigated for TCNs. TCNs' experience of working in the headquarters from TCNs' home country may be transferrable and parallel to when they work with overseas subsidiaries from the headquarters.

Another example is:

*'I find my lifestyle in Japan not much different from Dubai. Both countries are very international. In my free time, I do house decorations. I socialise with friends from all over the world. Anyone is nice, regardless of nationality. I would say to myself I'm pretty international. (E.27)'*

The above observation was repetitive during the researcher's fieldwork, and he found that this could be best explained by either of the following perspectives. First, there is a generic quality helping most TCNs adapt to host country, that is,

TCNs are more likely to adapt to a new environment given TCNs' broad knowledge towards the host country because they are usually transferred from a geographic area. Secondly, family issues could be mitigated by TCNs undertaking overseas assignments alone. According to Vance (2005), self-initiated expatriates are more significantly unaccompanied. Compared to company-backed expatriates or PCNs, they have fewer dependents and fewer concerns to expose themselves to an international career outside their home countries.

On the other hand, family issues remain primary reasons causing premature returning as expatriation failure to PCNs (Tung, 1998). In comparison with PCNs, Doherty (2011) finds that family, instead, benefit or encourage self-initiated expatriates to take on or fulfil their expatriate assignments. Based on the above ground, TCNs who are self-initiated, maybe excluding company-backed TCNs, are likely to go beyond family issues that cause common expatriate failures among PCNs. As a result, most TCNs could be more adaptive to the host environment, providing that their family are more likely supporting them or not interfering along the way.

#### **4.1.6 Positive perceptions against the host country reputation**

Through the researcher's findings, Dubai, as a host country, seemed appealing to most TCNs regardless of orientations. For example,

*'I know a lot about Dubai by people I work with. News around Dubai is on Libya's major media at all times. People in my country seem to pick Dubai as an ideal work destination. We talk about it a lot - the business market and its general environment. There is also some useful feedback from a few of my friends working there before me.'*

Dubai seems to be an ideal workplace for a few TCNs from both the MNCs and remains a popular destination. According to Doherty (2011), he suggests that

self-initiated TCNs are likely to be attracted to the appeal and the reputation of the host country. Rather than being sent by the force of MNCs, some TCNs volunteered to undertake the assignments by their own resources. Through the research setting, the positions in Dubai could be more popular to some regional TCNs than some British. Some British and TCNs do not share the same 'Dubai Dream', that is, the reputation of Dubai does not seem to play the same effect on British and TCNs. Working in Dubai could mean 'prestigious', 'successful' and 'lucrative' to most TCNs from low economies, whereas British could be more comfortable and satisfied with their home economies than travelling for work.

#### 4.1.7 Host country language

Language skills have seen expected benefits on all types of TCNs, which was contradictory to some British workers who could be more limited to their language sets. A few TCNs among Central-orientated and Local-orientated TCNs had been found in common that they spoke Arabic as the first language of the host country despite the popularity of the English language in Dubai. The fact may or may not be valued by MNCs but provides partial support to Scullion and Collings (2006) that TCNs who speak the host country language may help MNCs establish central work procedures and socialise the host country employees with MNCs' organisational culture (Scullion & Collings, 2006). The reason why the researcher highlights the above perspective as merely partial support is that there were some TCNs, the majority of whom from Worldwide-orientated TCNs did not speak Arabic were assigned to establish central procedures in some technical departments, such as IT, Marketing and Finance. Therefore, speaking the host language would not be the necessity of using TCNs to establish central procedures overseas although there are no findings to support if the host language, to what extent, is a must to help socialise host country staff in this research context.



Above all, the familiar similarities among these TCNs could suggest two perspectives. First, MNCs could take advantage of these common characteristics and reinforce their options to use TCNs as the alternatives of PCNs and HCNs. Secondly; it is also likely that these common characteristics could overwhelm MNCs over country orientations. However, the above two potential perspectives had only been supported by some examples through the findings, but these are worth future research because this could further confirm to what extent TCNs are or are more than alternatives to PCNs and HCNs. The positions of TCNs are needed to further explore and rectify in the staffing literature from which TCNs are scarce. Most importantly, transferability, built on the characteristics mentioned above, was found as one of the significant TCNs' features, will be introduced next.

#### **4.1.8 Transferability**

The competitive advantage can be created through successful knowledge transfer. The researcher found that the two MNCs strategically used various types of TCNs to have this knowledge transferred. As aforementioned in the literature review, knowledge can be divided into three categories, namely analytical, synthetic, symbolic knowledge (Asheim & Hansen 2009). The researcher tags three types of TCNs who carried and transferred the three knowledge. In this section, the reasons for the two MNCs' use of TCNs in various circumstances will be explained. Having clarified the reasons, the types of TCNs will be, thus, identified. Generally speaking, TCNs can be allocated, in light of symbolic, synthetic, analytical knowledge, into three categories, namely Central-orientated TCNs, Local-orientated TCNs and Worldwide TCNs.

First, Central-orientated TCNs were either (1) dispatched from the headquarters with an excellent understanding of company procedures despite lack of understanding of local culture; or (2) obtained neighbourhood country origins'

and were dispatched from the headquarters with an excellent understanding of both company procedures and host country culture. Central-orientated TCNs shared similarities with PCNs or expatriates in the sense that they were both sent from the headquarters to conduct expatriate assignments. However, Central-orientated TCNs equipped either third-country or host country origins that might give them certain qualities, such as good adaptabilities and the understanding of local cultures, which are traditionally associated with HCNs. Hence, Central-orientated TCNs could not just be interchanged as PCNs or expatriates who best delivered central policies and practices, but they also adapted to and followed the way of doing business as HCNs in an overseas subsidiary.

Secondly, there were also Local-orientated TCNs', who were neighbourhood Arabs and other regional citizens who understood and shared similarities with local cultures. Compared to HCNs, Local-orientated TCNs may bring in and blend in their international horizons, gained from their social and work experience from their country of origin.

Last, Worldwide-orientated TCNs are based on high competency and international experience with limited references to company procedures and limited local culture and knowledge. The following chart (Table 5) summarises the qualities mentioned earlier concerning the three types of TCNs. The table below is made to help guide and make convenience to the readers' understanding of the three potential types of TCNs.

	Local & synthetic knowledge as HCNs	HQs & symbolic knowledge as PCNs	International horizons	Rare & high competency/analytical Knowledge
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Central-orientated TCNs	O	X	X	O
Local-orientated TCNs	X		X	O
Worldwide TCNs			X	X

**Table 5. Comparisons among the three types of TCNs**

X - Likely strong tendency

O - Likely optional tendency

There will be examples from field notes and interview transcripts in the following paragraphs to 1) introduce the three types of TCNs and their knowledge, and 2) how the two MNCs use and manage these TCNs, according to Central-orientated TCNs, Local-orientated TCNs and Worldwide-orientated TCNs.

*Central-orientated TCNs*

Central-orientated TCNs were defined as expatriates with third-country or host country origins dispatched from the headquarters of Company A and B to their Dubai subsidiary. Several TCNs were seen in the expatriation between the two British MNCs and their Dubai subsidiaries. These TCNs expatriates were not born in the UK but have socialised and worked in the UK, where the headquarters were. Some of them had worked in the headquarters for more than two years before being dispatched to Dubai. They were familiar with many central policies and practices. For instance, one of the TCN informants with Company B for two years had job rotation with three departments that enabled

him to fully understand the business flow and the way of doing things in the company. Having inspected the pool of TCNs, sent from headquarters in the UK, working based in Company A's and B's Dubai subsidiary, some were sent over from the headquarters with Arab origins while some without. These people spoke Arabic as mother tongue apart from English as the second language. As they were from one of the Arab countries, the understanding of Arab culture as a whole was likely shared. The shared culture can include religion (Islam as the majority), dining habits and the way of socialising and jokes.

The researcher interviewed a TCN employee with Company A, who was located in the Dubai subsidiary as follows:

*'I am from Libya. I had lived in the UK for 11 years before I come to Dubai. I have worked as a student recruitment specialist with Company A for three years. I deal with the MENA region. I was sent to Dubai from the headquarters by [Company A] for a new roll. I have now lived in Dubai for just under three months. I have already felt being part of Dubai. (E.16)'*

As one of the examples, the employee, as my colleague introduced himself to me and told me about his career with Company A at both subsidiary and headquarters level. The employee had been working in the UK and worked with the headquarters for many years before being sent to the Dubai office. Despite a different country of origin and an extended stay in the UK, the TCN was able to 'felt being part of Dubai in just three months. When the informant talked about her life in Dubai, his facial expression, passion about Dubai and his sentimental attachment to Dubai were incredible and showed no fear or much sign of culture shock.

When asking how these Central-orientated TCNs felt about the Dubai assignment, high intention to take on expatriate assignments to Dubai were shared as one single TCN informant working in the marketing department stated:

*'I will be happy to be sent to the Dubai office. My family would be delighted for me to go anywhere. My family do not live with me as they live in Egypt. Which country to go is never a concern? Neither the UK nor Dubai is my home. (E.17)'*

With the same informant, he also indicated that

*'Money is also not a concern as long as I can see myself progressing further or doing something I enjoy doing in a foreign country. (E.17)'*

With one married Arab informant in the Sales and Recruitment Department, he said,

*'My wife felt OK to leave the UK for Dubai and started her new career with me. We met in Lydia and came to the UK a few years ago. We had faced lots of challenges in a foreign country together, and we cannot see why not to do this again.'*

Being born in a neighbouring Arab country and being embraced with the 'Dubai Dream' in society might also contribute to and enhance the above couple's determination and courage to encounter foreignness when relocating in Dubai. For instance, one non-GCC (Gulf Cooperation Council) Arab employee stated that:

*'I know a lot about Dubai by people I work with. News around Dubai is on Libya major media at all times. People in my country seem to pick Dubai as an ideal work destination. We talk about it a lot about the business market and its general environment. There is also some useful feedback from a few of my friends who worked there before me. (E.16)'*

The above TCNs had worked with the headquarters for an average of 2 years. They were more eager to conduct expatriate assignments. They had strong motivation and less concerns about relocation and encountered less family issues. On the contrary, when asking PCNs in the Dubai subsidiary to recall their

interviews for their current expatriate assignments, family/boyfriends/girlfriends relocation were the main issue, followed by if packages were good enough, including housing and salary rates. With TCNs, a home could be anywhere. The definition of 'relocation' was not applied. 'Relocation' was less meaningful to TCNs than to PCNs, the family issue as the number one concern was not generally shared with TCNs given the fact that TCN's family were outside the country or that their family were used to cross-cultural contexts, and thus, had higher adaptability and flexibility to relocate than PCNs' family.

Besides, according to a management informant with Subsidiary A when being asked about his life in Dubai,

*'I come from an Arab country. I understand Dubai 'culture', which is not so much about Arabic culture but "International" culture... I find it easy making friends and lots of "local" friends. And also, most of the people here are from all over the world. We share something as foreigners, which is difficult to describe by language. Perhaps it is a kind of cultural connection between us. We all face certain challenges facing a 'foreign' culture. I have felt more like home here in just three months compared to the UK. (E.18)'*

The 'culture' was about respecting multi-culturalism. Most people working in Dubai are foreigners to the country despite different working and socialising experience. Furthermore, there is no dominant culture, but most employees experience similar processes as freshmen adapting to the 'international environment', which creates a united consciousness among these workers in Dubai. Dubai, where workplaces consisted of foreigners, helped TCNs expatriates adapt to the 'culture' earlier. Moreover, many of my non-GCC Arab colleagues had good impressions about Dubai before accepting their overseas assignment.

Above all, Central-orientated TCNs had few concerns and demands when going ahead with overseas assignments likely because of family encouragement, better opportunities for promotion and weak definition of 'home'. Last but not least, the

work environment in Dubai seems to accommodate TCNs well, which will be discussed in the later section specific to environmental factors.

With both MNCs, Central-orientated TCNs took the lead in terms of numbers among all the expatriate groups as the primary workforce with Dubai. A sales director based in subsidiary A stated that

*'For the basic salaries we offer, most jobs seem to be attracted internally to more of our non-British staff from the head office in the UK.... The reasons behind this could be that the basic rate does not meet our British colleagues' expectations. Another thing is that the British do not intend to learn an additional language, which comes very handy to a sales role. (E.3)'*

Furthermore, a sales manager with subsidiary A added an additional comment on Central-orientated TCNs' effortless symbolic knowledge that:

*'Most of our non-British colleagues recruited from our head office are actually perfect for the job. We don't need to teach them much about our way of doing things. They had been fully aware of these. Or they can easily adapt to our local subsidiary's practices. This is because they have been working with us for long and is just a matter of different locations. They know all about our central procedures and can even teach us about these. Now we see them in person instead of emailing or 'GoToMeeting'. At most, we may just need to teach them how to clock in and clock out. (E.19)'*

Having interviewed a few Central-orientated TCNs and PCN expatriates regarding the salary rate, it seems to the researcher that Central-orientated TCNs were inevitably preferred partially due to 'good value for money' as TCNs demanded less for doing the same jobs as PCNs. For example, a Vietnamese TCN sent from the headquarters to subsidiary A stated that:

*'I feel OK at the moment. But as a migrant worker, we are getting smaller salaries but need to work much harder and fulfil requirements, like work overtime on weekends, compared to local employees.'*

On the other hand, a British expatriate manager of the above TCN explained the above point that:

*'Although the salary rate is confidential, I have to say that we aim at paying the same to employees at the same post. It is nothing to do with nationality, but British employees normally negotiate for a better term while our foreign employees normally stick to what they have been offered... '*

The manager seemed to suggest PCNs may have more options, choices and alternative plans that enable them to move away unfairness of their job requirements. Indeed, some TCNs whom the researcher had talked with seemed to show their vulnerability as a result of their fear of job security. However, few TCNs who also felt that their job requirements were unfair managed to express their potential negotiation power as a result of their well-rounded exit plan. In other words, they are not afraid of losing their jobs because they have something alternative and more essential to achieve in their life than the current jobs, which is consistent with the emerging literature regarding 'mobility power (e.g., Alberty, 2014)'. For example, a new-starter marketing assistant said:

*'OMG, I do not really know. At the moment, I feel like just staying on the job for another month. I am thinking about taking a Master's in Marketing. I need to have more skills in this marketing sector. I do not see myself too much to do with this firm. The job is too basic, and sometimes I dislike the style of the management. (E.20)'*

The above TCN was a good friend of the researcher, who was very eager to learn new skills. She had secure finance even without having a job. They had a chat very often at a company canteen often during lunch break. She had a passion for marketing, and she wanted to develop marketing skills in a global company.



Therefore, she came to work for Company A on an unpaid internship programme for the first six months despite being subsidised with housing by the European Union government. However, she felt her job was rather primary but demanding. She did not learn as much as she thought on the job, and the manager had no intention to grow her but intended to recruit experienced staff instead. She had been frustrated about the situation. However, unlike most other TCNs, who were continually worrying about the extension of their work contract, she showed high determination to walk away from the current job in order to study for a degree in Marketing. Failing that, she would also be happy to go back home (Italy) to work. She had no financial issues like most TCNs do; hence, she could negotiate with her working conditions with management like many other PCNs.

The significant differences of Central-orientated TCNs between Company A and B were that Company A's Dubai subsidiary had younger and less experienced TCN's than Company B's. With Company B, most of these people were experienced professionals before the start of their job with Company B. Some came from competitors and similar industries. They had an average of three to five years of working experience. On the contrary, Company A Dubai Subsidiary was staffed with younger or less experienced professionals. Employment contract types and compensation packages mainly drove these differences. Permanent employment plus a first three-month probation period was standard contract type with Company B, whereas Company A offered a mainly fixed-term rolling contract type. The sense of security was the key concern that made more experience Central-orientated TCNs opted to Company B than any other rival companies. Company B was also one of a few companies in the industry that offered a permanent contract on a standard basis. However, company B also used temps for jobs at a lower level, such as admission assistants but the option was utilised at headquarters only but was not for their Dubai subsidiary. In terms of compensation packages for overseas assignments, Company B intended to maintain similar levels of salary as TCN expatriates received at headquarters and subsidised accommodations, subject to job levels. In most cases, Company A moderated the salary rates according to local living standards. Central-orientated TCNs or PCNs would need to seek accommodation for themselves.

As a result, Company B seemed to have a more experienced home country base TCN workforce. This would further enhance these Central-orientated TCNs' transferability to PCNs regarding familiarisation of the central policies and practices. Also, more experienced home country base TCNs may have better adaptability if they have been working overseas in different countries. The contract types and compensation packages are likely to impact on the transferability and adaptability of Central-orientated TCNs, which are worth future research in a context where PCNs are more expensive, thus limited to recruit from.

The reasons why these Central-orientated TCNs were more in use than their counter groups, i.e. PCN and HCN expatriates are because of (1) these TCNs' backgrounds; and (2) their symbolic knowledge, qualities and characteristics valued by MNCs. Firstly, TCN's backgrounds is a push factor, pushing Central-orientated TCNs to apply for Dubai assignments. Their backgrounds as foreigners reside in different countries to help reduce the reluctance leaving British homes for Dubai, compared to British expatriates. Furthermore, it is more likely that their families who were from a different country accept assignment alongside TCNs expatriates. Secondly, some TCNs' knowledge, characteristics and qualities are a pull factor, pulling MNCs' preferences towards using TCNs expatriates over their counterparts. However, apart from these two factors, the reason can also be that MNCs may have no choice but to use TCNs to fill overseas assignments when PCNs, as MNCs' top choice, reject these overseas positions.

The above push and pull factors from both TCNs, and top management's perspectives form the researcher's conception of home country base TCNs and explain these TCNs' high commitment and their acknowledged abilities related to Dubai assignments. Moreover, top management may share more negative concerns over PCNs, which impact on more Central-orientated TCNs than PCN expatriates sent to Dubai in the two cases. With the discussion with top management, it is revealed that the knowledge and skills of PCNs, discussed in the previous literature, were valued and required by the two companies, such as

their deep understanding of company procedures and policy. However, the two MNCs were able to source this knowledge and skills from Central-orientated TCNs at a lower cost, based on their transferable symbolic knowledge. Central-orientated TCNs' skill sets and knowledge fit in the MNCs' needs in staffing composition for a Dubai subsidiary. It can be interpreted that TCNs who socialise and work in the headquarters for some time are valued similarly as PCNs to fill overseas positions. In the following section, another type of TCNs, who were recruited locally in Dubai, will be discussed in detail.

#### *Local-orientated TCNs*

Concerning neighbourhood Arab countries, the majority comes from Egypt, followed by Jordan (Ali, 2011). These people share linguistic, religious and cultural orientations with UAE nationals in no small degree. The number of TCNs from neighbourhood Arab countries had decreased over time from the 1970s' until 2004. Please see Figure 9. They were outnumbered by the TCNs coming from outside the region of the Middle East and North Africa. As a result, there are the largest non-Arab TCNs, including Indians, Pakistanis and Sri Lankans, available for the local labour market. However, Local-orientated TCNs seem to be used at a strategic work position in the two cases.

	1975	1985	1996	2002/4
<b>Bahrain</b>	22	15	12	15
<b>Kuwait</b>	80	69	33**	30**
<b>Oman</b>	16	16	11	6
<b>Qatar</b>	33	33	21	19
<b>Saudi Arabia</b>	91	79	30	33
<b>UAE</b>	26	19	10	13
<b>GCC</b>	72	56	31	32

**Figure 9. Arab share in foreign populations, 1975-2002/4 (estimates, in percentages)**

Sourced from: Ali (2011)

Company A and B also staffed their Dubai subsidiaries through Local-orientated TCNs. These TCNs applied online through both companies' international career sites while they seek employment or work in Dubai/UAE or neighbourhood countries. Dubai subsidiaries were responsible for selecting and interviewing these TCNs applicants, although the coordination between subsidiary and headquarters might make the decision.

TCNs were all fluent in English, and all of them speak additional languages. For example, an Italian born-TCN work with Subsidiary A said:

*'The skill of speaking English was mainly required for the job. I have learned English since primary school, although I was taught in 'Italian English. (E.21)'*

These TCNs were capable of communicating with headquarters in English and dealt with local clients and authorities in their languages. For instance, one Local-orientated TCN sales manager from Iraq with Dubai B stated that

*'I think that commutations and logic, which can only be learned in Dubai, are most important to get the job and do the job. I had spent a long time to learn so I can deal with my clients carefully in certain a communication manner. I also speak fluent English, which is useful when reporting to the head office. (E.12)'*

An Egyptian Local-orientated TCN added his comment to this point that,

*'My language skills, such as English and Arabic, are valued. My Egyptian dialect is useful when dealing with most Arab agents as I work with the MENA market. I feel confident. (E.22)'*

A Local-orientated TCN from India with subsidiary B also stated:

*'My language skill helps me get a job because the job required an Indian speaker. I speak good English and Indian. But after a while, my mother tongue has not been required much as the market is becoming smaller. (E.23)'*

Above all, the majority of these Local-orientated TCNs speak more than one language for the ease of communicating at both subsidiary and headquarters level, and they felt these contributing to their work role in no small degree.

In addition, based on their qualities and characteristics, it seemed that these TCN employees served both Companies' similar purposes of using HCNs. Consistent with the Dubai labour market, Indian and Pakistani workers were made up of the majority of employees, followed by Arab workers, in both MNCs. These Local-orientated TCNs' had work experience working in UAE or other Arab countries before their current roles and had education in both Arab and Western contexts.

It was very likely that both MNCs highly valued local experience and knowledge towards the local market or of similar context in other Arab countries. For instance, a sales adviser, who has worked in the UAE for three years before her role with Subsidiary B, said:

*'I had been educated in Morocco until high school. And then I studied my first degree in the UK. And then I came to work in the UAE before this job. I think that my experience as an Arab student studying in the UK is very useful in this education industry. This is because, from my experience, I can help handle difficulties as being an international student and help answer Arab parents' questions about the weather in the UK. My education background in Morocco is also so useful that it fills my knowledge in the local market, or as you call it, a universal Arab market (E.22). '*

However, Company A had a different view of Arab and non-Arab Local-orientated TCNs. One sales manager with Company A pointed out the importance to have 'male Arab-look' for a customer-facing role because they have a higher degree of social legitimacy to be accepted by the market. The details will be further explained in the section of the new institution theory. Upon informal interviews, the managers of Company B stayed more neutral towards the selection criteria of employment, in terms of sexuality and look. In other words, Company B promoted equal opportunities towards these Local-orientated TCNs.

It was also noted that there was an onward second generation of Arab TCNs, who had been locally socialised since they were born. These Arab TCNs were educated and worked in the country. However, they were in a unique position in the sense that they were cross between two cultures-the 'foreign' culture and the culture brought by their parents as a migrant family. For example, Ali, a second-generation migrant living in Dubai, responded to the question of his perception towards 'home' as follows:

*'Where am I from? It's a very tough question. Sometimes I felt as if I was a kite, blowing between countries, from nowhere. (E.24)'*

One employee, working in the Marketing department with subsidiary B stated that:

*'I was born in Dubai, but I have a Philippine passport as my parents are from The Philippines. I can show you around the Emirates and tell you all about it, history, and politics and more, like any local you met. I was educated here, and I speak Arabic. But I am not local, and locals know I am not local because I have an Asian look, and I have never had a chance to have a UAE passport. (E.19)'*

Muhammad was not alone in his situation. Due to the legal system, the 2<sup>nd</sup> generation of TCNs working with Company A and B were not citizens but on a temporary visa. The UAE government's residency policy holds that all non-nationals were residing and being employed in the UAE. The temporary visa lasts three years and can be renewed until the age of sixty on the ground that obtaining citizenship is rare, and legally, there are no permanent visas (Ali, 2011). In this case, these TCN informants felt remote and alien to identify themselves as locals up on interviews. Unlike local citizens, these TCNs are not entitled to all the benefits given by the UAE government in term of preferential labour laws, which will be discussed further in the section of the regulatory environment.

However, these TCNs worked as 'locals' and equipped the local knowledge in depth. In the case of the two MNCs, they appointed experienced TCNs at second-generation onwards as senior managerial roles, which was partly because of their years of experience but also, they behaved and were as knowledgeable as local citizens. The job requirements of these TCNs included frequent communications to Dubai/UAE authorities and essential clients.

To conclude, the presence of Local-orientated TCNs working in the Dubai subsidiaries of Company A and B were mainly due to the necessity of their synthetic knowledge in local market and the ability to alter their communication styles to be accepted locally, Local-orientated TCNs spoke two languages for the benefit of communicating with the headquarters and local authorities. Nevertheless, their local experience might impact on their hierarchical positions in the Dubai subsidiaries. TCNs in the second generations onwards were appointed for the role that required good communications with local key clients and authorities. Although the two MNCs did not have local citizens as employees, these Local-orientated TCNs served their roles and had their responsibilities similar to HCNs as suggested in the literature. Lacking HCNs in both the Dubai subsidiaries might be a drawback to the research, leading to no comparison between Local-orientated TCNs and HCNs. However, the fact is inevitably reinforced by Dubai's nature in the labour market. The last type of TCNs observed from Company A and B will be introduced next.

#### *Worldwide-orientated TCNs*

TCNs from other parts of the world outside the region of the Middle East and North Africa might often offer highly competent skills and international experience or competitive labour costs. The UK provides the majority of westerner expatriates to Dubai. These westerner expatriates provide MNCs with their management experience and skills. They may be attracted to well-bounded benefit packages, remunerations, bonuses or an advanced career ladder. These TCNs we refer to here are different from the norm of the PCN expatriates, who are from a home country and work in a subsidiary in the home country origin. Instead, they are from a country origin outside both host and home countries. For instance, a British expatriate manager works for a Japanese MNCs located in Dubai.



In the UAE, the largest group of TCN workers are Indians, followed by Palestine (Ali, 2011). Please see Figure 10. The majority of these TCNs working in Dubai are the first generation, some of which perhaps intend to stay despite little chance of being a citizen. These TCNs are typically pioneers from their home countries to explore better job opportunities and work conditions. Consistently, the employment applications the two MNCs had received for roles in the Dubai subsidiaries were mainly local Indians or Pakistanis. These TCNs may not seem to share linguistic, religious and cultural orientations with UAE nationals as strong as Local-orientated TCNs.

	Bahrain 2004	Kuwait 2003	Oman 2004	Qatar 2002	Saudi Arabia 2004	UAE 2002
Indians	120	320	330	100	1,300	1,200
Pakistanis	50	100	70	100	900	450
Egyptians	30	260	30	35	900	140
Yemenis					800	60
Bangladeshis		170	110		400	100
Filipinos	25	70		50	500	120
Sudanese					250	30
Sri Lankans		170	30	35	350	160
Jordanians/ Palestinians	20	50		50	260	110
Indonesians		9			250	
Syrians		100			100	
Iranians	30	80		60		40
Turks					80	
Nepalese				70		
<i>Bidun</i>		80				

**Figure 10. Major expatriate communities in the GCC countries (estimates for various years, in thousands)**

Sourced from: Ali (2011)

When a marketing coordinator with an Indian origin was asked about how he was valued by Company A, he stated:

*'The skills helping me do the job are about interpersonal skills. In a drinking party, a manager said to me that even if I did not speak Arabic, they would still give me the job. I helped parents with running a vendor in a market since I was 12 in Dubai. My previous experience in recruiting students and being personable also help. (E.1)'*

Besides, a Spanish TCN Sales executive stated:

*'All the experiences I had helped me get the job. I studied abroad as an overseas student, which helps me relate to my students. It may be more to do with my language abilities although, funny enough, I don't use Spanish a lot. I would think the company would benefit from using native speakers as we mainly speak English. Other things help, like my experience in recruiting students and sales. (E.11)'*

In the two cases, TCNs, without both host-country and home-country origins, were very competitive labours in terms of skill sets, i.e. analytical knowledge, and high commitment. Worldwide-orientated TCNs supplied the two MNCs with rare competency sets that might not be easily found from HCNs and PCNs. In addition to the TCNs mentioned above with unique experience of sales and overseas education, a rare competency set could be seen in the areas of IT, marketing and networking with agents.

As another TCN mentioned:

*'I come to Dubai from India for the job in IT. I got the job because of my skills in IT. Not many British workers can have the same amount of know-how as I do and are willing to work extra-long working hours. On a daily basis, I sorted out many IT issues for the branch CRM systems and many colleagues' IT-related requests or problems, which are essential to the businesses. (E.21)'*

An Indian digital marketing manager with Subsidiary B stated that:

*'I did digital marketing for our rival firm for the last five years. I know exactly what it takes to do the job. I am not British or a local citizen. I am just like many others from India, working in a specialised area that does not matter that you are local or ex-pat. I did my job for very long; I know all the key people/company in the industry that are the key to the job. So, I can*

*accommodate requests from the director right away with the right agent that offers the best services. (E.12)'*

Also, these worldwide TCNs were committed to their roles. These worldwide TCNs showed a high intendancy to stay in the MNCs, which is consistent with one of Gardner (2008)'s findings that the difference between two national economies drives the high commitment. He interviewed a diary plant Indian manager from UAE's neighbourhood country, Bahrain. The statement of the manager's motivation of working is as follows,

*'I'd been working in India—in different parts of India—for about three years. And I had been working with one of the best companies—one of the best-paying companies in all of India. Despite all my hard work and struggle when I was younger, I could only make not more than 100 Dinars a month [\$265]. 100 Dinars that used to be my salary, and I would work 16 hours [a day], sometimes 20 hours, whatever it is. I was in sales, moving to different places, travelling and touring. It's a big, vast country. Now when you come here to Bahrain, if you're lucky you can make two, three times that!'*

Some TCNs come from relatively developing countries. TCNs' commitments to work were, sometimes, reinforced by better working conditions in a country, where pay is higher than the home country, and workplaces are less demanding. For example, one colleague of mine compared her expected salary in her home country to the current job she has in the UK and stated:

*'I am from Vietnam. I am very grateful to have a job in the UK. If not for this job, I would be now working for the same role but earning two-thirds less than what I am earning now. (E.5)'*

On the other hand, PCNs and HCNs could be more opportunistic in relation to career perspectives in the home and host country, respectively. However, TCNs may be more grateful about their current careers due to the difficulty with

abiding with the third country legal system, and hence, limited access to an office job. For example:

*'I am very happy that I am having an office job, unlike most Egyptian here working in a grocery shop. (E.17)'*

The TCN from Egypt, working in Dubai was very glad he had an office job, although the pay was not high. However, he admitted that the image that he was in was a higher class that would be more than enough to maintain his commitment to his job.

The above perspective was shared by company A top management as a strategic recruitment method. Upon an informal chat regarding staffing a non-managerial position, an admission manager with Company A stated that:

*'For the new position, I would rather look for a foreigner for the job because British workers come and go easily but foreigners stay much longer. This is because British workers always come and go for better positions elsewhere when the opportunity rises. (E.22)'*

Which is consistent with the following five TCNs' perceptions that:

*'As a migrant worker, we are getting smaller salaries but need to work much harder and fulfil requirements, like work overtime on weekends, compared to local employees. (E.23)'*

*'Foreigners earn less than locals. I feel that way, although foreigners tend to use a humble approach, they are not as confident as locals. (E.11)'*

*'It is nothing to do with nationalities. But locals won't be happy with my money for doing my role. They can be in a better position. It really depends. They (locals) may have more chance than foreign speakers because of speaking the same language. (E.24)'*

*'My earnings are "Terrible". Locals are paid more, and they won't do my job. They do media, marketing. They will fight for their right by the benefit of the same language, down to the 'logic' and the way of going again. Locals have their voice heard easily. (E.6)'*

*'(Slightly angry at the beginning) I don't know about the actual figures of others. Of course, locals have more' as they are more confident in doing things. You can give them more responsibilities. They can be trusted, as they would understand better due to the same language. (E.5)'*

Although nationality cannot generally be the key resulting in the above differences in management's expectations, the impression of respective commitments against TCN expatriate and PCNs were vivid to the researcher in both cases.

For TCNs from most non-EU countries, they are limited to local employment regulations and work permits if applicable. On the other hand, with British PCNs, they could continuously look for positions back home, the EU and many other English-speaking countries, for various reasons, such as better incomes and promotions. Above all, worldwide TCNs could benefit MNCs with their rare skills set and high commitment and perhaps labour at a lower cost despite lacking home and host country origins and related transferability.

Worldwide-orientated TCNs are consistent with those TCNs suggested in the previous literature that TCNs have little references to the orientation of either home or host country. For example, Mäkelä and Björkman, (2009) limit TCNs' potential from the access of either company-based or market-based knowledge as PCNs and HCNs do. In the above sense, it seems that Worldwide-orientated TCNs do fit in the traditional categorisation of TCNs whose expertise lies with high competency and skills despite little reference to company-based or market-based knowledge. However, taking both Central- and Local-orientated TCNs into account, the variety of TCNs further leads to the perspective that the divisions

among TCNs could be abundant and cannot be generalised as we had learned from literature.

It cannot deny that the division among Worldwide-orientated TCNs, Central-orientated TCNs and Local-orientated TCNs is challenging to be made. Exceptions and interlinks between the three types of TCNs could occur. For instance, the general contributions from Worldwide-orientated TCNs might not be adapted to each TCN, who come from neither home nor host country. Overall, TCNs' place of birth provides an essential generic index of cultural orientations, although their abilities and skills may grow further through socialisation and work experience. We cannot mutually exclude worldwide TCNs from the aforementioned transferability to PCNs and HCNs. However, to mitigate the complication of the added values, that is, transferability, each TCN could bring in, the researcher has previously established two TCNs types, namely Central-orientated TCNs and Local-orientated TCNs, to possibly highlight what these TCNs could benefit to MNCs, based on their backgrounds, socialisation and work experience as the direct result from the home and host country, respectively. Instead of attempting to establish stereotypes, the main reason the researcher categorised these TCNs in the three groups is to highlight how Company A and B managed TCNs in order to strategically have TCNs' knowledge transferred, according to TCNs' central, local and worldwide orientations.

Above all, both the cases presented that TCNs had been observed to play active roles in the employment positions, in which PCNs and HCNs were traditionally filled. These TCNs offered competitive characteristics, such as high adaptability and low cost as well as their transferability, i.e. comparable knowledge and skillsets to PCNs and HCNs, which were impacted by their past socialisation and working experience rather than (or not just) nationalities. On the other hand, despite lacking transferability, worldwide TCNs were actively filled in positions that required rare competency, which might not be widely available in both home and host country. Besides, all these three types of TCNs seemed to have a higher commitment than PCNs and HCNs. If not in general reality, that is, at least,

a general impression gathered from management with both Company A & B from the same industry in the two years' research period.

To conclude, through this session, several TCNs' characteristics were identified. First, large numbers of TCNs worked for both Company A and B, and in general, for the majority of MNCs in Dubai. They outnumbered PCN and HCN workers and consisted of the significant expatriate force in the area. They were widely available for MNCs, filling in gaps of skill sets and knowledge required in the local labour market. Second, regarding cost, they were, generally speaking, more cost-effective, compared to PCNs and HCNs. In these cases, TCNs were relatively inexpensive workforce, which showed lower salary expectations than PCNs and HCNs. Especially in Dubai, TCNs were much more inexpensive, compared to HCNs. Most of them demand higher salary expectation and cost MNCs, given higher training cost and inflexibility in redundancy. In addition, TCNs presented other merits beyond the cost factor. TCNs showed high commitment since some of them were from countries with weaker economies, pared to the UAE and the UK.

Furthermore, this can also be explained by the fact that TCNs employed at entry-level tend to be grateful, resulting in a high comment on their employment. Forth, TCNs equips good adaptability, which can be elaborated two factors. Firstly, some of the TCNs have been used for new environments in different countries before their employment. As a result, they manage their expectation well and expect challenges and difficulties to come. Secondly, compared to PCNs, they mostly come to the host country alone; hence, this factor helps them to avoid early repatriations due to family issues. Fifth, in my study, most TCNs have a very positive perception against the host country reputation. They feel working in Dubai is prestigious; this may further help enhance their commitment and adaptability as well as intendancy to integrate into the workplace and the local environment. Besides this, some TCNs speak more than one language, mostly including the host country langue; this was not primarily found among other groups working in Company A and B.

Last but not least, 'transferability'. From the two cases, there seem to be certain patterns of TCNs' skill sets and knowledge to service various MNCs' job expectation typically required from PCNs and HCNs. The researcher has carefully tried to group these TCNs into three possible orientations, that is, TCNs with central orientation, local orientation and worldwide orientation. First, TCNs can learn central orientation through their working path in the home country. Some of them speak the same language as the host country subsidiary, which provided an additional bonus to MNCs to connect to the local market. Due to the lack of PCNs or the high cost of sending PCNs, Company A and B were able to replace PCNs with TCNs with central orientation. Central-orientated TCNs were able to consistently provide MNCs with their expertise on global policies and procedures and synchronise subsidiaries with organisational culture. However, confirmed by top management, there were additional values that can be found among these TCNs with a central orientation such as low foreignness good adaptability in the new environment. Given central-orientated TCNs' dynamic migration background, they seem to integrate into Dubai well, where completely embraces multi-culturalism. These TCNs were also seen at low risk of expatriate failure facing family issues. Especially with central-orientated TCNs originally from neighbourhood Arab countries, a positive perception towards working in Dubai can be seen, which may not be relatively obvious motivation for PCNs to work in Dubai.

Also, TCNs could obtain local orientation through their place of birth, i.e. from neighbourhood Arab countries. Besides this, TCNs can also learn so from their previous work and education background. It was also noted that Local-orientated TCNs can be born in the UAE and becomes naturally locally orientated. However, due to local legal system, they are not entitled to any type of citizenship. These TCNs with local orientation understood the local market and culture in a business sense. They were usually low in maintenance and likely demand much less than HCNs for salary level and holiday expectation. These TCNs usually speak the same language as the overseas subsidiary in addition to the home country headquarters. Whilst two MNCs in Dubai had found difficulties or had been reluctant to recruit HCNs, Local-orientated TCNs fill in



the gap and provides their equivalent skill sets and knowledge with additional quality, such as lower cost, commitment.

Furthermore, TCNs with worldwide orientation provided MNCs with their high or rare competency and international management even though they have little reference to either the home or host country. In terms of compensation, some of these Worldwide-orientated TCNs, who are from relatively poor economies, such as Indian and Philippines, to the home country, they were able to offer the two MNCs with their quality skill sets and knowledge at a low cost. Having illustrated the characteristics of TCNs, the next section will focus on how both MNCs have managed TCNs.

## **4.2 How do MNCs in the higher education sector in the MENA region utilise TCNs in their staffing?**

There were a few ways observed and identified in the Company A and B's workplace to use TCNs to achieve some competitive advantage, namely 1) The use of no HCN co-workers in both Company A & B; 2) Monetary incentives; 3) Promotion incentives; 4) Hybrid ethnocentric staffing strategy versus hybrid geocentric staffing strategy. The findings under these four subjects will be addressed accordingly in the following sections.

### **4.2.1 The use of no HCN co-workers in both Company A & B**

Due to no HCN co-workers, this situation benefits MNCs in two aspects, namely enhancement of workplace fairness and smooth transfer of knowledge. Although

in free zones, MNCs are not legally obligated to employ HCNs, HCNs will be expecting a similar salary and benefits packages to work in free zones. Parallel to a long-standing nationalisation trend in Dubai, HCNs are protected and are ensured preferential employment and compensation packages if employed by MNCs. Under the terms and conditions of Emiratisation, HCNs have been very expensive to MNCs, compared to the employment of TCNs. Furthermore, the fairness of the workplace cannot be stabilised when employees under the same job titles face two different treatments in the same team. In other words, the use of no HCN in both cases helps stabilise the fairness of the work environment.

Also, the transfer of knowledge of TCN can be smooth, possibly given adequate and high job security. It has been frequently reported that expatriates are reluctant to train HCN as they worry about that HCNs may replace their jobs eventually (e.g. Ewers & Dicce, 2016; Ewers, 2017). In other words, TCNs are more willing to deliver and share knowledge with colleagues and team members that excludes HCNs.

#### **4.2.2 Monetary incentives**

Monetary incentives with Company A include housing, food and travelling cost cover. For example, a TCN employee was given small student accommodation and subsidised with college canteen food. Also, he was offered a free flight back home twice a year.

However, the employee complained that he wished he could get paid more than all these incentives. He did not need company accommodation as he had got his luxury two-bed flat back home. The company knew this, and this should not have been the excuse to cut his introductory salary rate. The longer he worked for the company, the more upset he was. Especially, as he could not sleep well in the student accommodation, as it was right opposite a building site, despite this, the sales director explained the reason to him in a job interview that:

*'We cannot afford to pay you a high rate while it is very costly for us to subsidise you with accommodation and travelling costs. Bear in mind that you will have the same package as a director's' (E.4).*

This event could be interpreted that Company A used the above monetary incentives as a tactic to encourage TCNs to accept the expatriate assignment while justifying and compensating a low salary.

### **4.2.3 Promotion incentives**

TCNs at Company A enjoyed limited career development in general, compared to Company B. Consequently, some TCNs with Company A regarded their jobs as a short stay instead of a long-term plan. Company A mainly used promotion at the beginning of the selection process as incentives to increase the number of internal job applicants. As a result, TCNs generally worked longer than the average two years with company B than Company A by staying at the same positions or taking internal career advancement. This was partially because TCNs with Company B felt the workplace was respectful, and they could see potential career ladders ahead of them. Opposite to Company B, Company A had faced a high employee turnover rate, resulting in high training costs. Retaining TCNs was not a priority for Company A. The director from the admission department stated:

*'There are always a number of foreigners coming for the job. We always have people to replace a vacancy very soon.'*

From the TCNs the researcher had interviewed, some statements highlighted the possible consequence of the above negative perception is as follows:

*'Not sure but certain I cannot see myself developed with this firm. I do not think I have any hope with this company. I am looking for other jobs. I do not feel secure here because I have been promised a lot, but it never happened. (E.5)'*

*'I won't see myself in the UK and not with [Company A]. I may bring my experience from [Company A] to work as an agent in Italy. I want to be dependant. This is because I see no career ladder. Now I cannot see higher jobs than the current one I am doing. I do not do the same thing all my life. Still thinking. (E.6)'*

*'I don't know. I would like to find a job I really like. I can still be with this company, but I cannot see my future. I would say 50% 50%. The assistant job is not the best of the world. If I can grow, I would like to stay. (E.7)'*

*'I am planning to move out from SG. I may go back to study. I cannot stay at the same job and the same money. I know I am negative, but the company does not help people grow. I don't have any training and any development plan for extras skills. (E.8)'*

The above statements were complicated by the fact that Company A was able to recruit several TCNs and staff at their Dubai office as they felt the supply of labour was much more in demand. As a result, little effort was employed to retain TCNs. Top management's perception against TCNs partially impacted this fact.

#### **4.2.4 Hybrid ethnocentric staffing strategy versus hybrid geocentric staffing strategy**

Staffing strategies of both MNCs in Dubai Free Zones seemed to emerge when the researcher examined Company A and B. The staffing strategy was referred to as a unique and strategic staffing composition as a result of aforementioned

institutional influences, other intervening factors and TCNs' characteristics. Both MNCs shared a similar staffing composition that was primarily led by a significant number of TCNs, followed by a small portion of PCNs whilst lacking HCNs.

First, the staffing composition lacks HCNs, which could be explained by the institutional influences. The Emiratisation policy and the importance of social images identified in the regulatory and the cognitive environment respectively seemed to cause 'mutual resentment between both MNCs and HCNs. It was noted that MNCs in free zones benefit from 100% ownership and enjoy a considerable deal of relaxing employment regulations. As a result, MNCs are not legally under pressure to hire HCNs. However, if MNCs would like to hire HCNs, they will expect higher personnel costs. Due to the side effect of Emiratisation policy, HCNs' basic salary and compensation packages were pushed up to be above market rates in the UAE. HCNs will likely be expecting a similar pay standard when considering a job in free zones.

Meanwhile, MNCs can access other cheaper and more qualified workers available in Dubai. Due to the essence of social images and the cognitive environment, HCNs were least attractive to the pathway programme educational sector. As discussed, HCNs could retain the 'option to wait' mentality for the public sector or selected private sectors, which could give themselves a sense of prestige and also earn them more tremendous respect from the local community. The 'mutual resentment' could also be strategically interpreted as a favour to MNCs. Lacking HCNs in a staffing composition could be helping MNCs to reduce their personnel costs and bring benefits from using an alternative workforce. The downsides of small numbers of HCNs in this particular staffing composition could result in potential loss of genuine insights of local knowledge, the bridge of local network and also potential damage to the external legitimacy. However, MNCs could likely mitigate such issues with the transferability of TCNs.

Second, both MNCs could benefit from TCNs' transferability to face the challenges of absent HCNs and limited PCNs without losing both local and central

knowledge required when filling some vacancies in Dubai subsidiaries. As proposed in an earlier chapter, the researcher established three types of TCNs based on their knowledge when compared to PCNs and HCNs. More quality and characteristics of TCNs were also explored. TCNs' skill sets and knowledge were mainly constructed by their social roots, growing through education, work and social experience, although the place of birth also helped in some cases associated with managers' perceptions. Local-, Central- and Worldwide-orientated TCNs explained the staffing strategy shared by two primary pathway programme education MNCs in Dubai Free Zones.

To begin with, Local-orientated TCNs provide their equivalent local knowledge and language skills to HCNs. Local-orientated HCNs could replace HCNs by offering their synthetic knowledge and capabilities, including local market insights, understanding of local culture, and the way of doing business through their social roots. Moreover, Central-orientated TCNs could take up positions that were traditionally reserved for PCNs. This was because they knew the central or global procedures, practices and, values and policies which they passed on from headquarters to overseas subsidiaries as PCNs. Finally, Worldwide-orientated TCNs, despite their little reference to the home and host country, could be filled in vacancies requiring low personnel costs or high competency, i.e., analytical knowledge. Last but not least, all these three types of TCNs could also present additional favourable characteristics appealing to MNCs as aforementioned, namely higher adaptability to the host environment, language and high levels of commitment.

Furthermore, based on the strategic staffing compositions of the two MNCs within Dubai Free Zones and the use of TCNs transferability, the researcher can observe that Company A and B had used different staffing strategies to manage TCNs. Borrowing from a transitional staffing strategy, namely, ethnocentric, polycentric and geocentric staffing strategy, three hybrid staffing strategies can emerge, based on TCNs' transferability and their leading players within Company A and B respectively. The two MNCs in Dubai free zones constructed their staffing compositions with several TCNs from South Asia, neighbourhood

Arab countries and Far East Asia, by exploring these TCNs further; they offered MNCs their transferability to HCNs and PCNs. 'Nationality' is not the keyword and 'being opened-minded regardless of nationalities' are not the key phrases to distinguish staffing strategies. Analysing the use of the three types of TCNs in staffing compositions could tell us which strategic position MNCs can be operating in.

Both the two Dubai subsidiaries, three types of TCNs together with PCNs, were strategically used to 1) face the limitations (or benefits) of the host country environment, lacking HCNs; and to 2) employ TCNs' knowledge to achieve central control /coordination of central and local practices respectively. Company A sent a large number of Central-oriented TCNs under hybrid ethnocentric staffing strategy. In this way, Company A had mostly transferred Central-orientated TCNs' knowledge in central practices and policies. In addition, these TCNs were expected to share and synchronise the home country's organisational culture with the Dubai subsidiary.

On the other hand, Company B, under the hybrid geocentric approach, used both Central and Local-oriented at a more balanced ratio to pursue their goals of central control as well as local responsiveness. As much as employing Central-orientated TCNs to deliver central and culture control, the higher ratio of Local-orientated TCNs, compared to Company A, were used to tailor Company B's marketing and advisements to be accepted locally. Despite the discrepancies under the two-hybrid staffing strategies, worldwide-wide TCNs and PCNs, as a minority but at a higher cost, were strategically utilised by both Company A and B to exploit high competency and analytical knowledge.

Overall, the researcher observed that there were some similarities found in both Company A's and B's practices and policies on managing TCNs. First of all, both companies excluded HCNs from recruitment for various reasons. Both MNCs deemed the implications of doing so as positive. This was in a way to enhance equality and fairness in the workplace and encourage knowledge exchange between TCNs. Secondly, both companies used monetary incentives to

encourage TCNs to accept their job offer. Thirdly, both MNCs utilised promotion incentives to motivate TCNs to stay on the job. The degree of promotion incentives varies between Company A and B. Company B, which offer a higher degree of promotion incentives to TCNs, seemed to higher employee commitment to their jobs because these employees believed they could grow their career with the company. On the contrary, Compared to Company B, Company A offered limited career advancement to TCNs and seemed to face a higher turnover rate and spend higher fees on training costs on new employees. Besides this, some employees from Company A showed low commitment to their jobs and regarded their job as a transitional or short-term career.

Last but not least, Company A and B strategically integrated and managed TCNs in a hybrid staffing strategy alongside with other employee groups. Following their organisational typologies, both MNCs were able to utilise and benefit from TCNs with various orientations to fit in positions that were traditionally required from PCNs and HCNs. The transferability of various TCNs helped lift the limitations of the lack of HCNs and PCNs as a result of host country institutions and the unwillingness of British taking on the jobs in Dubai. Having presented the findings of TCNs' characteristics and management over TCNs systematically, the findings of the extent TCNs' characteristics and management contribute to both MNCs' competitiveness will be elaborated next.

### **4.3 To what extent can such MNCs better use TCNs to improve competitive advantage?**

Company A and B were found advantages associated with 1) cost, 2) turnaround time, and 3) differentiated proposals. According to the managing director of Company A, they were able to bid for a university partnership at approximately



one quarter lower than other Big Four (referred to other major competitors). Also, Company A was able to scale down the turnaround timeframe to establish and start to operate the partnership faster than competitors. Meanwhile, Company B, also at a competitive cost rate, was well known to win contracts through differentiated proposals of operation and incentives to universities. Two university informants acknowledged these three factors as among the fundamental reasons they gave contracts to the two MNCs, respectively. The researcher found the three factors, namely, cost efficiency, faster turnaround timeframe and differentiated proposals, were primarily contributed by TCNs' characteristics and the management over TCNs in three aspects, that is, 1) lower personnel-related cost of using TCNs, 2) higher productivity, 3) dynamic selection and use of TCN groups. These three aspects will be introduced accordingly in the following sections.

#### **4.3.1 Lower personnel -related costs**

Lower personnel costs of using most TCNs, compared to the use PCNs and HCNs, were found in both cases, which led to cost reduction and the offer of financial incentives when bidding for a university partnership. In the case of Company A, they were able to slash the cost of partnership by approximately one quarter lower than other major competitors because they mainly employed TCNs. The latter was willing to accept expatriate assignments at lower salary rates and less generous employment packages, compared to PCNs. However, few TCNs were paid higher than PCNs given their rare and high competency. Despite this, the higher cost may be offset by their characteristics, shared by the majority of TCNs, that is, high adaptability to encounter foreignness and their support gained from family. For example, some TCNs who had been travelling around the world before the current post developed hardship tolerance and adaptability against new or similar cultures. They were able to encounter foreignness and mitigate both MNCs' risks in expatriate failure. On the other hand, the benefits of having TCNs stay on the job longer enable Company A to retain knowledge to save on training costs due to a lower turnover rate.

In the case of Company B, the lower cost of employing TCNs helped them offer sustainable financial incentives to University as an essential factor to win the partnership contract. Company B was committed to investing most of the university partners across the United Kingdom and the United States with a large lump sum on the improvement of campus facilities or new housing. The factor was especially attracted to some universities, which had tight financial circumstances due to a declining number of student recruitment, and thus, could not afford the cost of refurbishment or new housing projects.

In addition, the ability for Company B to offer sustainable financial incentives to a University also thanked to saving over training expenses as another personnel-related cost though retaining TCNs' knowledge. This was because Company B provided monetary and promotion incentives throughout an employment circle while Company A limited these incentives to the stage of job selection. As a result, Company B had a better employee retention rate than Company B and had a lower cost on training. According to the researcher's field note:

*'For Company A, the high employee turnover rate had impacted on the overall productivity and the expenses related to new staff training and the errors made by new staff. As the director was not responsible for conducting on-the-job training, he did not seem to realise that training new staff was time-consuming; and that lots of mistakes occurred during the training, especially from the beginning of employment. A few senior admissions coordinators had concerns over their time not only being extensively spent on training new co-workers but also on correcting new staff's errors in processing university applications. As a result, these senior coordinators found it difficult to meet their targets, which were highly associated with their annual bonus. This could also impact on their willingness to do training and the quality of the training.'*

Company A also failed to fully benefit from TCNs' transferability based on high commitment but at potentially lower costs. As aforementioned, depending on

TCN types, TCNs' generic sets could offer MNCs the alternatives to HCNs and PCNs regarding staffing Dubai subsidiaries. The MNCs that behave like Company B could see themselves retaining a more comprehensive range of committed and knowledgeable candidates accordingly at potentially lower personal costs. If any MNC, like Company A, prioritising the perspective of cost-saving over employment, the trade-off between employee retention and new recruitment has to be taken into account.

Company B top management had valued and appreciated each individual TCNs' uniqueness, and thus, intended to maintain their TCNs by opening up future career advancement. In contrast, Company A had limited their score in maximising TCNs' potentials because TCNs left their jobs so soon before Company A could fully benefit from what TCNs had to offer. Perhaps, although any current TCN could be easily replaced by any other skills TCN applicants, the price to pay was not just about subsequent training costs but also the overall productivity.

Last but not least, no use of HCNs in both the Dubai subsidiaries was also observed as another strategic method to cut down cost, helping both the MNCs winning their university partnership contracts. The extensive use of TCNs also helped the two MNCs avoided higher cost over recruiting HCNs. As aforementioned, HCNs were relatively expensive as their salary expectation was increased because a job with much higher pay is available outside the Dubai free zone, thanks to Emiratisation.

Furthermore, higher training expenses, compared to TCNs, could occur due to most HCNs' inadequate and insufficient education backgrounds. Also, no use of HCNs was in another way helping both MNCs with their personnel-related budgets by reducing a turnover rate because of the enhancement of job security and maintenance of fairness in the workplace. Expatriates were frequently reported that they were reluctant to train HCNs up because of the worries that HCNs may replace them with their jobs in the long run. Without HCN co-workers, TCNs could stay at their job longer with a better sense of job security. Besides

this, as employing HCNs came with expected higher salaries and more expensive benefit packages as well as reduced working hours and a more extended period of holidays. Besides this, there was an inflexibility in making HCNs' redundant under exiting labour law. Under the same job titles but two different terms of employment contracts, this eroded TCNs' mental health and caused a potential reason for resigning. In other words, both the MNCs stabilised fairness of the work environment, leading to a lower turnover rate by using no HCNs.

### 4.3.2 Higher productivity

Higher productivity compared to PCNs, as one main characteristic of TCNs', proved to be an additional factor leading to both MNCs' competitive advantage of cost-efficiency and a faster turnaround timeframe. Most TCNs were willing to work longer hours, compared to PCNs. To some, their jobs were not seen as nine to five but were subject to when their responsibilities were fulfilled until the day ended. In some cases, TCNs were able to work until midnight or from very early morning to meet tight deadlines. For example, a conversion team leader was given a calling list of approximately one thousand and five hundred students two days before the deadline. While some of the PCN team members finished by 5 pm, he just carried on calling students until late and came to work before 7 am the next day. He managed to finish the calling list just before the deadline with all the extra hours he put it.

Another example was that some TCNs did not take a lunch break or a much shorter lunch break in order to carry on working. Often, when the researcher was sitting at Company A's canteen for lunch, he could see the majority of TCNs leaving before PCNs. PCNs took their time chatting and having deserts and a cup of coffee. In addition, A TCN director from company A adapted to a very tight schedule, flew in between the east and west coast of the United States to sign up three university partnerships in a week. All the above examples highlight most TCNs' high productivity, as one of the significant TCN's characteristics, based on

high hardship tolerance. As a partial result of TCNs' high productivity, Company A was not only able to bid for a university partnership at a lower cost but also able to promise to establish and operate a new business line in a short timeframe.

### **4.3.3 Using transferability of TCNs to capture their knowledge from central, local and worldwide orientations**

From the two cases, TCN's characteristics and three orientations, mainly constructed by their social roots, growing through education, work and social experience, although the place of birth contributed to a competitive advantage. Both the MNCs benefited from TCNs' characteristics and transferability as well as the way to manage them to face the challenges of absent HCNs and limited PCNs without losing both local and central knowledge required when filling some vacancies in Dubai subsidiaries. Company A and B created a competitive advantage by the dynamic use of TCNs. Through both these cases, the broad types of TCNs explained the transfer of symbolic, synthetic and analytical knowledge between the UK home country and the Dubai Subsidiary. Both the companies secured all this knowledge through the strategic use of TCNs in their staffing composition.

## **Conclusion**

Overall, from the findings of the two cases, TCN's characteristics and three orientations, mainly constructed by their social roots, growing through education, work and social experience although the place of birth contributed to competitive advantage. Both the MNCs benefited from TCNs' characteristics and transferability as well as the way to manage them to face the challenges of absent

HCNs and limited PCNs without losing both local and central knowledge required when filling some vacancies in Dubai subsidiaries. First, Company A and B created competitive advantages by TCN's dynamic characteristics. Not only from TCNs' low costs and high commitment, but MNCs also benefited from the transferability of TCNs as main characteristics, which explained the transfer of symbolic, synthetic and analytical knowledge between the UK home country and the Dubai Subsidiary, and thus, presented as TCNs' capacities in knowledge reconfiguration. Second, the findings also suggested that both companies created competitive advantages through the management of TCNs. Both MNCs excluded HCNs as co-workers and offered monetary and promotion incentives.

Most importantly of all, both MNCs managed TCNs with a hybrid staffing strategy respectively to capture TCNs' capabilities of knowledge configuration. Finally, some competitive advantages can be observed, including lower personnel-related costs, higher productivity and the successful capture of TCNs' capabilities in knowledge reconfiguration as a result of their various successful individuals. The next chapter will discuss the findings further against relevant literature and various host institutions.

# Chapter 5

## Discussion

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### Introduction

A detailed case study of two British education MNCs located in the Dubai Free Zone was developed in this research to seek insight into what extent TCNs' characteristics, management contributes to MNCs' competitive advantage. The research firstly addressed some characteristics of TCNs, especially in the area of their transferability as a result of their three orientations. TCNs with three orientations were found and identified and were mostly interchangeable with PCNs and HCNs, which helps Company A and B to sustain competitive advantage. Also, when facing the difficulties from institutions in the host Emirate and home country, both MNCs were able to utilise and manage TCNs with three orientations as an alternative workforce to fulfil their staffing strategies. Some HRM practices and policies demonstrated from the interview informants and in the field supported this ground.

This Chapter will discuss the significant findings and results of the present study concerning existing literature and the various causes of the Emirate's institutions that challenge private organisations in Dubai Free Zones or the UAE as the whole. Primarily, this chapter presents the areas as follows.

- Discussion of the findings from the case study of the two MNCs in relations to their competitive advantage achieved through TCN's characteristics and management
- discussion of the factors impacting on competitive advantages at subsidiary, organisation and host Emirate level.

- suggestions for future research

First of all, the light will be shed on the discussion regarding the extent Company A and B achieve competitive advantage through TCNs' characteristics in section 5.1.1 and TCNs' management in section 5.1.2. Both sections will compare the findings with relevant literature. Second, to justify the linkage between the contributions of TCNs characteristics/management and competitive, several factors have to be taken into considerations. As a result, a few factors at subsidiary, organisation and host Emirate/country level will be discussed, including a few unique host Emirate/country institutions and the causes behind these them in section 5.2.

## **5.1 How do Company A and B create competitive advantages via TCNs?**

### **5.1.1 Through TCNs' characteristics**

The research highlights that both MNCs have generated competitive advantage through utilising and managing TCNs to internationally transfer benefits of their various characteristics and orientations from the host country, home country and the third country. The above benefits are transformed into difficult-to-imitate firm-specific resources. Both companies' IHRM strategy and practice have been developed. TCNs' characteristics had helped MNCs to work in good order in the host country social and commercial environment, via the strategic use of different TCNs. Benefits can be obtained from TCNs' transferability, high adaptability, working in the long and harsh work environment and lower costs, together with their different orientations of knowledge as discussions below.



### *TCNs' transferability*

The exploration of potential TCNs' orientations in Chapter 2 commenced with the qualities and characteristics observed in PCNs and HCNs. The simple division based on nationalities was applied as an indicator to see to what extent TCNs shared some of these qualities and characteristics with HCNs and PCNs, i.e. transferability. To begin with, the researcher used the simple divisions by nationalities to help identify in what circumstances MNCs may replace TCNs with PCNs and HCNs based on TCNs' transferability. The ultimate aim was to jump beyond the nationality-based understandings of staffing strategies. Through the two cases of TCNs in the Dubai subsidiaries, it was found that the staffing literature might have undermined TCNs in many ways. Having worked with and interviewed a few informants and critical decision-makers, including both management and non-management TCNs and PCNs, many posts that might suit better to HCNs (for local responsiveness) and PCNs (for centralised control) as suggested by staffing literature were, in reality, filled by TCNs in the two Dubai subsidiaries. Based on the theoretical framework, rather than be regarded as an entire entity, TCNs can be possibly divided into three types, namely Central-orientated TCNs, Local-orientated TCNs and Worldwide- orientated TCNs. In the two cases, the researcher found how and why MNCs used TCNs, in lieu of PCNs and HCNs, to take care of their needs of proceeding with the outcomes of local responsiveness and centralised control in the Dubai Free Zones. Without earlier established transferability, it would be impossible to systematically realise that TCNs shoulder more responsibilities in MNCs in the region of Dubai. As a result, any statement suggesting that 'TCNs are an entity' is very likely incorrect when analysing staffing compositions and possibly learning from TCNs' transferability in Dubai.

As the call from Pucik and Katz (1986) over two decades ago, TCNs should be given balanced considerations as their counterparts, that is, HCNs and PCNs, when it comes to MNCs' coordination and control within their global operations. TCNs could be (a) given procedures or rules to carry out their missions as PCNs

or HCNs; and or (b) be socialised to act like PCNs and HCNs. However, the above arguments undermine the possibility that TCNs' backgrounds, including preliminary socialisation roots and work experience, could prepare them ready for the jobs than the necessity of being trained. Since then, although few scholars, including Schuler and Dowling (1993), had called for maintaining a healthy mix and flow of TCNs, HCNs and PCNs regarding MNCs' global staffing, the focus on TCNs have been still outnumbered by the literature mainly shedding light on HCNs and PCNs. The findings from this research have concerned and corrected the undermined importance of TCNs' social roots and work experience over their transferability to PCNs and HCNs. This transferability was explained by categorising TCNs into three types, namely (1) Central-orientated TCNs, (2) Local-orientated TCNs as well as (3) Worldwide-orientated TCNs. Besides, TCNs had been naturally given primary focus thanks to the research setting of British subsidiaries in Dubai.

According to Colakoglu, Tarique & Caligiuri (2009) and Lepak & Snell (2002), PCNs, HCNs, and TCNs have their specific individual knowledge stock. However, through the case of Company A & B, the researcher identified TCNs were used in the positions that could traditionally require either HCNs or PCNs to conduct. There are overlapped qualities and abilities between TCNs and their counter groups as a result of TCNs' social roots and roots of work experience.

As far as the researcher is concerned, these qualities and abilities could divide TCNs into three groups that address their equivalences to PCNs' and HCNs' skill and knowledge sets. Furthermore, to some degree, their social roots and roots of work experience could explain the reasons why these TCNs developed their transferability to succeed management's expectations. TCNs with three different orientations will be discussed individually in the following sections, namely Central-orientated TCNs, Local-orientated TCNs and Worldwide-orientated TCNs.

### *Central-orientated TCNs*

Concerning the literature review, PCNs are preferred by MNCs due to their best understanding of corporate procedures and practices (Tarique, Schuler & Gong 2006). PCNs are utilised to control overseas subsidiaries through various control mechanisms (Chang, 1999; Chang, Mellahi & Wilkinson, 2009; Harzing, 1999; Harzing, 2002; Jaeger & Baliga, 1985; Jaeger, 1983; Kobrin, 1987; Martinez & Jarillo, 1991; Ouchi, 1977; Ouchi, 1979; Pucik & Katz, 1986; Wang, Jaw & Huang, 2008). Particularly in the area of input control, there were contrast examples. Apart from preparing and sending PCNs to the Dubai subsidiary, MNCs mainly using Central-orientated TCNs as substitutes to facilitate input control. For instance, before sending to a Dubai subsidiary, one of the TCN informants with Company B for two years had job rotation with three departments that enabled him to understand the business flow and the way of doing things in the company. In this case, the MNC centrally selected and trained TCNs in order to align the MNC's goals with their subsidiaries. The cross use of TCNs could be seen as a step to discover a staffing strategy that takes advantage of TCNs' equivalent potential to PCNs to overcome an overseas assignment. The above point was confirmed by Company A that:

*'Most of our non-British colleagues recruited from our head office are actually perfect for the job. We do not need to teach them much about our way of doing things. They had been fully aware of these. They know all about our central procedures and can even teach us about these. (E.19)'*

Company A acknowledged that TCNs could resemble PCNs at certain aspects, which benefit some positions that require pretty much PCN's knowledge stock. Please refer to the following chart (Table 6) that puts narratives and field notes from the two cases against relevant literature.

	The findings of Central-orientated TCNs	Relevant literature
Understanding of central procedures & practices	<ul style="list-style-type: none"> <li>• <i>'Most of our non-British colleagues recruited from our head office are actually perfect for the job. We do not need to teach them much about our way of doing things. They had been fully aware of these. They know all about our central procedures and can even teach us about these. (E.19)'</i></li> </ul>	<ul style="list-style-type: none"> <li>• Tarique, Schuler &amp; Gong (2006) summarise some core competencies of PCNs as (1) in-depth knowledge of MNC's organisational culture, and (2) effective communication with headquarters.</li> <li>• MNCs use PCNs to synchronise the headquarters 'value, practices and expectations with subsidiaries (Pucik &amp; Katz, 1986; Kobrin, 1987; Wang, Jaw &amp; Huang, 2008)</li> <li>• PCNs likely obtain company-based knowledge encompasses 'corporate culture, routines, processes and practices' (Mäkelä &amp; Björkman, 2009)</li> <li>• Mäkelä and Björkman (2009) suggest that the generic knowledge stocks of TCNs 'come with the apparent disadvantage of minimal levels of both market and company knowledge.' (Contradictory)</li> </ul>

**Table 6. The findings from Central-orientated TCNs against relevant literature**

The researcher found that it would be wrong to firmly assume that PCNs are ahead of TCNs, in terms of speaking of home country language and

understanding of home country culture as Mäkelä & Björkman (2009) suggested. The danger of suggesting so may lead to an unjustified staffing strategy and undermined TCNs who could be ideal substitutes in some circumstances, and thus, MNCs cannot fully benefit from various prototypes of staffing strategies. For example, in both cases, TCN expatriates were fluent in English as the home country's mother tongue and were adapted to the home country's culture thanks to their long social roots in the home country before being sent to Dubai subsidiaries. Both companies used TCNs as the main expatriates and benefited from their transferability to PCNs.

From Table 6, it can be summarised promptly from the cases of Company A and B that Central-orientated TCNs can be embedded with 'genes' from PCNs MNCs look for as alternatives for expatriate assignments. The genes as qualities and characteristics mentioned in the above paragraphs resemble PCNs'. First, TCNs can learn or have already equipped the know-how of the central procedures & practices as PCNs as they had socialised and worked in the headquarters for long before their overseas assignments.

#### *Local-orientated TCNs*

HCNs were widely discussed in the staffing literature as the vital force best understanding local matters, including culture, market and the way of doing business (Mäkelä & Björkman, 2009) as the chart below (Table 7). However, from the findings of the research, Local-orientated TCNs may serve the above perspective due to the benefits of being geographical and cultural before their local assignments. First, being geographical means that TCNs are born in a country close to the host country. Please see the chart below for the comparison between the narratives and the literature. From the findings, TCNs from India, Pakistan and Sri Lankans fell into this category.

	The findings of Local-orientated TCNs	Relevant literature
Knowledge of the local market	<i>'I had been educated in Morocco until high school. And then I studied my first degree in the UK... And then I came to work in the UAE before this job...My education background in Morocco is also so useful that fill my knowledge in the local market or you call it, a universal Arab market. (E.22)'</i>	HCNs are more likely to have the assumed resources of speaking the same language and understanding the culture and institutions of the home country and the host country (Mäkelä & Björkman, 2009).

**Table 7. The findings from Local-orientated TCNs against relevant literature**

Although Local-orientated TCNs who can be regarded as being geographical and cultural, the consistent qualities among these TCNs. They speak fluent English as the home country's language. They could communicate with the headquarters for the need of the work. Besides, they understand the Dubai's/MENA market more or less before their current jobs due to the press of the third country where they are from or simply because they are from the MENA region and are part of Islam.

To sum up, Local-orientated TCNs can be understood as geographical and cultural. All of them speak the home country's language fluently although some of these TCNs speak Arabic, and some do not.

#### *Worldwide-orientated TCNs*

Worldwide-orientated TCNs from the findings are likely the type of TCNs close to what staffing literature suggested (see Table 8). According to (Mäkelä & Björkman, 2009), TCNs are interpreted as the workforce who do not seem to have as strong characteristics and skills as PCNs and HCNs towards the home country and the host country respectively. They also indicate that these TCNs are recruited due to their high competencies despite the relevance to either home country or host country orientation. Similarly, the researcher had identified

some TCNs from the MNC A and B to support this category. From the interviews and field notes, some TCNs had very weak orientations to the headquarters and the subsidiary. These TCNs were found mainly in specific departments, such as Student Recruitment (Sales), IT and finance. Some of these TCNs previously frequently travelled for work and did not seem to prefer any particular location for work. They come to 'a country' for work and leave for other work. They adapted their expertise in the field that was lacking in a country, which helped them secure a job promptly given less competition on the labour market. Due to their high and rare competencies in some areas, they secured work permits through the two MNCs and likely secured another work permit to work in another country within the MNCs' global territories.

	The findings of Worldwide-orientated TCNs	Relevant literature
Rare experience	<ul style="list-style-type: none"> <li><i>'The skills helping me do the job are about interpersonal skills. In a drinking party, a manager said to me that even if I did not speak Arabic, they would still give me the job. I helped parents with running a vendor in a market since I was 12 in Dubai. My previous experience in recruiting students and being personable also helped. (E.1)'</i></li> <li><i>'All the experiences I had helped me get the job. I studied abroad as an overseas student, which helped me relate to my students. It may be more to do with my language abilities although, funnily enough, I don't use Spanish a lot. I would think the company would benefit from using native speakers as we mainly speak English. Other things help, like my experience in recruiting students and sales. (E.11)'</i></li> </ul>	TCNs may possess the experience of international management as a result of previously working in a similar position and industry elsewhere (Mäkelä & Björkman, 2009).
High competency	<ul style="list-style-type: none"> <li><i>'I come to Dubai from India for the job in IT. I got the job</i></li> </ul>	According to Schuler and Dowling (1993),

	<p><i>because of my skills in IT. Not many British workers can have the same amount of know-how. (E.21)'</i></p> <ul style="list-style-type: none"> <li><i>'I did digital marketing for our rival firm for the last five years. I know exactly what it takes to do the job. I am not British or a local citizen. I am just like others from India, working in a specialised area. (E.12)'</i></li> </ul>	<p>experienced managers from third countries have the required skills to conduct subsidiary operations, often succeeding the opportunities to shoulder the regional management responsibilities.</p>
<p>Little references to the home and the host country</p>	<ul style="list-style-type: none"> <li><i>'The skills helping me do the job are about interpersonal skills. In a drinking party, a manager said to me that even if I did not speak Arabic, they would still give me the job (E.1)'</i></li> <li><i>'I was given the job mainly because of competency, I guess. I was doing something nobody has done before or not able to do. (E.26)'</i></li> </ul>	<p>Mäkelä and Björkman, (2009) limit TCNs' potential from the access of either company-based or market-based knowledge as PCNs and HCNs do.</p>

**Table 8. The findings from Worldwide-orientated TCNs against relevant literature**

It was noted that rare experience and high competency made Worldwide-orientated TCNs immune from typical criteria that put on PCNs and HCNs as well as Central-orientated TCNs and Local-orientated TCNs. There are some examples demonstrated by the chart below. High competency was transferable, and not subject to a specific country or location and was taken advantage by Worldwide-orientated TCNs to travel and work. The principles of their expertise were universal and could be adapted in different countries, for example, the experience in recruiting students and transferring personal experience as an overseas student onto sales as well as high competency in IT and digital marketing. The above point is consistent with Schuler and Dowling (1993)'s suggestion that experienced managers from third countries have the required skills to conduct subsidiary operations. However, it was not sure through the



findings that the performances of the Worldwide-orientated TCNs could often meet MNCs' expectations. They could secure the job based on little competition and sustain the job, given the fact that their experience and competency could be challenging to replace.

For instance, having worked with these MNCs the researcher himself, a previous director headhunted him for a new job while he was working with the other MNC. The MNC told him that he was desirable due to the mixed set of competencies, namely his interpersonal skills, his experience in converting students and increasing the number of student recruitment from Asia for the largest MNC and transferring personal experience as an overseas Chinese student himself. As a result, he was given a matched permanent contract, free accommodation and travel allowance to resign from his current job and to work in another city. However, he could not rate himself, first-class, for his new job performance as dedicated as his first job with Company A for the research. Having overstretched himself as a full-time employee and a part-time PhD researcher, he had contributed as minimum as he could partly because of knowing that he was a rare discovery for this type of job and few people could conduct at that time. From the moral of the story, his personal experience as a rare mixed set of competencies and experience earned him a fair contract. However, like many Worldwide-orientated TCNs, staying consistent in performance could be a question.

Having discussed and analysed TCNs with three orientations against relevant literature, there are specific common characteristics shared by most TCNs will be addressed in the following sections, namely high adaptability, versatile communications and Positive perceptions against the host country reputation.

### *High adaptability*

The most critical elements in TCNs' characteristics are their low level of foreignness, which enable their high adaptability to the host environment whilst

sustaining hardship at MNC's low costs. Previous research has shown that TCN expatriates are more likely to adapt to a new environment given TCNs' broad knowledge towards the host country because they are usually transferred from a geographic area (e.g. Reynolds, 1977).

This research has further clarified the TCNs' high adaptability by demonstrating the first reason, that is, TCNs' local orientation. Please see Table 9 below for a comparison between the findings of the study and the relevant literature. Previous research has noted that a number TCNs from similar cultures have come to work in Dubai who come from the country in either geographical or cultural regions close to subsidiaries (e.g. Schuler & Dowling, 1993). Noted by this research, both the geographical and the cultural regions have boosted TCNs' local orientation. From the evidence of this research, the local orientation was reinforced from close geographical home location, such as Pakistan, Indian and Sri Lanka. By benefiting from a short geographical distance, TCNs could have learned more matters of the host country. However, this statement may not be justified when the technology of distance learning has become very advanced. Nevertheless, this was also, in fact, complicated by Dubai as the host country earned a good reputation among these TCNs and has long become a popular destination for work for many generations. Although these TCNs may not necessarily speak the same language, they understand the local matters to some degree. The understanding of the local market regardless of speaking the local language has prepared them to undertake the positions as HCNs.

	Findings	Relevant literature
High adaptability	<ul style="list-style-type: none"> <li><i>'I find my lifestyle in Japan not much different from Dubai. Both countries are very international. In my free time, I do house decorations. I socialise with friends from all over the world. Anyone friendly regarding nationalities. I would say to myself I'm pretty international. (E.27)'</i></li> </ul>	<ul style="list-style-type: none"> <li>It is suggested that TCNs are more likely to adapt to a new environment given TCNs' broad knowledge towards the host country because they are usually transferred from a</li> </ul>

	<ul style="list-style-type: none"> <li>• Origin of close geographical home location and similar culture. Example: Geographical: TCNs from Indians, Pakistanis and Sri Lankans Cultural: Egypt and Jordan</li> <li>• <i>'Although we don't have an exact figure, my impression is that our foreign staff sent from headquarters intend to stay in the positions or hang around longer than our British colleagues... Not sure what the reasons are. But I hear lots about British moaning concerning the heat and the people and the local system in general. Our foreign colleagues seem to integrate better in the environment, perhaps because they travel a lot and use to adapt to different lives.'</i></li> </ul>	<p>geographic area (Reynolds, 1977).</p> <ul style="list-style-type: none"> <li>• There have been studies shedding light on this particular use of TCNs who come from the country in either geographical or cultural regions close to subsidiaries (Schuler &amp; Dowling, 1993).</li> </ul>
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**Table 9. The findings related to TCNs' adaptability against relevant literature**

In addition, the local orientation can also be a result of the similar origin of similar cultures, such as informants from Egypt and Jordan. Local-orientated TCNs understand the local market and the way of doing local business as HCNs suggested in the staffing literature. TCNs are from regional Arab countries that share a very similar culture, religion, social behaviour and the language. In the case study, the majority of TCNs fall into this category consisted of Egyptian and Jordanian. They naturally understood the art of using a way of doing business as HCNs. For these Arab TCNs, they speak Arabic as their mother tongue, although the dialects varied with the regions they were from. Most of these Local-orientated TCNs in the MNCs A and B had obtained such knowledge before their current jobs thanks to their country origins that were being geographical and cultural. Above all, TCNs' local orientated knowledge has help TCNs familiarise local market and local culture, which results in high adaptability.

### *Versatile communications*

TCNs can speak fluently in the home country language at a native level as PCNs, which could make TCNs desirable alternatives as PCNs. However, the findings likely vary with country contexts. TCNs working in the English-speaking countries may take advantage of the opportunities to speak like PCNs. English is a dominant global language, which can be learned at schooling worldwide. TCNs could have been exposed to English since a young age and prepared them to master it rather than any other languages.

According to this research, the second reason that has boosted TCNs' high adaptability is their linguistic advantage. Most TCNs, despite their central or local orientations, speak host Emirate languages. Whilst comparing TCNs' central orientation to PCNs, some critical bonuses, including additional language skills that can be adapted in the host country, were discovered in both the cases. Identifying from few TCN expatriates who were sent to the Dubai subsidiary, the researcher found that there was a possible association between TCNs' additional language skills and company staffing strategy. Decisions were made according to the criteria that TCNs spoke of host country subsidiary's language and understanding of local culture because they were from regional Arab countries. Generally speaking, there are two main Arabic dialects, namely Egyptian and Jordanian dialects alongside with standard Arabic or BBC Arabic that is used as a single official language despite Arab country of origins. Compared to geographical TCNs, the same language was extra beneficial to cultural TCNs to act as HCNs to connect with the local market and agents. However, as Dubai is an international Emirate with a less than five per cent local population, speaking Arabic instead of English may not always seem a necessity to do business.

Nevertheless, these TCNs could be able to smoothly deliver their understanding of the headquarters' practices and procedures to the subsidiary by speaking the same language. Similarly, Scullion and Collings (2006) support the finding by their evidence that an American MNCs may transfer Portuguese employees from an established subsidiary in Portugal to set up a subsidiary in Brazil because of

their similarities in the language and culture, which help a smooth transformation. Please see Table 10 below for comparisons between the findings related to TCNs' communications and the relevant literature.

	Findings	Relevant literature
Speaking of home country language and understanding of home country culture	<ul style="list-style-type: none"> <li>• <i>'The skill of speaking English was mainly required for the job. I have learned English since primary school, although I was taught in 'Italian English. (E.21)'</i></li> <li>• In both cases, TCN expatriates were fluent in English as the home country's mother tongue and were adapted to the home country's culture thanks to their long social root in the home country.</li> </ul>	<ul style="list-style-type: none"> <li>• PCNs are more likely to have the assumed resources of speaking the same language and understanding the culture and institutions of the home country( Mäkelä &amp; Björkman, 2009).</li> </ul>
Different language skills can be adapted.	<ul style="list-style-type: none"> <li>• Having inspected the pool of TCNs sent from headquarters in the UK, working based in Company A's and B's Dubai subsidiary, some were sent over from the headquarters with Arab origins. Management from HQs A &amp; B used these TCN expatriates too.</li> <li>• <i>'My language skills, such as English and Arabic, are valued. My Egyptian dialect is useful when dealing with most Arab agents as I work with the MENA market. I feel confident. (E.22)'</i></li> <li>• Some were sent over from the headquarters with Arab origins while some did not. These people spoke Arabic as mother tongue apart from English as the second language.</li> <li>• <i>'Another point is that the British do not intend to learn</i></li> </ul>	<ul style="list-style-type: none"> <li>• TCNs who speak the host country language may help MNCs establish central work procedures and socialise the host country employees with MNCs' organisational culture. Scullion &amp; Collings (2006) take a practical example that an American MNCs may transfer Portuguese employees from an established subsidiary in Portugal to set up a subsidiary in Brazil.</li> <li>• TCNs who speak the host country language may help MNCs establish central work procedures and socialise the host country employees with MNCs' organisational culture (Scullion &amp; Collings, 2006).</li> </ul>

	<p><i>an additional language, which comes very handy to a sales role. (E.3)'</i></p> <ul style="list-style-type: none"> <li>• <i>'My language skills, such as English and Arabic, are valued. My Egyptian dialect is useful when dealing with most Arab agents as I work with the MENA market. I feel confident. (E.22)'</i></li> </ul>	
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**Table 10. The findings related to TCNs' communications against relevant literature**

In contrast, PCNs were suggested by one of the managements that they did not attempt to learn a new language. However, this could be case by case and should not suggest that the majority of PCNs did not intend to learn a new language. We would need to take the nature of the home country' language into account. The setting of this research was regarding two British MNCs and their subsidiaries in Dubai. British as PCNs speak English as the world's common language, which may demotivate them from learning new languages. Besides, most likely when it comes to learning a new language, it is more likely that British would pick up regional countries' languages, such as French, German and Spanish, which are standard langue school courses in the UK (Akkoc, 2016), rather than Far Eastern languages, especially Arabic.

Nevertheless, as Mäkelä & Björkman (2009) suggest, PCNs are more likely to have the assumed resources of speaking the same language and understanding the culture and institutions of the home country. In both cases, despite less chance in equipping host country language, PCNs were contributed to MNCs as much as TCN expatriate with regards to taking care of communications between head office and the host subsidiary. After the above comparisons, such higher adaptability of TCNs, as result of their linguistic advantage speaking both home and host languages in addition to their local orientation, has contributed to both MNCs' competitive advantage. The reason is that expatriates who are used to the host culture and norm can efficiently decrease cultural obstacles MNCs face, and thus, consolidate competitiveness (Luo & Shenkar, 2011; Rui et al., 2017).

However, the above argument could vary with country of study, and this will benefit from more research on headquarters and subsidiaries of the different country of origins to confirm.

*Positive perceptions against the host country reputation*

Last but not least, the study found that TCNs tended to have positive perceptions toward the reputation of host Emirate or country. This characteristic was consistent with Doherty (2011)'s suggestion that TCNs usually have the right image and are attracted to the host destination in which they work. Please see Table 11 below for comparisons between the finding related to TCN's perceptions towards the host Emirate/country and the relevant literature. The excellent image can be as the result of the social environment when TCN's family, friends and media talk about the Emirate or country positively. The good image can also be the result of the attempt to follow other successful TCNs from the same country. The positive perceptions could enhance and amplify TCNs' commitment to take on the expatriate assignment and remain on the job, compared to PCNs'. This characteristic can explain the suggestion raised by Scullion and Collings (2006) that TCNs are generally willing to accept the expatriate assignment than PCNs given no job perspectives and limited job offers in their country of origin.

	Findings	Supporting literature
Positive perception against the host country reputation	<i>'I know a lot about Dubai by people I work with. News around Dubai is on Libya's major media at all times. People in my country seem to pick Dubai as an ideal work destination. We talk about it a lot about the business market and its general environment. There is also some useful feedback from a few of my friends working there before me.'</i>	Doherty (2011) suggests that self-initiated TCNs are likely to be attracted to the appeal and the reputation of the host country.

**Table 11. The findings related to TCNs' positive perceptions toward the host Emirate/country against relevant literature**

Having discussed and compared the findings of TCNs' characteristics to the existing relevant literature, the next will discuss the two MNCs' competitive advantage achieved through their management over TCNs related to existing literature.

### **5.1.2 Through management over TCNs**

A significant number of TCNs has enabled and motivated both MNCs to reconfigure knowledge to fit the host Emirate context through TCNs' various orientations. The findings highlight that British MNCs can increase dependence on the outward transmission of skills and knowledge from the headquarters to the host Emirate. This dependence requires both professional and operational expatriation to identify and implement practical solutions to unforeseen problems in order to assist the smooth transmission of resources (Rui et al. 2017). Some TCNs were expatriated overseas after they learned how to apply and adapt advanced knowledge either through the current MNCs or through their previous work experience with other leading MNCs. The above background gave TCNs the capability to reconfigure knowledge, which they could apply to work practices and technology to meet the emerging market's environments and demands. The findings have found that there were few ways MNCs could manage TCNs to amplify and capture TCNs' capabilities of knowledge reconfiguration. The following discussion will focus on the backgrounds and the reasoning behind two primary management methods, which primarily interact with host institutions, namely the exclusion of HCN workers and hybrid staffing strategies.



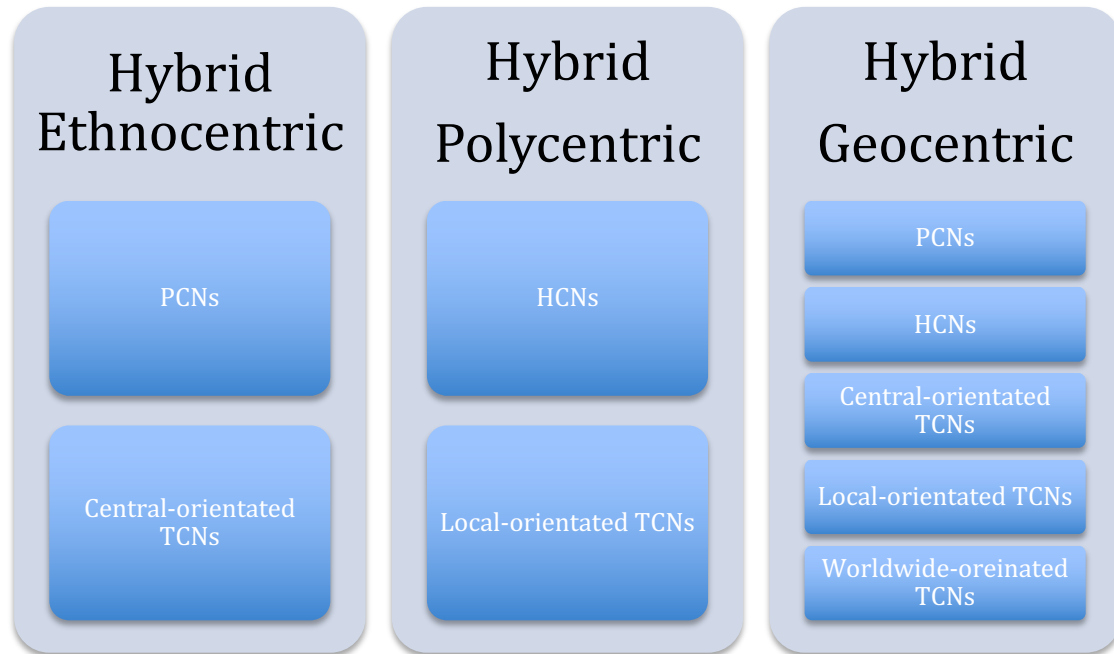
### *Exclusion of HCN co-workers*

'Exclusion of HCN co-workers' can strategically bring MNCs in Dubai free zones advantages over two aspects, namely retaining knowledge, saving on personnel and training costs. The intuitional environment primarily influenced the strategic position of this statement. The reasons both MNCs did not utilise HCNs were interlinked mainly with the local regulatory environment. Although MNCs in free zones are exempt from Emiratisation policies, they also face the consequences and the impact of Emiratisation as MNCs outside free zones. The longstanding trend of Emiratisation has not only 1) created tensions at the workplace but also 2) priced HCNs out local labour market given their much higher salary standard, compared to TCNs' and PCNs'. Due to the exclusion of HCNs and some other reasons, MNCs could develop and reconfigure their staffing composition accordingly and strategically; hence, the next discussion will focus on MNCs' hybrid staffing strategies in this emerging market.

### *Hybrid staffing strategies*

Based on the strategic staffing compositions of the two MNCs within Dubai Free Zones, each of the traditional staffing strategies misses the dynamics of the emerging staffing strategy attributed to MNCs in Dubai and fails to explain why and how this is the case entirely. The division of staffing strategies does not seem to apply on the two MNCs in Dubai Free Zones. Instead, Company A and B have respectively used two hybrid staffing strategy, namely hybrid ethnocentric and hybrid geocentric staffing strategy to achieve two different primary goals. Relevantly, it is proposed that the third hybrid approach, the hybrid polycentric staffing strategy, as a result of Local-orientated TCNs' transferability, which was not directly supported by both the cases but will be benefited from future research inside Dubai free zones. Although HCNs are not widely available in free zones due to institutional influences as aforementioned, the MNCs, which employ a large number of Local-orientated TCNs, can fit in this staffing strategy for

future research. Through each emerging TCN type, it is suggested testing a hybrid staffing strategy in future research in Figure 11 as follows;



**Figure 11. Hybrid staffing strategies based on TCNs' transferability and their leading players within**

From the above figure, the equation between nationality and staffing strategy has been dissolved has taken the transferability of TCNs into account. The above figure highlights the deficiency in traditional staffing strategy by using nationalities as the leading indicator to differentiate staffing strategies. Nationalities should not always be used as the key indicator to tell an MNC's staffing strategy and anticipate their benefits. Furthermore, the transferability of TCNs is undermined by each traditional staffing strategy. We have been misled by the tags of PCNs, HCNs and TCNs. The key players in a staffing strategy could be beyond this level of understanding. In the discussion of the two MNCs' staffing compositions, it was not merely applying the tags of PCNs, HCNs and TCNs because of their insufficiency in explaining do's and don'ts of each group. Must MNCs use PCNs to implement centralised control best? Must MNCs use HCNs to maximise local responsiveness? The answer in these cases is apparently 'no'

when more players are included, namely Central-orientated TCNs, Local-orientated TCNs and Worldwide-orientated TCNs. However, it is not a conclusion that all types of the workforce groups, which are named, are final because there can be and should be more developments on the key players in position to a staffing strategy appreciated by MNCs in many other regions. Examples have highlighted that TCNs are not an entity. Furthermore, we should be open-minded to apply a similar curiosity on PCNs and HCNs and should not assume the same content under the same tag. Above all, it appears that 'nationality' is insufficient to guide our understanding to realise a potential staffing strategy and also, transferability could be the key to understanding how a workforce group can impact a staffing strategy.

Similarly, an important note is that geocentric staffing strategy, embedded in the traditional staffing strategy, could be misleading when we simply look at this staffing strategy by 'nationality' due to the way the three main traditional staffing strategies are divided. Analysing the use of the three types of TCNs in staffing compositions could tell us which strategic position MNCs can be operating under. In reality, in the case of the two Dubai subsidiaries, MNCs used TCNs strategically to face the limitations of the host country environment, lacking HCNs, for example; therefore, the front of their staffing strategy could be 'geocentric', but their spirit of doing so are to achieve the pursuit of other strategies.

The front of the geocentric staffing strategy could be a melting pot, regardless of nationality. Even so, MNCs may have their intentions to achieve the desired outcomes of either ethnocentric or polycentric staffing strategy by largely staffing TCNs according to their transferability to PCNs and HCNs. In other words, the geocentric staffing strategy in this sense could not be justified when there is a failure to consider the TCNs' transferability. The discussion on the three types of TCNs has broadened our understanding of geocentric staffing strategy and has helped realise the limitations of this particular staffing strategy. 'Being open-minded to all talent regardless of nationalities' is the pursuit of a geocentric staffing strategy. However, MNCs could well position their desired

outcomes whilst conducting this strategy. As aforementioned, TCNs seem to be particularly welcome in this strategy due to no particular restrictions placed on nationalities, compared to ethnocentric and polycentric staffing strategies. However, these MNCs can strategically use the TCNs, i.e. using the three types of TCNs according to achieve their desired outcomes or to help adapt to the host country environment. Like the two MNCs in Dubai, which seemed to use the geocentric staffing strategy by constructing their staffing compositions with several TCNs from South Asia, neighbourhood Arab countries and Far East Asia, by exploring these TCNs further; they offered MNCs their transferability to HCNs and PCNs, which can be consistent with the main pursuit of polycentric and ethnocentric staffing strategy respectively. In other words, when MNCs rely on Local-orientated TCNs or Central-orientated TCNs, this means that MNCs have already synchronised the so-called 'geocentric staffing strategy' with their actual pursuit of polycentric staffing strategy and ethnocentric staffing strategy respectively.

Furthermore, as Isidor & Schwens (2011) suggest, geocentric staffing strategy is likely to be observed in the phase when MNCs have been highly globalised and integrated worldwide. This is partially true, according to these two highlighted cases. The reason to use a geocentric staffing strategy is not merely driven by the phase but also the solution to institutional limitations. For example, both of the MNCs I research had been conducting their operations worldwide with their recruitment offices well established in three major continents, proceeding with a geocentric staffing strategy. Unlike Dubai, many subsidiaries elsewhere are seen more balanced staffing compositions among PCNs, HCNs and TCNs. Only the staffing compositions of Dubai subsidiaries were made up of PCNs and TCNs. Can we also call this geocentric staffing strategy the same between Dubai subsidiaries and their counterpart? The better answer would be 'case by case' because there are variations to be expected in a geocentric staffing strategy. Above all, in terms of the cause of geocentric staffing strategy and its possible variations could be benefited by future research to reposition further and distinguish based on the three types of TCN that this research establishes. These

are the geocentric staffing strategy led by Central-orientated, Local-orientated, and Worldwide-orientated TCNs, respectively.

There are, nevertheless, three significant limitations under this theoretical framework proposed by the diagram above. First, the hybrid polycentric staffing strategy has no direct support from the two case studies but is simply based on theoretical frameworks of TCNs' transferability. Second, all hybrid staffing strategies could not only vary with MNCs in Dubai Free Zones but could also possibly vary with departments within MNCs as research focuses. Moreover, the primary focus of this research on two MNCs lies with the Sale and Marketing department, the Admissions department and the Conversion department. Realising these limitations, the focus of future research on staffing strategies could be in a region where MNCs use Local-orientated TCNs as their main staffing composition. Also, the use of departments as research focus could be diversified in order to reduce potential bias.

Having revised the staffing strategy through the case study of the two MNCs, how MNCs achieved competitive advantage through TCN management can make clear. Three advantages are manifested, namely 1) knowledge reconfiguration and 2) lower personnel cost. First of all, Both British MNCs are like typical developed MNC are known for their cutting-edge technology and best management practice (Rui et al. 2017). By using a hybrid staffing strategy, the flexibility of the strategy, regardless of nationalities, likely ensures that there is always the best candidate available to deliver the headquarters' strategic resources to a host subsidiary. When both MNCs utilise transferability of TCN, this is in a way to align embedded resources in each employee with their competitive advantage. These mixtures of resources, such as unique competencies, qualities and characteristics, can form the base to create a sustainable competitive advantage, as they are difficult to imitate and interchange. Whilst facing shortage of TCNs' counterparts, TCNs' transferability enable MNCs to proceed with assigning expatriates with overseas positions based on their talent regardless of nationalities. This point is particularly useful when a few kinds of literature frequently highlight the difficulty of sending

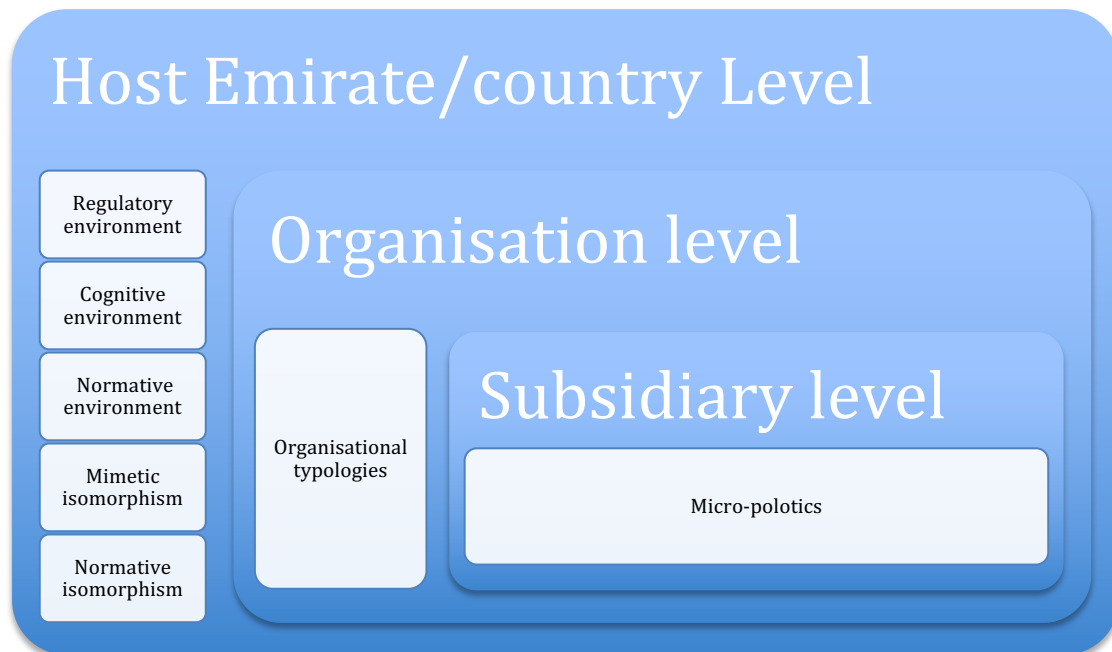
expatriates from developed MNCs overseas despite high compensation (e.g. Brookfield 2010; Rui et al. 2017).

Secondly, when developed MNCs use TCNs initially from emerging markets, they, in reality, exploit 'cost innovation', which is typically strategised by Emerging MNCs to gain competitiveness (Williamson 2010). This means that like emerging MNCs, developed MNCs could benefit cost reduction by sending TCNs from an emerging market, who have lower expectation on compensations and salaries, to overseas subsidiaries. It is noted that when developed MNCs well establish their technology, practices and knowledge transfer in overseas operations, they are likely to minimise the use of PCNs and increase use of HCNs as well as worldwide talents (Lee et al. 1999; Rui et al. 2017). This is because MNCs usually use high compensation to motivate PCNs to accept overseas assignments and to maintain them in a foreign living and working environment (Edwards & Rees 2016). In this situation, TCNs with various orientations help facilitate the gradual transformation whilst likely offering MNCs more cost-effective alternatives. Nevertheless, few other potential reasons could impact on MNCs' staffing composition and the way they manage TCNs to achieve competitive advantage. A few factors identified in different levels will be discussed in the next section.

## **5.2 The factors impacting on competitiveness advantage produced from TCNs and their management**

Beyond TCNs' transferability, there are a few factors identified in the findings that could potentially influence the use of TCNs in a staffing composition at Dubai subsidiaries and also impact on the priority on the choices of the TCN types. These factors were observed at the three most influential levels, namely subsidiary level, organisational level and the host country level. Key factors were

identified under the framework of classic and neo-institutional theory, particularly at the host country level. The researcher summarises the factors based on two cases in the following diagram.



**Figure 12. Key factors Interacting with TCN-led staffing compositions in Dubai subsidiaries**

In the following sections, these factors will be discussed in the order of subsidiary level, organisation level and host Emirate/country level.

### 5.2.1 Subsidiary level - Micro-politics

At the subsidiary level, the choice of the TCN-led staffing composition by both MNCs could be connected by the vital factor, that is, micro-politics. This factor interrupts the equation between TCNs' characteristics/management and competitiveness advantage. These factors could lead to irrational management over TCNs, including staffing strategy, which creates the interruption and redirection on the staffing choices among TCNs with various orientations or

among TCNs and their counterparts. Besides, some of these factors can also lead to the retention issues of TCNs that affecting the sustainability of MNCs' competitive advantage.

With Company A and B, founders, boards and central HR had encouraged equal employment opportunity, which was consistent with UK law. However, the values of management below board level, namely directors, top and middle managers, might be put against the use of employee groups in reality. Micro-politics heavily impacted on the consistent use of TCNs to fill in the positions in Dubai subsidiaries. A notable statement from a managerial TCN working for three years with Company A's Dubai subsidiary was that,

*'Although the UK headquarters educated us about the importance to view people with their talents regardless of ages, nationalities etc., it is clear to us in Dubai that the recruitment standard also has to meet the society's expectation. A "senior" and "Arab-look" education representative is more likely to be accepted by our Agent, and thus, recruited more overseas students. I am not against the central policy, but sometimes, my judgement works out better. (E.1)'*

The statement above has clearly illustrated the informant's preferences in selecting a candidate, instead of advised neutral central selection criteria, to this informant, 'face' and 'age' counted for a successful business. As a result, the factor of micro-politics may be partially responsible for the fact that some client-facing positions in Company A's Dubai office were filled with TCNs rather than PCNs. Also, among all the recruited TCNs, Local-orientated TCNs with 'a distinct Arab face' counted for the majority whilst Worldwide orientated TCNs remain very few. Possibly, for other middle management, they might have many other individual preferences that act in the recruitment criteria against central policies. From the researcher's interview material and observations, what stands out is that social expectation may interact with top management's decisions made according to the necessity of 'the way of doing things' in Dubai. However,



we will leave this subject to be discussed in more detail at a later section on institutional theory.

With company B, middle management applied their discretion on some job positions that required no languages skills, which was opposite to the HR policy of equal opportunity in selecting ideal candidates. With the marketing and e-communication teams, the team members were generally native English speakers and European TCNs. The team was one of few exceptions that did not consist of TCNs with Arab or Asian origins. Furthermore, the European TCNs were recruited based on the main criteria of a minimum of three years of experience in marketing and IT. However, the situation was complicated by micro-politics to some degree. As informed by two colleagues from this department in their farewell parties, the manager pre-judged candidates by their name on CVs, some comments were such as,

*'Oh, this name looks a bit Asian, his English could be rubbish.'*

*'We do not want any foreigner in our team because they cannot write perfect English, which is very crucial to the job. (E.2)'*

Despite the central policy of equal opportunity, some middle managers were able to dominate the pre-screening process of recruitment by adapting their interests and preferences in selecting 'ideal' candidates for interviews. This was the main reason why there were no 'TCNs' present in the e-communication department but 'white-looking' PCNs and TCNs who are with English or Latin origins. TCNs' bi-lingual or multi-lingual abilities might have been undermined, and thus, some types of TCNs were excluded from positions from one entire department by the preferences of local managers, including 'the look of the names', and the mentality that 'some TCNs cannot speak perfect English'. As a result, the European TCNs fell into the category of 'Worldwide-orientated TCNs', who offers high and rare competencies with little reference to local markets and headquarters, dominated the department along with PCNs. Although no apparent consequent effects could be observed during the year's fieldwork with

Company B, the above practice did minimise the pool of well-qualified candidates given some pre-judgemental selection criteria.

Contrary to middle management, top management's preference could also influence micro-politics. Top management included area managers, who managed the region of the Middle East and North Africa, including Dubai subsidiaries. Top managers frequently travelled between headquarters and a few subsidiaries and remotely supervised middle managers. Top management of Company B was intrigued by TCN staff and appreciated the 'uniqueness' TCNs could offer. When it came to the recruitment of the directors or top managers' positions, different language skills despite fluency and international outlook were seen as a great bonus. One director spoke to other colleagues that:

*'If an English speaker speaks Mandarin, he is pretty much in. We just need to come and grab him. (E.3)'*

At the HQs level, Mandarin and Arabic were two languages that top management highly valued due to the fact that these two languages' related massive consumer markets, that is, China and Arab Gulf countries. Approximately three out of five directors were native English speakers but were fluent in Mandarin. Moreover, one English director spoke some Arabic and had lived in the Middle East for more than two decades. As the majority of Company B top management came from a multi-cultural background, they developed a similar mind-set to understand better and appreciate the complexities of TCNs' abilities. Impacted by the above background, some top managers had their personal preferences in selecting candidates and practice in a way that may often overrule central policies.

Moreover, top management at Company B made efforts to accommodate TCNs in the company. For instance, the assistant director at the HQs was eager to pick up or learn languages from all over the world and then made a greeting to TCNs employees in their languages. When looking at a larger picture, TCNs were provided adequate career development. Company B dedicated to creating

internal job positions to promote long-serving TCNs. In one extreme case, the director of sales and recruitment department of Company B promoted a new manager from a new team while other team members were confused by the fact that they were not even given a chance for competition. The whole team consisted of all TCNs was asked to remain silent regarding the above event. The factor of micro politics did step in the process of recruiting TCNs, although the factor may not be seen due to its nature against company policies. On the surface, top management seemed to fabricate the fact that they promoted and followed the policy of equal employment. According to central policy, every internal job opportunity should be advertised and circulated by emails to all employees in the MNC, followed by public advertisement on the leading career website as well as recruitment agent's websites, such as Reeds. However, some top management made a decision beforehand and managed to find a way around the policy. This behaviour highlighted that critical decision-makers in the company might place their discretion and preferences against well-instructed company policies.

On the contrary, Company A paid relatively little attention to employees from different backgrounds and showed little intention to get to know TCNs as people. In contrast to Company B, directors and managers at Company A were mostly recruited based on competencies other than linguistic skills. Consequently, they might not be as culturally sensitive as some Company B top management, who had resided overseas for decades. According to field notes conducted during working in Company A,

*‘Top managers usually came in and out of the company in a rush and ended social conversations as soon as possible. The conversations between them and basic staff were about “Hello”, “How are you?” and about “the weather”, and no more than that.’*

*‘Some of my colleagues seem to turn their stomach when they see top management coming up for them. Or they will be very nose-y to know what the conversation is when they see top management speaking to one of my colleagues’.*

*'Even, at social events, top management would put their credit card behind the tap in a pub, buying everyone drinks. And then, they go back to where they sit with lots of other top/middle management as their "friends". Most of the time, non-management employees were most around their line managers.'*

In general, Top management of Company A did not intend to socialise with non-managerial TCN employees, although line managers were very close to their team members at work and in person. Company A top management and non-management seem mostly in parallel at the workplace and socialisation events. A socialisation event was not meant to be 'socialising' but was in a way to appraise a big sales target was achieved. Top management of Company A had placed most of their concerns over sales figures and ways to save on employment costs.

From the above perspective, the writer's impression is that top management that was applied to TCNs was mostly because TCNs' high commitments could be primarily exploited. Perhaps, this was because TCNs did not have many choices an experienced TCN team leader had, who was headhunted by a sales director. Recalled conversations between him and the director during salary negotiation that:

*'20k? It seems a bit low for what you want me to do. I have got years of experience, and I have to travel a long way to work for you.'*

*'I am really sorry, it is not you but it is our finance. We cannot afford to pay you a high rate while it is very costly for us to subsidise you with accommodation and travelling costs. Bear in mind that you will have the same package as a director's' (E.4).'*

The employee was, in fact, given small student accommodation and subsidised with college canteen food although his travelling costs between his home and company were fully covered. The employee complained that he did not need the

company accommodation as he has got his luxury two-bedroomed flat back home. The company knew this, and this should not have been the excuse to cut his introductory salary rate. The longer he worked for the company, the more upset he was. Especially, as he could not sleep well in the student accommodation, as it was right opposite a building site, in this case, the TCN was used as a handy tool to push up sales targets while being paid under the market rate. In this case, although top management from both Company A and B had their preferences over the use of TCNs, the main reasons were different. TCNs were highly committed as a useful tool to Company A while TCNs were unique and culturally relevant, not just as a tool, to Company B. In other words, overall, TCNs' additional common characteristics, such as cost-saving and resilience, and their transferable cultural relevance that made sense in business and made TCNs appealing to Company A and B respectively.

TCNs at Company A enjoyed limited career development in general, compared to Company B. Consequently, some TCNs with Company A regarded their jobs as a short stay rather a long-term plan. As a result, TCNs generally worked longer than the average two years with company B than Company A by staying at the same positions or taking internal career advancement. This scenario could be interpreted that TCNs with Company B felt the workplace was respectful, and they could see potential career ladders ahead of them. Opposite to Company B, Company A had faced a high employee turnover rate, resulting in high training costs. Retaining TCNs was not a priority for Company A. The director from the admission department stated:

*'There are always a number of foreigners coming for the job. We always have people to replace a vacancy very soon.'*

From the TCNs the researcher had interviewed, some statements highlighted the possible consequence of the above negative perception is as follows:

*'Not sure but certain I cannot see myself developed with this firm. I do not think I have any hope with this company. I am looking for other jobs. I do*

*not feel secure here because I have been promised a lot, but it never happened. (E.5)'*

*'I won't see myself in the UK and not with [Company A]. I may bring my experience from [Company A] to work as an agent in Italy. I want to be dependant. This is because I see no career ladder. Now I cannot see higher jobs than the current one I am doing. I do not do the same thing all my life. Still thinking. (E.6)'*

*'I don't know. I would like to find a job I really like. I can still be with this company, but I cannot see my future. I would say 50% 50%. The assistant job is not the best in the world. If I can grow, I would like to stay. (E.7)'*

*'I am planning to move out of [Company A]. I may go back to study. I cannot stay in the same job and some money. I know I am negative, but the company does not help people grow. I don't have any training and any development plan for extras skills. (E.8)'*

The above statements were complicated by the fact that Company A was able to recruit several TCNs and staff at their Dubai office as they feel the supply of labour is much more in demand. As a result, little efforts were employed to retain TCNs. Top management's perception against TCNs partially impacted this fact. Company B top management had valued and appreciated each TCNs' uniqueness, and thus, intended to maintain their TCNs by opening up future career advancement. In contrast, Company A had limited their score in maximising TCNs' potentials because TCNs left their jobs so soon before Company A could fully benefit from what TCNs had to offer.

Perhaps, although any current TCN could be easily replaced by any other skills TCN applicants, the price to pay was not just about subsequent training costs but also the overall productivity. According to one of the field notes:

*'For Company A, the high employee turnover rate had impacted on the overall productivity and the expenses related to new staff training and the errors made by new staff. As the director was not responsible for conducting on-the-job training, he did not seem to realise that training new staff was time-consuming; and that lots of mistakes occurred during the training, especially from the beginning of employment. A few senior admissions coordinators had concerns over their time not only being extensively spent on training new co-workers but also on correcting new staff's errors in processing university applications. As a result, these senior coordinators found it difficult to meet their own targets, which were highly associated with their annual bonus. This could also impact on their willingness to do training and the quality of the training.'*

Company A also failed to fully benefit from TCNs' transferability based on high commitment but at potentially lower costs. As aforementioned, depending on TCN types, TCNs' generic sets could offer MNCs the alternatives to HCNs and PCNs regarding staffing Dubai subsidiaries. The MNCs that behave like Company B could see themselves retaining a more comprehensive range of committed and knowledgeable candidates accordingly at potentially lower personal costs. If any MNC, like Company A, prioritising the perspective of cost-saving over employment, the trade-off between employee retention and new recruitment has to be taken into account.

From the theme of micro-politics, it is interesting to observe how top/middle management prioritise their preferences and perceptions over the use of TCNs ahead of company equal employment policy. In addition, the discrepancies in top management's perceptions in managing TCNs resulted in different outcomes. Despite TCNs as main staffing composition for both companies, Company A has a 'fast-changing' TCN workforce whilst Company B was able to retain most of their TCN employees. Furthermore, the main reasons why TCNs are preferred as staffing composition are slightly different between Company A and B. The reason for Company A could be as the reason associated with TCNs' 'commitment' and 'resilience to tough employment environment' whilst Company B had more

reasons, such as TCNs' 'uniqueness' and their cultural relevance as part of transferability.

To conclude, for micro-politics, the research found that despite a central policy of equal employment, 'shop-floor staff', i.e. managers in Dubai subsidiary, interpret and carry out practice in ways that best suit their interest and beliefs. As a result, staffing composition could vary with micro-politics in MNCs, and this could also result in a preferable choice among Central-orientated, Local-orientated and Worldwide-orientated TCNs. For instance, the majority of PCNs with a typical 'English look' created distance between sales representatives and Arab students as a management norm. In this way, the use of PCNs was restricted. On the other hand, several Arab-looking representatives from neighbourhood Arab countries typically sought in the group of Local-orientated TCNs succeeded in customer-facing sales roles because of management beliefs.

Micro-politics could also happen in any step of the recruitment cycle and at different management levels. In the writer's research, a foreign name was found to jeopardise a TCN's English ability according to management's perception. In addition, micro-politics could be observed differently at management levels. Top managers, who mostly help propose and form central policies, embraced the use of TCNs given various positive motivations and incentives. However, middle management, who physically put central policies into practice, did not conduct and abide by the central policies but would act in their own self-interest.

It was also found that despite a central policy equal employment being in place among British MNCs, the reason why top management embraces the use of TCNs vary, and this could impact on the retention of TCNs. Based on more positive reasons, such as appreciation of TCNs 'uniqueness', the work environment could, as a result, be made more friendly to TCNs, and thus, TCNs were found more committed and motivated to work in the long term. On the contrary, based on more cynical reasons, such as exploitation, fewer work incentives and career advancement options were found. So, some TCNs intended to leave for alternative roles because they saw their jobs just as one of the transitions in their career life.



Micro-politics could be seen as a factor that moderates a staffing strategy. Micro-politics could make staffing composition strategic or barely strategic, which can be manipulated by 'shop-floor staff' toward their interest and belief. When these micro-politics make staffing composition more strategic, the use of a specific type of TCN could increase. For instance, the use of Local-orientated TCNs could increase because of the reason middle managers believed the decision would increase sales. While a micro-politics step in less strategic cases, it is less likely to back up such a practice with evidence instead of being based on someone's interest but not the best interest of the MNC. In the examples mentioned above, some ambiguous employment selection criteria could be imposed on age, gender and even foreign names. However, these criteria imposed could be based on a middle manager's experience and best understanding of how these criteria interlink with local cultures even though statistics and empirical experiments might not support these.

For this reason, Herring (2009) commented that the diversity of attributes has a net positive impact on business and is associated in common with more significant sales and more customers. In addition, micro-politics was also found in top management's perception to embrace the TCNs, and thus, could impact on how TCNs are treated at the workplace, which potentially influences the retention of TCNs. Next, the discussion will move on to another factor at an organisation level.

### **5.2.2 Organisation level - Organisational typologies**

Both MNCs strategised their staffing composition according to their organisational typology. Firstly, Company A was centralised in terms of HR practices. HR policies varied across Company A's global business territories, which were dealt by locally embedded regional HR functions. However, according to the head of HR, most of the final decisions, including budget control, were

made by central HR who is based in Singapore. Company A intended to meet local HR requirements at a minimum in order to apply their global practices.

One notable example was that upon a global restructuring plan in early 2015, UK HR was inactive in dealing with redundancy, providing that there were no legal restrictions applied. Central HR made a redundancy to more than half of the employees at the UK headquarters. The role UK HR played was mainly paperwork, administration and interviews with employees one to one. Concerns, complaints and feedback were passed back to central HR whilst UK HR had no say and was not delegated any autonomy. Take, for example, a Vietnamese TCN working in the UK headquarters who was promised by UK HR that her job would be safe and would be smoothly located to another country, the employee was made redundant by central HR with one month's notice, and local HR was unable to intervene but comforted her in an exit interview.

Another example could be seen through expatriation. Final candidates for the majority of expatriate assignments were selected and recruited externally and internally by the central HR, although interviews could be conducted locally depending on the mobility of the candidates. With local interviews, the interview questions and selection criteria were provided centrally. The central would reflect and address the board's concerns and expectation to local HR.

Lastly, one TCN manager, who had worked in the UK headquarters, applied internally for the same position in Dubai but had failed three times although his performance appraisal was to a highly satisfactory standard, and he was referred and recommended by his line manager to the UK HR. However, UK HR admitted to the TCN manager that they had no issues in giving him the role; however, central HR rejected the suggestion, and they had no way in involving the decision-making process.

In general, Company A's organisational typology was very close to global typology. Company A central HR in Singapore finalised and made most the decisions in terms of HR policy and practices and left very little room for

overseas HR to exercise their autonomy. To the most, local HR re-interpreted the central policy to be consistent with local legal systems.

Second, in contrast to Company A, Company B's business practices were close to transnational typology. The definition was based on some observations as follows. First, significant decisions were made through joint efforts between key subsidiaries and headquarters during half-yearly company meetings, such as the company website re-launching, for example. Opinions and feedback from subsidiaries were taken into account in a decision-making process at headquarters' level. Some directors the researcher worked with had the impression that the management board, as well as the founder, were dedicated to learning from subsidiaries and were happy to give high autonomy to subsidiaries to re-interpret and adapt central policies to a local level. However, for some central practices and policies, such as standard employee promotion and performance appraisal, the headquarters applied a standard policy regardless of the country context, always providing that local regulations were followed.

Second, although HR practices and policies were locally embedded in most overseas subsidiaries, the headquarters had attempted to achieve global efficiency. The central HR had taken leads on some projects to apply globally, including global HR system (Workday), payroll and activities to raise the motivation of employees. For instance, 'Workdays' allows all the staff globally to access the online system to make holiday/absence requests and take sick leave. The system was in a way to reduce the HR budget and help the headquarters to monitor and manage (or control) employees globally.

Consistent with transnational typology, there seemed to be balanced coordination between the headquarters and the Dubai subsidiary in terms of recruiting employees. The Dubai subsidiary could approve a new job vacancy by using its HR budget without the consent from the headquarters. For some higher managerial positions, the selection of the candidates could be finalised by both the headquarters and the subsidiary.

When staffing the Dubai subsidiary, Company B could recruit employees worldwide, including both home and host countries. Candidates could be from either the existing employees at headquarters or staff from any overseas subsidiaries. Most positions were also advertised in Dubai through local recruiting Agents. Job interviews could be conducted through communication software, such as 'Skype' and 'Lifesize'. For example, an Italian graduate in Economics was referred by a headquarter employee to a recruitment manager in Dubai for a position of operation analysis. The job interview was conducted in the means of Skype as the candidate was based in Spain. According to the HR director, the job required specific skills that were not widely available in either the Dubai labour market or the home labour market in the UK. Above all, the transnational typology, which was referred to the balance of localisation and global efficiency, impacted on the staffing of TCNs. In the case of company B, a wide range of TCNs was recruited based on sole or joint decisions between subsidiaries and headquarters. Due to the balanced pursuit of the transnational typology, TCNs can be flexibly fitted in different corporation needs and to be taken on board accordingly to help MNCs achieve localisation and global efficiency.

Moreover, Company B ran graduate schemes targeting multi-lingual graduates in different countries. Most of the trainees were British who studied more than one language at the university level. These graduate trainees were assigned different roles and could travel around the world for the assigned task at HQs and regional offices. The idea of doing so was to expose all the graduate trainees to multiple cultures and to enhance their international horizons, which were the key to deal with the worldwide education agencies and students. Overseas HR was given consent and budget to recruit talents. This is a way to see the collaboration between central and overseas HR as the indicator of transnational typology.

Transnational typology not only reflected on Company B's flexible and balanced recruitment sources but also their employment selection criteria. Employees' nationalities were not essential selection criteria for company B. Some TCNs considered that the headquarters or the subsidiary mainly focused on

employees' competency and experience. When being asked if nationalities mattered for them to secure their job, some counter answers as examples are as follows:

*'I think that commutations and logic, which can only be learned in the UK, are most important to get the job and do the job. I am like typical Chinese people, which are only good at reading and writing. I had spent a long time to learn so. In addition, adaptability to culture is also important. But I cannot think of any example for this now. (E.9)'*

*'All the experiences I had helped me get the job. I studied abroad as an overseas student, which helps me relate to my students. It may be more to do with my language abilities although, funnily enough, I don't use Spanish a lot. I would think the company would benefit from using native speakers as we mainly speak English. Other things help, like my experience in recruiting students and sales. (E.11)'*

*'I have unique backgrounds, and I have socialised in different countries. I feel that I am still being an overseas student, which helps me fit in the job (as a student enrolment officer). I am outspoken. (E.10)'*

Two managers at Dubai subsidiary B reinforced the above point as follows:

*'The ideal candidate for my department will be somebody contributing to the team with experience, skills and education. Nationalities are not import but foreigners tend to have extra language skills as a bonus to the job. (E.12)'*

*'You need to be clever with common sense. The candidates need to look as good as they are on the job. Hard working, organisation, good EQ, etc. Honest. To work as part of a team. Don't complain...mmmmmm.... nationalities do not matter. (E.13)'*

It was noted that the majority of positions in the Dubai subsidiary were mainly staffed with TCNs. This point was consistent with the previous literature review on a global strategy that prioritised selection criteria on competency over nationalities. Without the limitation on nationalities, Company B was able to benefit a variety of knowledge and skillsets from a large pool of candidates. On top of both PCNs and HCNs, who contribute to MNCs mainly from the home and host country perspectives respectively, TCNs seemed to act as alternatives to all positions based on their transferability and other qualities, which will be discussed in the later section.

Above all, at the organisational level, organisational typologies seemed to partially encourage the use of TCNs as the main staffing composition at a Dubai subsidiary. By examining both subsidiaries staffing compositions, there was a great use of TCNs with diverse nationalities involved together with a handful of PCNs. However, with a simple examination of both staffing compositions, the connection could not be found between staffing strategies and organisational typologies when Company A was driven by global typology, and a transnational typology drove Company B. The researcher could not expect direct associations between organisation typologies and staffing strategy as some literature, i.e. Collings & Scullion (2009), Scullion & Paauwe (2004) and Tseng & Liao, (2009), suggest. However, after discovering these findings, it indicated and confirmed TCNs' possible transferability and their shared characteristics as well as the tremendous institutional influences at host country level facing both MNCs. The equation seems to make sense despite some limitations.

Company A executed global typology of their worldwide operations, which likely corresponded to a more ethnocentric staffing strategy to use in Dubai. However, facing limited PCNs whilst Central-orientated TCNs were available with their transferability to PCNs and their possibly shared characteristics, such as speaking host country language and high adaptability to a foreign environment, Company A was likely able to continue their global typology with the effective use of Central-orientated TCNs in place of PCNs. The loss of the assumed equation between PCNs and the global typology can be the case in some regions

when we take the possible transferability of the TCNs into account. The transferability and the shared characteristics of TCNs enable TCNs to replace PCNs and lead a staffing composition in a global typology.

Furthermore, both Company A and B used Local-orientated TCNs to fill the insufficient number of HCNs from Dubai's labour market and continue HCNs' functions with Local-orientated TCNs' transferability playing in their alternative or hybrid 'ethnocentric' and 'geocentric' staffing strategy, respectively. These examples for an alternative or hybrid geocentric staffing strategy occur given TCNs' transferability and institutional impacts from Dubai. Subsequently, it is possible to acknowledge that PCNs and HCNs and three types of TCNs could be substituted in each staffing strategy due to the possible application of each type of TCNs in different staffing strategy based on their transferability.

As a result, various organisational typologies, identified at the organisational level, can impact on the MNCs' reliance on various TCNs' transferability. This transferability as the resource leading to a competitiveness advantage can express differently to MNCs under a different staffing strategy. In the emerging market, a hybrid staffing strategy can then be used to mitigate the shortage of PCNs or HCNs in order to benefit from similar competitive knowledge transfer through TCNs' transferability. However, the number and the willingness of TCNs to accept assignments will affect the sustainability of TCNs' transferability desired in each hybrid staffing strategy. Although, as aforementioned, TCNs are more likely to accept overseas assignments rather than PCNs due to their characteristics.

Nevertheless, some countries, where TCNs are from, gradually improve their economies. For example, China's economies are primarily improved, and younger generations increasingly arise their career expectations (Lin & Zhao 2016; Rui et al. 2017). This means that rather than undertake overseas assignments for a foreign MNC, they could opt to returning to their country for employment and demanding higher salary packages and compensation. All these could impact on the supply of TCNs required in each hybrid staffing strategy

according to different organisational typology. MNCs will need to inform these circumstances to sustain the key players in each hybrid staffing strategy in the future. The next discussion will focus on factors in the host Emirate/country level from the perspective of institutional theory.

### **5.2.3 Host Emirate/country level - Institutional theory**

The researcher found that the HR practices and staffing compositions of both Dubai subsidiaries were adopted locally in order to gain external and internal legitimacy, leverage social value and reflect local organisational culture. This was in a way to aid survival in the host country, which is highly consistent with an institutional theory that MNCs' behaviour corresponds to major institutions and pressures caused by these institutions. In the following sections, three significant perspectives, namely regulatory environment, cognitive environment and mimetic isomorphism, will be discussed.

#### *Regulatory environment*

Emiratisation policy and Free Zone Law have shaped the regulatory environment and the way MNCs adapt their staffing strategy. First, UAE develops protective employment policies, e.g. the Emiratisation policy, which favoured the nationals. Parallel to a long-standing nationalisation trend in Dubai, HCNs are protected and are ensured preferential employment and compensation packages if employed by MNCs. Under the terms and conditions of Emiratisation, HCNs have been very expensive to MNCs. The regulatory environment, on the other hand, impacts on MNCs and encourages them to employ TCNs and PCNs in place of HCNs. A lack of HCNs in staffing composition strategy, as a partial result of the regulatory environment, could be favourable for MNCs located in Free Zones. This is because MNCs, such as Company A and B, may find that using HCNs is an



expensive option. The high cost of recruiting HCNs is driven up by the UAE government' employment law, which legalised expensive employment compensation packages, high starting salaries and long holiday for local citizens. In contrast, the MNCs can reduce personnel costs by exploiting non-national employees in terms of excess working hours and wages under market rate.

Second, unique Free Zones' regulations and policies were also in place to help shape MNCs staffing strategy. Attracting foreign direct investment with Free Zones is a priority to the UAE, and thus, generous incentives are offered, such as fewer restraints on the employment of PCNs, HCNs and TCNs. Free Zone Law lifts the restriction on the employment of TCNs against the Emiratisation policy. Compared to MNCs outside Free Zones, MNCs located in Free Zones can benefit from the specialised law and recruit employees regardless of nationality as they wish. This further enhances the use of TCNs as major staffing compositions for local subsidiaries within Free Zones. Compared to MNCs outside Free Zones, MNCs within Free Zones benefited from particular terms and conditions on employment. For MNCs outside Free Zones, they were under pressure to reach the quota target of recruiting nationals set by the UAE government. For survival purposes, MNCs may need to do so for the return of external legitimacy. To achieve the quota standard becomes an underlining challenge for MNCs outside Free Zones, which would require MNCs to make more efforts to recruit the nationals. In contrast, MNCs within Free Zones were flexible on employment; they were able to exclude HCNs and utilise TCNs as their main staffing composition.

Nevertheless, despite the freedom over employment given by Free Zone Law, the two MNCs the researcher had researched with did not dismiss the option to follow the trend of Emiratisation for their long-term sustainability. When both the subsidiaries in Dubai confronted Emiratisation, they had no legal pressure employing HCNs at the current stage but expressed willingness to cater to such a policy in return of long-term sustainability in a foreign country. Both MNCs acknowledged the importance of gaining external legitimacy from the local

government and have their future staffing composition in line with Emiratisation.

Above all, due to no constraints and restrictions on nationalities, MNCs located in free zones can maximise the benefits of using a diverse range of employees of different countries of origin; hence, they can manage TCNs flexibly and bring inequality. This is because Emiratisation did not legally take place within the free zones, and the UAE government does not intervene with MNC's staffing approaches. The regulatory environment with free zones shall have less impact on MNCs' staffing approaches, compared to the areas outside the free zones under the coverage of the general labour law. Thanks to the relaxation of the Emiratisation policy and related employment law, the MNCs are able to save personnel costs through excluding HCNs and exploiting non-national employees.

It can be seen how MNCs' staffing approach and composition are exercised within and are abided by the regulatory environment. MNCs rely on Free zone employment law to construct their staffing composition. MNCs recruit and staff TCNs and PCNs without the pressure in employing HCNs. MNCs are able to staff based on talents and maximise the use of TCNs' transferability. Furthermore, MNCs can align a unique staffing strategy with future staffing planning due to growing pressure from Emiratisation.

#### *Cognitive environment and normative environment*

In the UAE, norms and values in society and organisations, or the 'cognitive and the 'normative' environments under institutional theory, may overwhelm the legal system as two dominant factors helping shape and elaborate on MNCs' staffing approach in the UAE/Dubai. The cognitive environment in the host country suggests a framework of how MNCs behave to gain social acceptance, as an 'external fit'. On the other hand, Normative environment as suggested in a literature review, MNCs may find perceptions against various types of prospective employees from Company's' existing staff may have specific effects

on recruitment, which impacted on staffing composition and was deemed as an 'internal fit'. The two environments may help explain how workers are viewed and managed in Dubai subsidiaries. The cognitive environment identifies the difficulties facing MNCs when localising their staffing strategy in relation to the use of HCNs. The difficulty may be from the shared social value, 'option to wait, which means that the nationals are willing to remain unemployed even at their cost of a long wait for a public sector job. This environment also refers to Wasta, that is, identifying a key political player and relying on such a person for benefits. Wasta helps also explain the reason why a job offer from MNCs may be not attractive to nationals. The normative environment points out several stereotypes, which may reflect on MNCs' staffing approach in Dubai. To what extent the above two institutional environments impacting on Company A & B as examples will be discussed as follows.

#### *Cognitive environment- option to wait*

The cognitive environment is constructed by an external fit between society and the recruitment of prospective staff. The fact that no HCNs presence in both subsidiaries with Company A & B might also interact with HCN's mentality of 'option to wait' in contrast to TCNs'. According to a non-managerial Libyan interviewee working with Dubai Subsidiary A,

*'No HCNs would want to work with us. They look down on our salaries. If they can earn treble or four time our salaries, why do they want to work for us? I do have some local friends (Emirati); they would rather sit at home and wait for government jobs (E.17).'*

As aforementioned, locals in Dubai had job preferences either in the public sector or in specific industries, such as banking and finance. The Emiratisation policy legally set up a very high standard of salary and benefits packages for HCNs to be employed in the private sector. As a result, HCNs expected a very high salary standard and benefits package in return when being employed in the

private sector. As the pathway programme education sector is not a high pay industry, HCNs are generally scarce speaking from this sector.

In contrast, the TCNs whom the researcher worked with seemed to be much more grateful for any career opportunity. According to an Egyptian employee with Company B:

*'I am glad to have a proper job" here. I meant not working in a store although nothing wrong working in a store (E.28).'*

TCNs, like the Egyptian, was glad to be employed in the Dubai subsidiary, especially for an office job. This employee felt grateful to work in a company to have her own desk and computer. TCNs showed high commitment to the position as they were grateful when comparing themselves to their companions in the country they were from, who were unemployed or worked in a lower end industry as society perceived, such as a grocery store.

Moreover, having been acknowledged by PCNs themselves either from Company A or B, it was likely that PCNs may find it relatively easy to have a job in the host and parent countries, respectively. One PCN who repatriated from Dubai subsidiary A stated that:

*'To be very honest, my salary is not brilliant. I always look around for a better job. If I am fed up with the job, I would just quit as jobs are always there for me in the UK. I am local, and I have a good network. So, I am not afraid if I have to leave for a better opportunity (E.22).'*

In interviews, when asking how TCNs in Dubai saw themselves with the Company in the next five years, Company B TCNs had a generally positive view on the Company and mainly sought internal career opportunities first. For example:

*'I will have more markets to look at for my role. I can study all the products and knowledge. I hope to be promoted to a manager position or a team leader position. I am being motivated to work hardly (E.29).'*

However, when asking Company B's PCNs with precisely the same question during interviews, they showed much more ambition to develop themselves outside the Company in the next five years. The point of commitment differences between TCNs and their counterparts is consistent with the perception of top management in Company A & B. The top management sometimes found that TCNs demanded less but showed higher or equal commitment to the work assigned. For instance:

*'I probably would find a job in accounting and finance, which is relevant to my degree. Another thing is because of the company-restructuring plan. I maybe have a baby. If I could still be with the same company, I would not stay in the same job. If I was not made redundant, I would still see my future with the company despite being hopeless. The company won't get me promoted, as our role is quite different from any other job. I work in the conversion team; my role is very basic and cannot see the future. It depends on myself to move on to other roles in the company (E.9).'*

On the contrary, 'Option to wait' intervenes with some MNCs staffing compositions in Dubai subsidiaries, where HCN employees were not attracted to, given the fact that the salary level and benefits packages are unlikely to meet HCNs' expectations. Limited narratives caused by no existence of HCNs working in both MNCs, hence no direct information from HCN interviewees. The researcher tackled the issue by interviewing some PCNs and TCNs regarding their perceptions of the reasons why there were no HCN co-workers. And then, the researcher finds the above reasons partially contrasting to PCNs 'and TCNs' mentality and expectations, which could be supported by future research through interviewing HCNs. Although some PCNs and TCNs may not be satisfied by their work conditions and suspected gloomy future career paths, they still kept their job for a living until they found an alternative career route.

The reason behind the low ratio of the Emirati workforce can probably be ascribed to Emirati citizens waiting for job opportunities in the public sector rather than in the private sector. This has resulted from the fact that 'generous public sector compensation and benefits policies have all contributed to the continued preference for public sector jobs (Girgis, 2002; World Bank 2004: 95).' Indeed, the public sector offers a much more generous salary, extra bonuses, and longer holidays whilst working for shorter working hours a day (Girgis, 2002). Thus, 'most local employed people work for the government (Davis, 2000:223)', although 'the unemployed population is straining the state's welfare system' (ibid.). Mellahi (2007) agrees on this view and suggests that the GCC public sector brings about better employment conditions, including shorter working hours, better job security and higher salaries. According to Shaban, Assaad and Al-Qudsi (1995), the waiting time can even last several years whilst nationals are not motivated to take on private-sector jobs in the interim. On the other hand, although some nationals may seek to work in the private sector, they find that they are less attractive to employers on account of their high cost of salaries and lower competencies (Davidson, 2008: 207). Due to the inexpensive expatriates' labour cost, nationals are priced out the labour market; the high reservation salaries the nationals expect are not often met (Forstenlechner, 2010).

In the climate of the UAE's labour market, Goyal and Fasano-Filho (2004) comment that given nationals' preference of job seeking in the public sector, the labour market becomes highly segmented and realises a stationary substitution between nationals and expatriates. On the other hand, MNCs may prefer the use of TCNs and PCNs to fill in job positions rather than the nationals in terms of the personnel costs, employee quality national's mentality of 'Option to wait'. The situation may be understood as the majority of nationals disregard the private sector jobs as their priority whilst MNCs disregard the nationals as their priority.

### *Cognitive environment - Wasta*

Tayeb (1997: 361) states that HRM has a closer relationship with Islam, which plays an essential role in the national culture in both material and spiritual contexts. Rice (1999) further presents the idea that nature Islam brings about cannot be disconnected from the business. Sherif (1975) incorporates the nature resulting from Islam into HRM practice; he assumes that trust and truthfulness, the two traditional virtues, might lead to 'the delegation of authority to employees further down the hierarchy', which could also 'reduce the need for external control mechanisms, such as clocking in and out as a means to monitor manual workers (ibid.)'. The initial nature Islam brings about might be gradually changed owing to a new population structure and economic development in Dubai. As Marcus and Howard (2004) state, 'religious orientation is generally only a secondary or tertiary source of personal identity in most Arab countries in the Middle East—rather Arab ethnicity is the primary identifier.' Although the point of view may be over generalised, a myriad of evidence shows that 'Wasta', a common Arabian practice with faded orientation from Islam, is the crucial element dominating current culture, and it is believed to influence HRM practices at the firm level (Cunningham & Sarayrah, 1993; Weir, 2000; Metcalfe, 2007).

Wasta 'relates to the recognition that power in society is related to tribal and family structures, and that working relations in the Arab world are facilitated by recognising how to move within relevant power networks (Metcalfe, 2007).' As a region's indigenous cultural factors, Wasta influences an individual through their entire lifetime, from education to careers in the MENA countries (Cunningham & Sarayrah, 1993). Wasta inevitably transposes its adverse dimensions onto the individual. A hard-working attitude is usually replaced with efforts to manage a good relationship with where the authority is (ibid.). Nevertheless, when the concept as mentioned above, is put into the context of Dubai, it is doubted to be significant as expatriates outnumber nationals, and thus the strong impact of Wasta might potentially be negligible.

However, Wasta seems to have a particular impact on MNCs' recruitment approach and performance appraisal in Dubai. Harry (2007) argues that one of the reasons why private companies find it difficult recruiting nationals from the GCC region is because of the ignorance of Wasta. Wasta can provide a tie for nationals to rely on. However, there is no such tie between MNCs and nationals; that is, MNCs do not actively network with the nationals. The nationals, therefore, find MNCs' jobs less attractive because they could not rely on the traditional means to obtain employment, under which circumstance, they may believe, gives them a better position than others (ibid.). As a consequence, Forstenlechner (2010) provokes that MNCs may want to find a way to associate themselves with potential high-calibre national candidates, such as internship schemes and the provision of a tailored career path for potential students in an earlier stage.

#### Wasta as seen a factor in both companies

The factor of Wasta had been seen in both companies to various degrees. Both companies have standard procedures for advertising a new job vacancy. First, the news of new jobs was spread through ears and mouths internally and perhaps were circulated with internal emails in order to get interested at headquarters and subsidiary levels. Second, regardless of the popularity of the job appealed to internal employees, job vacancies will need to be advertised in public on some major websites, such as Reeds as well as the companies' career websites. However, some job interviews went ahead before a public advertisement.

Moreover, often, internal referrals and cross-company referral as a form of Wasta had taken place at this stage. Within a network, TCN employees would refer people from the same country or country close by internally or externally to recruiters. In one case with Company B, the recommendations about an interviewee from a rival company's director were passed to the interviewer through a phone call right before a job interview.



According to the recruitment manager with Company B:

*'It is not all about job competencies, but it is to do with who referred the person. Sometimes, it becomes a pressure not to recruit the person whose references or recommendations were made by someone high-up, respectable and/or someone you knew well in the past (E.19).'*

However, Wasta is not always practical if employees at lower organisation hierarchical level made the referral. One new manager in Company B Dubai subsidiary attempted to refer her husband to a non-management position in the VISA department. However, the job was taken by senior managers' previous team member, although both candidates were both inexperienced to do the job. Wasta is exercised not only according to whom a person knew but also according to the level of political power, i.e. organisational hierarchical level. For instance, a manager in the department, who worked for Company B, for just over a year, referred her husband to an entry-level position but did not find an employee referrer particularly useful when confronting many other referrals from people at the same/higher managerial levels. The position ended up being given to a long-serving HR manager's daughter, who had no work experience at all. The manager commented on the result that:

*"They deserve it as she (HR manager) works much longer for the company. And she is so likable. I don't think anyone will object to the outcome..." First come, first served", I would say. I will still keep looking for a position in the company (E.30).'*

As aforementioned, the staffing composition in both Dubai subsidiaries was internationalised, excluding HCNs. Theoretically, no locals could have brought in the practice of Wasta. Nevertheless, the impact of Wasta in the office is very likely from the external influence of society. According to many TCNs informants, many examples from daily life were enough to explain the immense influence of Wasta. Driving experiences were vivid examples. The party to be convicted when

an accident took place and the level of fines were highly related to the nationality, the profession, whom the person worked with, whom the person knew, the person's political position in the country and the connections to people in positions of authority. Despite a multicultural workplace, Wasta exists in Dubai subsidiaries and remains the prominent role to influence a decision maker's preference towards recruiting employees. TCNs who managed better relationships with or had a better impression to key decision-makers may have a better chance to be promoted or fill in a new internal vacancy than other TCNs who do not. For example, a manager, who was known as a 'people person' in company A for five years, was offered a few senior positions at global levels by Dubai area directors when he decided to leave the Company. Having chatted informally with the manager at lunch break, he commented on these potential positions that:

*'I believe I am capable of doing all these big jobs although these positions are not directly relevant to what I have done for last few years....Another thing these positions made available to me is that I am very close to these big boys (directors at global level) and helped them out on quite a few occasions. I feel they are happy to give these jobs to me despite a large number of well qualified applicants because they know me and find it easy to talk to me (E.31).'*

This manager decided to leave the Company at the end because he disliked the idea of leaving the UK and relocating to Singapore or Dubai for these global level positions. Furthermore, one of these positions was then quickly taken by another long-serving person in the Company internally appointed by the director. Another experience the researcher encountered was that:

*After I left Company A for 2 years, two Dubai area managers, who I worked with and got along with, were contacting me through 'Linked-in' for some positions. Both managers gave me a small list of positions to choose from. For some, I did not even know if I could do the jobs, probably beyond my knowledge. I had to ask my ex-colleagues about what these job titles were*

*for. At the end, I had to politely decline all these offers because my PhD deadline was approaching.*

Above all, the researcher found the large extent Wasta could directly impact on job selection. It could be interpreted in a way that jobs through Wasta are for some applicants and 'none-applicants' that high- up people believe they can do but not actually for what these people have done relevantly to the job positions in the past.

Besides, Wasta might affect the accuracy and reliability of performance appraisals, as a subsidiary managers' judgment on an employee may be influenced by relationship rather than one's effectiveness and achievement. According to an informant working as an expatriate with Company B:

*'I am new to the company as a team leader to an existing team running for over a year. The director I worked with before bought me in to the company, and I was assigned to a line manager who did not know me at all. At our first performance appraisal with the line manager, I was compared to our team members constantly although I am technically a leader! It seems to me the talk was about how good 'they' (team members) are compared to my performance. My manager seems to forget my role as a team leader actually includes helping and delivering training to my team members. My director had to stand by me and help justify my performance. I don't feel my performance should be related to how much this guy knows me for, personally. Nevertheless, he shows no interest in me as a person anyway. We don't go out for drinks or meals after working together although I invited him a few times. (E.32) '*

The above informant resigned from the Company for just over three months. One of the primary reasons was constant misjudgment from his line manager. Wasta could work the other way around when the people at a higher hierarchical level did not have personal links to the employees they manage, and thus, affecting

performance appraisal. In the circumstances, a subsidiary manager was close to employees based on individual connections, non-connected employees may be gradually squeezed out due to unfair performance appraisal or resign as the individuals feel discriminated.

The idea is consistent with Metcalfe (2007)'s finding that 'HRM systems in the Middle East are promised on high trust relationships, and the execution of functional oriented HRM practice is based on personal contacts and connections rather than formal procedures', despite the lack of explanations on specific functions of HRM. Wasta may influence a subsidiary manager's judgment on employees' performance that may create unfairness and bias towards employees of no connections.

Furthermore, a connection is not only built by time working in the Company but also could be established by nationality. They' and 'We' divided by nationality might also complicate the situation. When PCN employees come to work in the Dubai subsidiary, some found difficulties socialising with TCNs. Few PCNs found TCNs showing slight resistance to their existence. For example:

*'When I started my first week of orientation, I did not find myself particularly welcomed by my team members...this was a very subtle feeling. Of course, they say welcome this and welcome that. But you can just sense the distance... Most likely to me, this was because I am from headquarters and an English speaker, and they feel some sort of authority, which dis-uniforms with them as foreign workers.....They (foreigner workers) share the same thing. They come from different countries and don't speak English, which make them probably get on with each other faster than us (E.32).'*

The traditional social value, Wasta, embedded in the cognitive environment, implicates several ways that may shape staffing composition in a subsidiary. As discuss, Wasta could potentially affect performance appraisal and could also impact on and deepen the division of 'they' and 'us', and thus, enhance a TCN-led composition in a Dubai subsidiary.

Above all, Wasta was observed as the other factor in the cognitive environment that could impact on HR practices, although Wasta in both companies' context did not seem to be delivered directly by local citizens given an absence of HCNs. It is wrongly suspected in an earlier section that impact of Wasta might potentially be negligible because expatriates in Dubai vastly outnumber nationals who are assumed to rely on and deliver the practice of Wasta. The first reason could be that many Arab TCNs from the Middle East working in both MNCs brought in the practice of Wasta. Wasta is related to tribal and familial structures (Metcalf, 2007) as a result of Islam (Cunningham & Sarayrah, 1993; Weir, 2000; Metcalf, 2007). As a consequence, it is likely, TCNs, coming from the Middle East and growing in a culture-related primarily to Islam could, therefore, bring in a similar practice of Wasta as in company A & B workers were coming from Neighbourhood Arab countries, such as Egypt and Libya. Wasta occurred throughout their working life in Dubai. The second reason could be that Wasta has become a social norm for living and working in Dubai. These workers could be influenced by what they experience in day-to-day life, and thus, they find that they have to obey and adapt in order to survive in the host country. This is consistent with the discipline of the cognitive environment, which is the nature of reality and the frames through which meaning is made, and thus, this forms external legitimacy from the society for any individual with the society to follow.

Furthermore, having clarified how Wasta occurred in Dubai despite the absence of HCNs, it was discovered that Wasta could impact on HR practices as Cunningham and Sarayrah (1993), Metcalf (2007), Sherif (1975) and Weir (2000) suggest. Subsequently, Wasta could impact on firm staffing compositions, although the way Wasta influences could not be seen as strategic from the MNC point of view. At least, this is not to MNCs' benefits but more so as individuals' preferences. In the case of Company A, Wasta had been used mainly on its merit of 'trust'. The reason for employing someone from some managers in Company A was because he or she can trust the person based on a previous work relationship. In this perspective, Wasta could bypass competency major selection criteria. As a result, networking and the ability to maintain good relationships

with management could be vital in obtaining and succeeding in some positions. According to this observation, the effect of Wasta could weaken across different groups. For instance, TCNs show resistance to a new PCNs' arrival to the subsidiary but TCNs could get on better instantly with other TCNs, especially when sharing the same country of origin. Nevertheless, the effectiveness of Wasta could vary with individuals' length of service and hierarchical level in a company. Employees of more extended service and at a higher organisational hierarchical level may benefit more than the others. Above all, the factor of Wasta could intervene with the transferability of all TCN types as primary selection criteria because the focus of recruitment for both recruiters and job seekers could be placed on networking above competency. However, in a Dubai subsidiary where TCNs lead the staffing composition, there was likely to be an attraction to the same kind due to the benefit of Wasta.

To conclude, 'Option to wait' and 'Wasta' are seen as essential pillars that establish the cognitive environment in Dubai. First, HCNs care very much about their social reputation; therefore, the 'option to wait' may be deeply in place. HCNs in Dubai are likely to make their career choices according to how the local social society is going to judge them by the industry they work for. As aforementioned, the public sector is the first career choice for HCNs, followed by the finance and banking industry within the private sector. The remaining industries within the private sector seem less attractive to HCNs because the remaining sectors do not seem to earn them as much respect from society as the other choices. If HCNs cannot fulfil their first few career choices, they may maintain 'the option to wait'. 'Option to wait' keeps HCNs preferring to remain unemployed in expectation of a position in the public sector. This could have been a challenging situation to MNCs who would like to recruit HCNs, most of whom were not motivated and were not willing to work in the private sector, except for some selected industries.

'Option to wait' is another reason to explain why Dubai MNCs' staffing compositions in the pathway education industry shows a lack of HCNs. The factor of 'Option to wait' can be seen as an institutional interference on local

MNCs' staffing strategy. Because of this, MNCs become appreciative of what TCNs can offer. If HCNs opt for non-financial industries, they are likely to demand much more compared to TCNs, because HCNs' demands are supported by local employment law as aforementioned. In contrast to HCNs' likely high demands but the low motivation to work in the private sector TCNs demonstrate relatively higher commitment, motivation and resilience to unattractive employment pay and benefits packages. This is in a way to see MNCs in Dubai confront the institutional factor with a beneficial counter solution that uses widely available TCNs with local, central and worldwide orientations as primary staffing strategy.

Moreover, Wasta had been seen as an essential factor impacting on the MNCs' way of staffing. Both cases inform that 'who you know' as the spirit of Wasta could help a candidate obtain a job or promotion. On the other hand, if an employee did not bless from Wasta, he or she could be isolated and excluded from work-related benefits. Wasta could dilute the transferability of three types of TCNs I tried to establish because Wasta could make transferability less relevant upon employment selection. This was because 'who you know' and 'how much you know them' were ahead of work skills, work experience and social roots, which were the main criteria when the researcher conceptualised Central-orientated TCNs, Local-orientated TCNs and Worldwide-orientated TCNs. However, the factor of Wasta highlighted the fact that MNCs did not always rely on transferability of the three types of TCNs when Wasta came into place.

### *Normative environment*

The normative environment was referred to as an 'internal fit' between prospective staff and the Company. To what extent existing employees, especially management, perceive prospective staff may intervene and impact on recruitment. Several stereotypes against nationals are observed in the normative environment. In both Dubai subsidiaries, a few colleagues expressed similar views against HCNs. Two colleagues used the same word 'leach' to describe HCNs, describing the extent that Emirati or HCNs relied on UAE's benefits system

and contributed very little to society. One of these colleagues, who had come across Emiratis in his student life, said:

*'Emiratis are often a pain in the ass. I have been to school with them. They don't really care about the system. They play on their mobile phones and send text messages in class or fall asleep. They really need to discipline themselves. I don't particularly want to work with them. I guess it will be a nightmare (E.4).'*

Having interviewed my manager regarding HCN applicants, he said

*'I have very few HCN applicants so far whereas there are mainly TCNs for a Dubai post. I have nothing against HCN's, but I am just not sure how much they are going to commit to the job. When I receive a job application from an Emirati once, my first instinct was that they couldn't be serious. The only reason I could think of was that they probably got too bored by staying at home. I could not have the risk accepting them and spending the effort training them, and then, they get bored again and leave (E.31).'*

This manager had not been working with any HCNs. However, the statement he made presented a negative perception, which may prevent an MNC from recruiting HCNs.

Moreover, Al-Waqfi and Forstenlechner (2010) suggest that local companies seem to share negative stereotype against nationals. Even local HR managers have more prejudice against their own people (Arabs) than employee groups from other countries. First, the negative stereotypes are mainly identified in the insufficient areas of skills and competencies, such as communication and conflict solving skills. Second, work ethics are another issue, which can be summarised by the lack of a serious attitude towards work. Forstenlechner (2010) explains the situation from a suspected angle that nationals do not need the job but needs an image of having a highly paid job. He suggests the stereotypes include the following: nationals seem to be less disciplined in terms of being late or absent.



Also, family members intervene with petty things, including the office space and shortening working hours (ibid.). Last, consistent with the reason causing the failure of Emiratisation, nationals demand or expect higher salaries.

All the above perceptions against HCNs contribute to both national and expatriate employee groups' general understanding of the locals and lead to a concept of 'quota locals (Al-Waqfi & Forstenlechner, 2010)'. This means that the reason nationals succeed a job offer is simply based on their privilege from the quota system rather than their capabilities and competencies; 'who they are' is more important than 'what they have'. Other stereotypes against nationals are that nationals are not willing to have any job that is surrounded by low skill workers (Forstenlechner, 2010) and that nationals are picky about the jobs 'as the type of work, sector of employment and social interactions determine the social status of a person' (Mellahi, 2007). However, although some of the above statements might be true in some cases, it is certainly not 'one size for all'.

Having confirmed with HR directors, the possible consequences were that both MNCs do not seem to integrate nationals into the workplace but show a willingness to proceed with unnecessarily 'ghost worker schemes'. One of the directors' reasons is that integrating nationals into the workplace may enable both MNCs' to benefit from a pool of diverse employees and their creativities. The relative statement was made as follows:

*'I understand locals do not seem to earn a good name from local companies (MNCs in Free Zones). Some bad impressions like being lazy, less disciplined and slow on the job could bring them down. However, we believe there are good people down there. And we are planning to encourage local workers to work with us...we are promoting a diverse work environment; there shouldn't be prejudice and stereotypes before you get to know them. Locals could positively broaden our horizons and networking by their local perspectives. (E.3)'*

*'But I agree with you that nowadays, all companies are looking at a quick return, which means we give priority to well qualified foreigners and home expatriates, who require much less training and are ready for the job...In long term, we need their know-how (local workers) to stimulate and inspire all our employees as well as work as a bridge between local authority and us, in a way to stay competitive. (E.33)'*

Both Company A and B acknowledged potential benefits from diversity, incorporating national employees. The latter might not only provide with alternative logic enhancing brainstorming in the decision-making process but might also practically offer insights towards local market and informal networks with local key stakeholders, for instance.

Nevertheless, both TCNs and PCNs as leading staffing composition in Dubai subsidiaries might aggravate these stereotypes, although the research had not found support to this aspect. Primarily, these TCNs and PCNs, who are concerned about the possible replacement by nationals, are responsible for delivering on-the-job training to nationals. These existing non-national expatriates may increase their uncertainty level because they are concerned about their future job prospects (Zawya, 2012) and fail to commit to respect and organise adequate training to nationals. However, as now HCN participation in both cases, the above perspective cannot be confirmed or challenged, which will require future research.

Overall, in the normative environments, a few stereotypes against HCNs have been observed and identified in the host country subsidiaries. It seemed that employers and colleagues in Dubai likely perceived HCNs as being less committed to hard work, being demanding and having a low standard of work ethics than other employee groups. UAE citizens could face more disadvantages. From both cases, there were some foundational stereotypes against the recruitment of HCNs, although both MNCs agreed that incorporating an HCN workforce would be sustainable for the long term. These stereotypes can impact on the MNCs' staffing strategy that rules out the possibility of recruiting HCNs as

the major employee group in a subsidiary composition. The factor reduces the employment of HCNs, and then, increases PCN and TCNs as main staffing composition in Dubai subsidiaries. Under the influence, MNCs could approach a more diverse and hybrid staffing strategy without the employment of HCNs. The impact of the normative environment causes that the polycentric staffing strategy is currently dismissed.

Furthermore, as suggested in the literature review, the neo-institutional theory was referred to 'pressures' that MNCs encounter, which helps shape their practices. In this study, the practices were referred to as the form of staffing composition or strategy. Three pressures or isomorphic forces neo-institutional theory tackles are coercive isomorphism, mimetic isomorphism and normative isomorphism. Firstly, coercive isomorphism is the pressure from local regulation that MNCs follow and then form their staffing practices. As this had been tackled in the earlier regulation environment in details under classic institutional theory, therefore, in this section, the research will focus on the remaining two isomorphism's, namely mimetic isomorphism and normative isomorphism. Mimetic isomorphism is the pressure on MNCs to imitate competitors' practices in order to reduce foreignness in an uncertain environment. Both MNCs had similar staffing practices, which will be analysed in the following sections. On the other hand, normative isomorphism is an internal pressure caused by the management in the same profession or departments within an MNC, shaping preferred staffing compositions in both cases.

### *Mimetic isomorphism*

The researcher learned that an uncertain environment, like Dubai, could encourage an MNC to imitate the practices of their local rivals with a proven track record. Company A and B and other MNCs in the pathway programme education industry imitated each other's organisational structure. Mimetic isomorphism was observed between Company A and B regarding a similar structure in the sales and marketing departments. Both MNCs intended to have a

similar number of advisers and recruitment coordinators/managers as well as similar language bases, i.e. Arabic, Mandarin and European languages. Company A established the Conversion department three years before Company B, and Company B imitated specific ways Company A operated their department. In the case of Company B, mimetic isomorphism drove its staffing composition in its Conversion department only consisting of TCNs exactly as Company A operated. This imitation was consistent with what (Paauwe & Boselie, 2005) suggested that to reduce foreignness in an uncertain environment, MNCs could be under pressure to imitate competitors' practices.

For instance, one department, Conversion department, was relatively newly established, compared to any other long-lasting departments in the pathway education industry. The end goal of having the Conversion department was to increase the percentage of students accepting offers, that is, conversion rate. The department was responsible for contacting the students who have been made an offer from one of the university partners. Unlike hard or direct sales, by answering students' questions and solving problems, the Conversion department reassured students and softly pushed students to accept their offers. The contact methods included emailing, calling, Skype, etc. Questions were typically around the course length, finance, potential scholarships, weather, accommodation, and lifestyle.

There was a total of four members in this department with Company A. They were all foreign workers and were from Vietnam, China, Tunisia and Taiwan respectively. These workers came to the Company and started their work typically very early. This was because of time zone differences with students; hence, business opening hours and their shifts varied. The Vietnamese employee covered the regions of South-East Asia, South Asia, and the EU. The Chinese employee looked after China, and the Taiwanese employee looked after Hong Kong and The Tunisian worker covered all Arab countries. As soon as they came to the Company, it was pretty much non-stop, and all were engaged on the phone all the time. Although there was a one-hour lunch break, they sometimes took half or no lunch break due to the intensive work schedule. Their manager

would continuously pester them to take full-length of their lunch breaks or, at least, two split lunch breaks. Their starting salary was the lowest in the Company between £16000 and £18000 per year despite a potential two per cent annual increase. 'Sweatshop' and 'Call centre' were usually the two terms other departments described them behind their back when introducing this department to new starters of the Company.

Whilst Company A established the department three years ago, Company B observed its effective performance on business, and thus, set up a similar department one year later. Company B used identical job descriptions and requirements. Conversion department consisted of only TCNs. One of the essential job requirements was at least an additional language to English at a native level. Company B attempted to imitate team staffing composition and most job descriptions of Company A for the department. Despite publicly advertising the jobs on their official career website, in the end, they recruited one previous employee and headhunted the other from Company A's Conversion department. The starting salary Company B offered was at £18,000, which was higher than Company A's with a £2000 increase. In general, both MNCs used a similar number of TCNs from similar backgrounds, that is, TCNs come from Arabic, Chinese speaking, and East-Asian language speaking countries and had sales orientated work experience before the job.

However, despite the similar personnel structure in Conversion department, there are two significant differences. First, Company B was more open-minded in terms of using diverse TCNs than Company A. While Company A was only looking at native TCNs to meet the language needs, Company B focused on skills themselves rather than nationalities. For example, Company B recently recruited a Polish coordinator with a first degree in Arabic to fill in a position that required fluent Arabic in order to communicate with counsellors, most of whom were with Arab origins, in the region of the Middle East. In contrast, Company A only valued TCNs from Arab countries who spoke Arabic as the mother tongue. The Companies' different perceptions of 'nationality' had disrupted in sourcing TCNs. 'Nationality' counts when a department requires language efficiency as the main

selection criteria and perceives that 'mother tongue' for the language required is a priority. Company A's Conversion department took 'nationality' into account; they recruited employees based on languages as their 'mother tongues' rather than skills themselves. Despite the same structure of TCNs in the Conversion department between the two companies, Company B benefited from the flexibility to use all types of TCNs whilst Company A's narrow mindset could limit full benefits from TCNs' possible three orientations.

Second, mimetic isomorphism did not apply on benefits and salary level of TCNs for the same roles within both the subsidiaries. Despite serving the same roles, TCNs at Dubai subsidiary B had a higher income than Company A, overall. Employees at Dubai subsidiary A generally regarded their positions as a step to move on to better-paid jobs with other companies. These TCN informants felt they did much more than TCNs at other firms but got paid less. Also, there seemed to be no clear career promotion pattern they could follow. The above situation could suggest that mimetic isomorphism could mean more than 'survival' as the main reason for an MNC to react to the pressure, and then, this meant that an MNC could be more sophisticated than just 'copying' its rivals' practices in return of damaging and outperforming their rivals. For example, although Company B established the whole team in the Conversion department with the same number of TCNs, the Company also raised their salary levels in order to appeal to and to headhunt experienced team members from Company A. This did not just mean the purpose to 'survive' but also 'damage' and 'suppress' a successful rival in an uncertain environment.

To sum up, through the comparisons between Company A and B under the discipline of mimetic isomorphism, it was discovered that the reason TCNs were popular as staffing options in some Dubai MNCs in Dubai, such as Company A and B, was due to the pressure to imitate to survive in a foreign country. The research took the Conversion Department as an example to explain how the structure of a new-established department was imitated, and how TCN employees benefit from the set up as a result of mimetic isomorphism. Through the comparisons, it became evident that 'nationality' emerged as a potential

factor when MNCs consider TCNs. TCNs' transferability could be less significant when an MNC requires 'nationality' as a further assurance for individual skills, such as language skills in the case of Company A. In other words, the competency and knowledge attributable to the three types of TCNs could be jeopardised when considering 'nationality', and this could make the divisions of the three types of TCNs become irrelevant. When 'nationality' matters to one department, this may defeat the subject of the researchers' framework of TCN divisions, which were based on previous social roots and work experience. 'Nationality' was initially disregarded or less concerned whilst the researcher questioned the validity of division among PCNs, HCNs and TCNs. However, the scope of the impact from nationality remained limited in this research, but the emerging factor of nationality impacts on the use of TCNs as main staffing composition in an overseas subsidiary could benefit from further research.

#### *Normative isomorphism*

The normative isomorphism is an internal pressure caused by management in the same profession. The internal pressure is caused by managers who manage and select employees in their profession, saying departments, best resemble their value and ideology (Paauwe & Boselie, 2005), which lead to homogeneity in their practices. In the case of both MNCs, there was popular thought against TCNs' ethnics that had circulated among management, and the researcher found this help explain the absence of certain ethnics from some positions. According to a manager from Company A:

*“The reason we seem to mainly use male representatives just because this works in this country, or you can say, in overall Middle East. Our students from this region seem to feel more assured by face-to-face sales agreed by our male representatives...more authority and respect...Of course, we have an equal recruitment policy, and we do have female employees. But just the matter, female employees mostly work as administrators and admissions*

*coordinators in the office that do not require travelling and facing customers... (E.34)'*

'Male' representatives were preferred than 'females' for facing customers and front-desk roles. Company A potentially believed that male Arab-face advisers for education fairs would be better attracted to more students for enquiries.

*'Using Arab-looking representatives are in a way to get closer to students. Students know they may speak their languages. Some students used to take the piss out of our Asian representatives. This is because Filipinos largely work as maids in Dubai, and some Emirati students look down on them...On the other hand, we found English representatives might create a sort of distance with students, especially when some students are shy or have language barriers. But this is not always the case especially as some Emiratis and Arabs do speak very good English and like to show this off. Well...even so, Arab-looking representatives could take care of these two types of students (E.34).'*

As a result, based on his personal value, the manager of Subsidiary A had recruited male TCNs from the region of MENA only or the TCNs from the UK with Arab origins. These selected TCNs were believed to understand Arab students and the local market as well. Most importantly of all, as aforementioned, according to Arab tradition, the use of male representatives in the customer-facing roles was in a way to be accepted and to be taken seriously by local customers. As a result, these TCNs could gain high acceptance from the local society or general MENA markets in Company A's points of view.

However, managers with Company B were relatively hands-on in term of using TCNs without Arab origins to fill in some posts. This was based on the researcher's observation that Subsidiary B had recruited a similar number of both employees from Asia and regional Arab countries, especially in the Sales and Marketing department. Any internal staff that had relevant product knowledge could have an equal chance to attend job interviews (guaranteed) and to be sent to any overseas assignment regardless of customer bases.



Furthermore, compared to Company A, these jobs related to the recruitment of Arab students, that were typically filled by male Arab advisers. Nevertheless, the researcher could not have an answer from management to the circumstances because management seemed to like to bypass the subject during formal interviews. This was likely to be against by the UK headquarters' policy of equality in employment, and thus management of Company B did not wish to comment on this. The limitation was also caused by the distance between the researcher and these particular informants. The researcher had a stronger rapport, i.e., closer and personal friendships, with the informants at similar positions with Company A; hence, more details and insights were able to obtain.

As a result, it came to the researcher's attention that normative isomorphism has possibly helped explain how the pressure from management's perception and value against TCNs' attributes, i.e. genders and ethnics, determine staffing composition. The sales managers with Company A were mainly male, Arab looking and speaking Arabic as mother tongue. Normative isomorphism could be enhanced when these managers initiated and conducted the staffing practices of homogeneity. In other words, these managers could see themselves as successful examples and seek team members best resembling their attributes and skillsets. While sales managers with Company B were mainly white males and male Asians; therefore, they may be more open-minded when filling the positions of sales representatives. Instead of 'good examples' set up by Company A sales managers themselves, Company B management could prove these attributes were least concerned when employees, including themselves, did the same job despite benefits from these attributes.

The discussion of normative isomorphism raised the fact that the values of management may direct the way TCNs were recruited. The recruitment of TCNs may move beyond the superficial divisions of PCNs, HCNs and TCNs or the divisions of Central-, Local-, and Worldwide-orientated TCNs. Some attributes, such as gender, ethnic-appearance and speaking Arabic as the first language, were found to be more critical than the transferability that TCNs can offer. For specific attributes Company A was seeking, TCNs with Arab origins were found

most relevant in the group of Local-orientated TCNs to benefit much more than their counterparts, namely Central- and Worldwide-orientated TCNs. TCNs from neighbouring Arab countries as part of Local-orientated TCNs speak Arabic as a first language despite various accents and dialects, especially the majority of whom have a similar 'ethnic look' that the management looks for. These attributes, together with the aforementioned 'nationality', could complicate the priority of staffing among these TCNs with different orientations. However, these concerns are not shared by all departments in both MNCs. To what extent transferability of TCNs to HCNs and PCNs could be compromised to other attributes of TCNs is worth further future investigation because this will help analyse regional staffing strategy and help justify the use of TCNs in a strategy.

To conclude, normative isomorphism emerged when contrasting MNCs' managers' values, ideology and backgrounds to each other, which affected the selection of TCNs. Normative isomorphism could be an essential internal force guiding employee selection criteria in Dubai. More than just the transferability of TCNs, managers could seek physical attributes and place of birth, for example, to convince themselves who the best candidates are. Homogeneity is achieved as an essential indicator of normative isomorphism when candidates selected resemble managers as their kind. The contrasting cases between Company A and B present that normative isomorphism could be a strategic factor impacting on staffing compositions, depending on the ideology of the management, and help justify why TCNs' transferability could be out of the equation.

However, the above fact regarding a significant number of Arab workers used in the sales and marketing department seemed inconsistent with the finding of Kapiszewski (2006). He suggests that Asian workers were much more preferred by companies than Arab workers in the GCC region. He summarises the possible reasons why Arab workers seem to be less popular than their Asian counterparts in the labour market. First, compared to Asians, Arab workers are more expensive, more difficult to lay-off, and stereotyped as less efficient and less manageable. Second, Arabs bring their family along and hope there is an opportunity of settling down permanently.

On the contrary, Asians were used to coming overseas alone and leaving their families at home, which is deemed less of a threat to the local population. GCC authorities have been concerned about non-local Arabs that may spread and bring in radically political ideas. Last, recruitment agencies in Asia have been more efficient in supplying GCC employees with more sufficient numbers of labour than their Arab counterparts.

Also, Kapiszewski (2006) undermines the dynamics of institutions, transferability and attributes of TCNs when he critiques on less advantaged Arab workers, compared to Asian workers. First, in Dubai/UAE, having been discouraged by all institutions, namely regulatory, cognitive and normative environments to recruit HCNs, MNCs in most industries, except for banking and finance the industry, still have to fill somebody in a department, in which local knowledge, local networking and local languages are much required. Second, 'somebody', who is known as an alternative to HCNs, could theoretically be found in previously established Local-orientated TCNs. This group could consist of all nationalities and ethics, which have socialised and worked in Dubai/UAE, and nearby regions, such as the GCC or Arab countries. These TCNs can speak Arabic, provide MNCs with local insight and help MNCs establish local relationships. Third, although this group consists much more than Arab workers, some attributes related to Arab ethnics are crucial to some management for some job positions as explained under normative environment and isomorphism. For example, 'Arab country nationality' could assure some managers of their language ability in Arabic. Also, some managers could believe a 'male' sales representative with an 'Arab look', exactly like themselves, could create an instant connection with Arab students whereas 'female' and 'English and Asian looking' representatives could cause counter effects. Due to the above dynamics of institutions, transferability and attributes of TCNs, Local-orientated TCNs with Arab origins could be much more valuable than their Asian and other counterparts to some departments with an MNC; therefore, the above suggestions from Kapiszewski (2006) could not be fully justified at all workplaces.

Overall, from the first two themes in section 5.2, namely 'micro-politics' and 'organisational typology' in subsidiary and organisation level, respectively, some reasons why TCNs made up of both MNCs' fundamental staffing composition were identified. Furthermore, in some cases, staffing practices between Company A and B were contrasted to each other. In this sense, the researcher was able to capture affluence and vibrant examples regarding what it means to be a TCN and what TCNs mean to MNCs. This is because, through the contradiction and comparison between the two MNCs, the researcher was able to spontaneously raise and revise the direction of observation and come up with new perspectives.

The fact that TCNs were the main staffing compositions has interacted with the factors in the subsidiary and organisation level. The factor of micro-politics in the subsidiary level had helped justify the use of TCNs' transferability from the cases of Company A and B. Micro-politics informed that the use of TCN could be influenced from the perceptions of both middle and top management. For example, the primary use of a TCN as the main staffing composition might not be the case with every department of Company B. The negative perceptions against TCNs from a middle manager in a specific department had forbidden the use of any TCNs. The practice was mainly based on the middle manager's discretion, which was against central equal employment policy. Also, both MNCs' top managers intended to widely staff TCNs as a result of their positive perceptions towards TCNs that were related to TCNs' common additional characterises, such as TCNs' resilience in a challenging employment environment, and their transferability. Despite the central equal employment policy in place, the factor of micro-politics had intervened with the use of TCNs because the top and middle managers can practice staffing based on their own interests as a result of either positive or negative perceptions against TCNs.

In the organisation level, although both MNCs proceeded with different organisational typology, TCNs were still the main force. However, in light of the merits of the case study, the researcher did not just seek 'what' answers but also focus on 'how' and 'why' answers. Despite the staffing compositions consisting of

TCNs for both MNCs, the types of TCNs were used accordingly in light of respective organisation typology. In place of PCNs and other types of TCNs, Central-orientated TCNs were the main force to assist Company A in conducting a more global typology. On the other hand, Company B conducted a more transnational typology with the aid of more balanced types of TCNs than Company A. What the researcher can interpret from the above findings was that the transferability of TCNs could be the key for both MNCs to achieve desired outcomes of respective organisation typologies. In other words, the substitutable skills and knowledge of Central-orientated TCNs with PCNs enabled Company A to proceed with their global typology in the region of Dubai, aligning with the majority of their overseas subsidiaries. In light of transnational typology, Company B appreciated the uniqueness and the cultural references of each type of TCNs, and thus, achieved the staffing compositions consisting of more balanced TCN types than Company A. This was a way for Company B to benefit from all the three TCN types and secured TCNs transferability to HCNs and PCNs. Through the above findings, it may be correct to state organisational typology can inform a matching staffing strategy, as discussed in the previous literature review. However, it is incorrect to assume a particular employee group, simply based on 'nationality', to take the lead for a specific organisation typology. This is because that in the region Dubai, both Central-orientated TCNs and PCNs can help an MNC achieve global typology whilst all types of TCNs can help an MNC stay their transnational typology.

The last section of 5.2, institutional theory, highlights the various reasons why HCNs could be scarce from MNCs' staffing compositions in Dubai/UAE and also the reasons why TCNs, naturally fill in the jobs traditionally required by HCNs. As a result of TCNs' transferability, MNCs can secure skill sets and local knowledge from TCNs, which theoretically belonged to HCNs as most staffing literature suggested (Colakoglu et al., 2009; Lepak, 1999; Lepak & Snell, 2002). In other words, TCNs' characteristics mirror HCNs' quality MNCs rely on in Dubai/UAE. As a result, this enhances our understanding that we cannot assume and conclude skill sets and knowledge based on the division of PCNs, HCNs and TCNs. Significantly, 'nationality' does not limit what TCNs have to offer, although

this factor might be possibly compromised with both cognitive and normative isomorphism. The transferability of TCNs to other employee groups MNCs rely on, in fact, depends on their education, social roots and work experience, and unlikely depends on 'Nationality'. It is a delight in seeing the replacement of HCNs by TCNs took place in Dubai as this data further suggests that our understanding of staffing based on nationalities is no longer useful, at least, not applicable to all the regions in the world.

Nevertheless, the institutional theory also works as variables to justify the use of TCNs. The transferability of TCNs is a critical concept to establish and demolish the flawed assumption that TCNs are an entity. Nevertheless, institutional theory broadens perspectives and adds more factors, beyond transferability, to consider why MNCs in Dubai opted to TCNs to form their main staffing compositions. However, the researcher also addressed the insufficiency of using institutional theory to anticipate staffing strategy, which helps raise some potential limitations when applying institutional theory.

However, one major drawback in this dual case setting is that no HCNs were recruited in both MNCs. Therefore, no HCN informants could provide feedback and insight, which could be used to compare with and contrast to PCNs' and TCNs' comments. Nevertheless, the drawback informs the nature of HCNs, who are recruited mainly in the public sector and the private sectors in banking and finance. Perhaps, with comparisons to future MNCs research in other private sectors, except for the pathway education industry, more insights could be gathered through more HCNs' participation.

## **Conclusion**

Based on these findings and the preceding discussion of the above two sections, this case-study evidence enables to establish a framework to illustrate how the

types of TCNs and their characteristics and management enhance both MNCs' competitive advantage, together with the factors taken into account at three levels that potentially impact on the linkage between TCNs' characteristics/management and competitive advantages as follows.

**The effects of micro politics, organisational typology and host institutions on both MNCs' staffing resources and capability**

- Micro-politics: personal recommendations amplifies the use of TCNs
- The pursuits of centralization and localization leads to the use of various TCN orientations
- Local regulations ease the pressure from Emiratization
- Cognitive environment, given 'option to wait' and 'Wasta', makes HCNs scarce
- Mimetic and normative isomorphism result in limited ethnic and racial diversity

**TCN characteristics**

- TCNs' Transferability to PCNs and HCNs
- High/rare competency
- Versatile communications
- High adaptability
- Lower costs (compared to PCNs and HCNs)
- High commitment
- Positive perceptions against the host country reputation

**TCN Management**

- Exclusion of HCN co-workers
- Central control and cultural control under hybrid staffing strategy
- Monetary and promotion incentives (mainly up on selection)

**TCN related resources for competitive advantage**

- TCNs' transferability
- Comparably low cost
- Rare competency
- High adaptability

**Competitive advantage in emerging host Emirate**

- Increase in MNCs' talent pool
- Relatively less expensive personnel cost leading to cost effective contracts and tailored and differentiated marketing strategies
- Successful reconfiguration and transfer of knowledge



**Figure 13. A framework for understanding competitive advantages from TCNs in the MENA emerging market**

From figure 13, it is understood that MNCs in this emerging market can create their competitive advantage through various TCNs' characteristics and management. As a result of TCNs' characteristics, MNCs can develop different ways of managing them. However, the linkages are not white and black and have to take a few factors into account mainly because of the involvement of individuals' interests, various organisational typologies and some distinctive host institutions. Having understood how and why TCN' characteristics and management can create MNCs' competitiveness, the figure tells the specific ways and results and adds knowledge of the extent developed MNCs achieve and sustain competitive advantage in the emerging market.

# Chapter 6

## Conclusion

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This Chapter will conclude the whole thesis into three main sections, namely summary, contribution to knowledge and limitations and reflections.

### 6.1 Summary

The present thesis was arranged to answer three research questions:

- *Do TCNs, as a group, possess defining characteristics?*
- *How do MNCs in the higher education sector in the MENA region utilise TCNs in their staffing?*
- *To what extent can such MNCs better use TCNs to improve competitive advantage?*

The findings and the discussion answered the above research questions. First, regarding TCNs' characteristics, TCNs were found to share some similarities in their characteristics, such as linguistic advantages and high adaptability. Most importantly, TCNs' transferability, as one of the significant characteristics, was identified, according to three orientations.

The research clarified the ambiguous term, 'TCNs', by exploring their various orientations, and thus, contributed to substantial segmentations of TCN types. The research exposed TCNs' similar abilities to their counterparts, PCNs and HCNs, and also examined if these abilities were transferable from MNCs'

perspectives. It was understood now that TCNs were not an entity, and TCNs' significant transferability as a result of their orientations can make themselves distinctive and strategic to MNCs. TCNs' orientations inform TCNs' generic sets as a result of their pre-departure work experience, education and social roots, which may not necessarily be generalised as 'nationality' and are segmented as follows:

- Central-orientated TCNs, who capture company knowledge as PCNs,
- Local-orientated TCNs, who capture local market knowledge as HCNs
- Worldwide-orientated TCNs, who provide rare and high competencies with little or no reference to either the home or host country.

These findings exceeded the researcher's expectations of what TCNs can do concerning the responsibilities traditionally assigned to PCNs and HCNs.

The findings answered the second research question by highlighting some strategic HRM practices and policies used by both the MNCs, such as monetary incentives and career advancement. It was also found that MNCs in the Dubai free zone can strategically exclude HCNs and manage TCNs in a hybrid staffing strategy, which help mitigate limitations and restrictions facing host institutions and home country conditions.

The distinctive management of TCNs in a hybrid staffing strategy helps enrich and diversify staffing literature in the MENA emerging market. British MNCs in Dubai Free Zones have developed more sophisticated strategies regarding the use of TCNs in the absence of HCNs. The findings note that classic staffing strategies, such as ethnocentric, polycentric and geocentric staffing strategy (Colakoglu et al., 2009), cannot fully justify the staffing strategies undertaken by the two British MNCs in Dubai. The insufficiency is caused by the fact that the primary players do not merely point to PCNs and HCNs with little reference to TCNs. Instead, the researcher identifies a hybrid approach of the staffing strategy led by the three TCN types based on their transferability to PCNs and HCNs. Besides, 'transferability' in lieu of 'nationality' is found as a new way to identify a

staffing strategy. For example, a staffing composition dominated by TCNs does not always mean a geocentric strategy. Instead, we have to examine the transferability of TCNs closely. Any TCN with their transferability can replace or work along with their equivalent partners, i.e. PCNs and HCNs, but still could honour the same spirit of any classic staffing strategy. 'Nationality' in a staffing strategy is just a front and is not a useful index as staffing literature suggests, especially in the region of Dubai. The above findings help adjust the adaptability and usefulness of the nationality-dominant staffing strategies, i.e., ethnocentric, polycentric and geocentric staffing strategy in the region of Dubai. Overall, each classic staffing strategy can potentially be hybridised by the necessity of the reliance on TCNs' transferability, which suggests that any staffing strategy is 'not one size for all' and can vary with regions and countries.

Finally, both findings and discussion helped inform the third research questions. It is confirmed that both TCNs' characteristics and management can lead to MNCs' competitive advantage. Given TCN related resources for competitive advantage, including their transferability, comparably lower cost, rare competency and high adaptability, TCNs can help MNCs in the emerging market achieve competitive advantages, such as increasing MNCs' talent pool, winning competitive contracts through low personnel cost and benefiting from successful reconfiguration and transfer of knowledge. However, several factors identified at different levels can adjust the level of reliance. The linkage between these can be subject to a few factors in three levels, influencing and justifying MNCs' reasons and the ways of using TCNs, as follows:

**Organisation level factor:** Organisational typologies

PCNs, HCNs and TCNs in staffing compositions vary with organisational typologies (Isidor & Schwens, 2011; Kelly, 2001). At an organisational level, the organisational typologies, namely global, multi-national, and transnational typologies, are associated with the MNCs' preferences in staffing strategies given the distinct knowledge of PCNs, HCNs and TCNs on offer. Under the two MNCs' different organisational typologies, namely global and transnational typology,

both MNCs pursued various degrees of centralisation and localisation, which impacted on the use of various TCN orientations.

**Subsidiary level factor:** Micro-politics

Micro-politics: staffing decisions may be complicated by key actors' priority on the benefits for the company or by self-interests. Micro-politics elaborates on how critical players at different hierarchical levels in both headquarters and subsidiaries, may manipulate policies and practices to prioritise their interests rather than those of MNCs' (Dörrenbächer & Gammelgaard, 2011; Edwards & Kuruvilla, 2005; Ferner et al., 2012; Levy, 2008). The perspective of micro-politics had amplified both MNCs' use of TCNs through personal interests.

**Host Emirate/country-level factors:** Institutional theory

The institutional theory explains how host environments and isomorphism impact on MNCs' practices (DiMaggio & Powell, 1983; Scott et al., 1995; Kostova, 1999). Raised by classic and neo-institutional theory, distinct local institutions regarding the regulatory, cognitive and normative environment may impact on MNCs' staffing strategy. Both MNCs had to follow these institution's requirements to survive or gain external legitimacy in the host environment. Also, raised by neo-institutional theory, both MNCs in a host country faced some pressures, which force themselves to behave in specific shared manners, specifically concerning mimetic and normative isomorphism.

From the study, the impact of institutional theory was vivid. The first example was that local regulations eased the pressure from Emiratisation. Secondly, cognitive environment, given 'option to wait' and 'Wasta', made HCNs scarce from both MNCs' talent pool. Finally, mimetic and normative isomorphism resulted in both MNCs' limited ethnic and racial diversity.

Given the study's inductive and exploratory nature, interpretative case studies were employed at the headquarters and subsidiaries levels. The case study was drawn from two British MNCs with Dubai subsidiaries in the pathway programme higher education sector. Cross analysis was made on both the

primary and secondary data obtained at headquarters and subsidiaries as well as comparisons to existing staffing literature. The research techniques involved include (1) interviews with top/middle managers as well as non-management employees; (2) in-house observation alongside the researcher's full-time work role with both MNCs and (3) field notes obtained through workdays and social events.

## **6.2 Contribution to knowledge**

The researcher has established contributions both theoretically and empirically. As the theoretical contribution, this research advances Human Resource Management research on expatriation by interrogating the use of TCNs from the perspective of the resource-based view. This research identifies to what extent developed MNCs' expatriate management creates competitiveness advantage through not only utilising TCNs' superior knowledge reconfiguration capacities but also through benefiting from their characteristics.

The study fills the gap in the lack of empirical research in the directions that TCNs' characteristics and management contribute to MNCs' competitive advantage through providing empirical evidence and insight with TCNs' characteristics and transferability. This research also extends expatriate research on the function and role expatriates by investigating in detail how TCNs are deployed, which was neglected previously at the non-management level.

This research also deepens insight of the resource-based view by offering detailed evidence developed MNCs' use of expatriate human resources, and thus, leading to the understanding of unique application on more efficiently recombined and reconfigured knowledge from TCNs.

This study also extends expatriate study on the position and function of TCNs though accessing in detail their previously undermined use in a staffing strategy. The findings from these two cases made TCNs stand out from their counterparts and broke the traditional trade-off between PCNs and HCNs in terms of MNCs staffing. In light of TCN with various orientations, this empirical contribution lies with a substantial revision of existing staffing strategies, which was learnt from the two MNCs through their unique staffing compositions. The identification of TCNs' orientations and their transferability break a traditional staffing division between PCNs and HCNs. This breakthrough is a crucial step to enable an opportunity to re-interrogate staffing strategies based on nationality.

This research also extends the expatriate study by examining ways in international human resource management strategy, which integrates both management and non-management expatriates more efficiently to advance the competitiveness of developed MNCs.

This research adds a fuller picture to existing expatriation literature in the MENA emerging market. Firstly, this study provides a detailed picture of TCNs' deployment in the emerging market and also presents its linkage to a sustainable competitiveness advantage. Secondly, in place of 'nationality' as the standard key to understanding what PCNs, HCNs and TCNs could offer to MNCs, the divisions among central, local and worldwide orientations that TCNs can offer could be better to explain a staffing strategy in the MENA emerging market. Finally, the research addresses the extent of how host institutions in the GCC emerging market can impact on MNCs' choices of expatriates and can allow MNCs' to make these choices strategically.

Whilst addressing the factors impacting on the selection and management of expatriates, this research identifies potential strengths and weaknesses of existing developed MNCs' deployment of expatriates, which helps predict trends that are likely to improve and promote the effectiveness of expatriate management in the future.

The research also makes a practical contribution to a better understanding of dynamic characteristics, functions and management of TCNs. In particular, the study helps MNCs in Dubai free zones to understand the reason for TCNs' large numbers, and their potential characteristics, as a linguistic advantage, high adaptability and their positive perception towards working the host Emirate. Moreover, TCN's transferability can provide more excellent central knowledge and control, as well as greater local knowledge and adaptability. To begin with, Central-orientated TCNs could take up positions that are traditionally reserved for PCNs. They know the central or global procedures, practices and, values and policies, which they pass on from headquarters to overseas subsidiaries as PCNs. Besides, Local-orientated TCNs provide their transferability, i.e., equivalent local knowledge and language skills to HCNs. Local-orientated could replace HCNs by offering their generic knowledge stock and capabilities, including the local market insights, the understanding of local culture, and the way of doing business through their social roots. Finally, Worldwide-orientated TCNs could also help MNCs to fill vacancies requiring low personnel costs or high competency although these TCNs provide a minimum reference to either home or host country.

Besides, the research provides evidence of how developed MNCs can obtain advantages by deploying unique human resource management. Companies can combine and benefit from the use of TCNs with various orientations. MNCs could benefit from additional advantages by the strategic use of TCNs selected based on their knowledge and competencies at both management and non-management positions, i.e., TCN led- hybrid staffing practice to overcome both limitations from home country and host country institutions, such as the low supply of both PCNs and HCNs.

Last but not least, MNCs in other MENA emerging markets may benefit from the findings to broaden their perspectives on selection criteria and values of employees based on 'transferability' and not just 'nationality'.



## 6.3 Limitations and reflections

The case is mainly drawn from leading British MNCs in the same industry. There is a need to expand the scope to other industries further to elaborate on the role of expatriation in generating their competitive advantage. Similarly, the research scope only remains between the UK and a Dubai Free Zone. The attempt to explore and consolidate TCNs' orientations could start a future call to more extensive geographical regions, which helps enrich the staffing literature.

The overall findings from the fieldwork have helped further position TCNs with three kinds of orientations. The reason for establishing the three types of TCNs are not to be set as stereotypes against our understanding of TCNs. Instead, the segmentation is regarded by the researcher as a starting point to help understand TCNs and where TCNs stand between their counterparts, PCNs and HCNs. The purpose of doing so is to seek the extent and in what way TCNs could contribute to MNCs with their pre-departure generic sets, which can be found equivalences among PCNs and HCNs. What is more, TCNs could generally offer more than PCNs and HCNs with their aforementioned generic characteristics, although the extent could vary with Central-orientated TCNs, Local-orientated TCNs and Worldwide-orientated TCNs based on the findings.

Finally, it is believed that there are other factors also playing a role in influencing or moderating how MNCs rely on expatriates to create competitive advantages, which have not been included in the theoretical model (Figure 13). To what extent these factors excluded may impact on MNCs staffing composition in the GCC region and how MNCs' staffing strategy interact with these factors outside the researcher's model will need future attention.

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# Appendix I

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## Rationale of interview questions

### **Interview QAs related to the research QAs-types of TCNs**

#### ***-Social experience related to the current employment role***

[1] Friendships (hang-out) with local, regional people and HQ's people and in local society)-**interview QAs with both management and non-management TCNs**

QA1. Where are you from originally? And could you tell me about your life in your home town?

QA9. To what extent do your local experience (in terms of education, work and socialisation) and your home country background secure and sustain your job? Examples?

[2] Levels of interaction with local, regional and HQ's culture (length of time from the perspectives where jobs and education were) **-interview QAs with both management and non-management TCNs**

QA2. How long have you been in Dubai?

QA3. 3. Can you tell me about your education background?

QA4. Can you tell me about your work experience?

QA5. Can you tell me about your life/ social experience in Dubai?

QA9. To what extent do your local experience (in terms of education, work and socialisation) and your home country background secure and sustain your job? Examples?

#### ***-Previous job competencies related to the current employment role-interview QAs with both management and non-management TCNs***

QA4. Can you tell me about your work experience?

QA9. To what extent do your local experience (in terms of education, work and socialisation) and your home country background secure and sustain your job? Examples?

#### ***-Levels of familiarisation of MNCs' way of doing things (internal referral or external recruitment)***

QA2. How were you recruited?

QA7. 1. How long have you been with this company?

QA9. To what extent do your local experience (in terms of education, work and socialisation) and your home country background secure and sustain your job? Examples?

### **Interview QAs related to research QAs-The factors impact on management's decision on using TCNs**

-Literature: IT > regulation environment & regulatory isomorphism > Work permit/VISA

Q6. What type of VISA are you on to stay in Dubai? And do you require a work permit to work?