Political Contingency and the Implementation of Localisation Policies: A Case Study of the Oil and Gas Sector in Qatar

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The candidate confirms that the work submitted is his/her own and that appropriate credit has been given where reference has been made to the work of others.

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I would also like to thank my family for tolerating and supporting me throughout the time needed to accomplish this research.
This thesis is an exploratory study that examines the political contingency and the implementation of workforce localisation policy through an intensive case study on the oil-and-gas-based industries (OGBI), the most significant economic sector in Qatar. In particular, the thesis identifies the strategies and mechanisms that the government utilises in its efforts to gain commitment from public enterprises to replace its expatriate workforce with nationals. The empirical analysis focuses on three main themes: the state influence on public organisations, obstacles to localisation, and the HR practices used to enhance workforce localisation. The findings reveal that the government has adopted some innovative control strategies that are not widely acknowledged within the literature. These include its continuously reshuffling and replacement of decision-makers and key personnel in state enterprises. Moreover, the government is dominating an active role in forming OGBI strategies through appointing the Minister of Energy in the highest hierarchical positions, such as chairman and managing director, in the industries. However, state enterprises' reaction to the state-led localisation policy varies considerably. The study provides new evidence that public organisations do not always comply with politically-determined policies. The evaluation of the implementation of localisation strategy shows that there are three approaches toward what may be called 'Qatarisation', namely, strategic engagement; pragmatic acceptance and implicit avoidance. The approaches are strongly associated with understanding of the policy aims and linking of the policy to HR practices. According to the findings of this study, several policy implications have been suggested as strategies to enhance the implementation process of workforce localisation.
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<tr>
<td>CNA</td>
<td>The Collage of North Atlantic</td>
</tr>
<tr>
<td>CT</td>
<td>Corporate Training Department in Qatar Petroleum Company</td>
</tr>
<tr>
<td>GCC</td>
<td>The Gulf Cooperation Council (its member states include Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates)</td>
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<tr>
<td>LFSS</td>
<td>Labour Force Sample Survey</td>
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<tr>
<td>LMSP</td>
<td>Labour Market Strategy Project</td>
</tr>
<tr>
<td>MNC</td>
<td>Multi National Corporation</td>
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<tr>
<td>MOL</td>
<td>Ministry of Labour</td>
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<tr>
<td>OGBI</td>
<td>The oil- and gas-based industries</td>
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<td>QF</td>
<td>Qatar Foundation</td>
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<tr>
<td>QP</td>
<td>Qatar Petroleum Company</td>
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<td>QU</td>
<td>Qatar University</td>
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Chapter One

Introduction

This thesis examines the effects of implementing a politically-determined policy on human resource management practices in the public sector. These effects are examined through six case studies of government and semi-government firms within the oil- and gas-based industries (OGBI) in Qatar.

Many writers have recognised the need to address the relationship between human resource management policies and practices and broader corporate strategies. The importance of the link between them has been highlighted in the key HRM models, such as the “Harvard framework” (Beer et al. 1984) and the “matching model” (Fombrun et al. 1984), as well as the latter's contributions to these models (Boxall 1992). Research in the HRM field, however, has concentrated largely on the effects of business strategy on elements of human resource management, for example, the relationship between business strategy and HRM choices (Fombrun et al. 1984) or HR outcomes (Guest 1987; 1989; 1991). Thus, internal factors, such as the internal consistency of HRM levers and the link between business strategy and HRM, receive more emphasis than the effects of external factors on HRM. For example, what effect do various external stakeholders, such as the state, have on HRM outcomes? In other words, the notion of political contingency has received little attention in the mainstream HR
literature although it has been the subject of major debate in public administration literature, especially in the 1980s and 1990s.

Scott (2000) asserts that state employment has some exceptional features such as a complicated role 'of political contingency; highly bureaucratic and introverted institutional regulation; ... and virtual absence of management as an independent actor' (Scott 2000: 585). Batstone et al. (1984) argue that the formulation and the implementation of strategies in the public sector vary significantly more than in the private sector owing to the influences of 'political contingency' on the public sector management which is represented in ministerial intervention, formal roles and state-led policies and targets (1984: 10). Therefore, the strategy formulation process in the public sector is more complicated. That said, it is important to recognise that the way the state pursues change is not unified across the world. Scholars argue that the role of the state in the economy varies according to the adopted regulatory system. For example, in more liberal economies, the government usually influences the market indirectly through legislation and regulation, while in less developed economies, state intervention is usually by more direct means, such as public ownership (Majone 1994).

There are a number of examples of politically-determined policies in the UK, such as modernisation and commercialisation. Nevertheless, different state-led policy can be found in different parts of the world, one of which is workforce localisation policy. Localising the workforce is a longstanding international issue (Rees et al.
2007), and it is defined by scholars as the process of developing job-related skills within the local population with the final objective of replacing expatriates with local employees. Localisation is an interesting policy to study because it is usually perceived as an HR policy. In other words, it differs from the state-led policies in the UK, i.e. privatisation, modernisation and commercialisation, since the implementation of policies usually influences most aspects of a firm's operations such as production, finance, marketing and HRM, while the responsibility for implementing the localisation policy is usually delegated to the HRM departments. This characteristic, therefore, makes it an appealing case for a study focusing on the influence of political contingency on HRM policies and practices in the public sector.

This thesis focuses on the case of Qatar, which is one of the countries that required the public sector to implement a politically-determined localisation strategy. While most of the work in the area of 'political contingency' is carried out in developed countries, such as the UK, other parts of the world get less attention. As a valid example of a less liberal regulatory regime, Qatar is best described as a 'positive state' since the state owns most of the productive and important sectors of the country. The country is rich in oil and gas and is undergoing a massive state-formation process, as will be discussed in Chapter 5. This process requires the full utilisation of natural as well as human resources. As a human resource utilisation strategy, the Qatari government has introduced and maintained a workforce localisation strategy. This study, therefore, seeks to provide an in-depth
understanding of the government's influences on the implementation of a state-led policy, such as the workforce localisation strategy, in a less liberal regulatory regime, such as Qatar, by investigating six government and semi-government organisations from the OGBI in Qatar.

1.1 Statement of the Problem

Recently, localising the workforce through increasing the participation of indigenous workers and replacing expatriates with nationals has become a prominent public policy issue in Qatar. Several factors account for the increased attention being paid to the 'Qatarisation' policy. First, labour in Qatar is characterised by the extensive use of non-national labour in the skilled and unskilled jobs required for economic development. National labour comprised only 12 per cent of the total employment according to the 2004 statistics. Even within the government sector, which represents the highest absorptive sector of the national workforce, Qatari employees constitute only 44 per cent of the total number of employees (General Population and Housing Census 2004). Furthermore, in the investigated sector of the current research, the OGBI, national employees constitute only 34 per cent of the workforce (Ibrahim and Khalil 2006). It is argued that overcoming the skill shortage in a crucial economic sector, such as the oil and gas industry, through reliance on expatriates is not the best solution since the industry would be crippled if such expatriate labour were required to leave (Al-Kazi 1983, cited in Jolo 2004). Thus, the gradual replacement of
expatriates by nationals in the industrial sector, a ‘Qatarisation’ process, has become a national aim.

Qatar is characterised by an abundance of oil and gas resources, which provide extensive opportunities for national economic development. Since it is a one-resource rich state, however, Qatar's economy relies on the sale of depletable natural resources rather than sustainable capital operations. Aiming for economic diversification, the Qatari authorities have recognised the necessity to develop fully the quality of the state's human capital, beside its physical capital, in order to render it a viable industrial country (Jolo 2004). In this regard, the current study investigates the influence of the Qatari government on public enterprises' management of a state-led Qatarisation policy, and hence the effects of political contingency on the human resource management in public organisations.

1.2 Importance of the study

Since the 1980s, many studies have been performed on the issue of political contingency in public sector management in advanced industrialised countries, especially in the UK; they include Batstone et al. (1984); Ferner (1985); Ferner and Colling (1991); Martinez Lucio et al. (1997). All of them were based on theoretical framework developed primarily for those societies. While they might explain trends, predict future scenarios and suggest necessary improvements in management practices, it is important to emphasise that these studies primarily consider highly
advanced, industrialised countries where the political, cultural, social and economic backgrounds and organisational systems differ significantly from those in other parts of the world, especially the developing countries, where the state applies more direct mechanisms to control the economy and the labour market. Similarly, the majority of studies examining the use of HRM practices to support localisation at an organisational level have been carried out in China. Therefore, these studies cannot be easily applied to other cultures and societies with specific political, social and economic peculiarities. For example, in Qatar, as in other developmental states, the government plays the dominant role in creating employment.

Attention has been drawn to the effects of implementing a politically-determined policy on managerial practices in the public sector (Batstone et al. 1984; Ferner 1985; 1988; Ferner and Colling 1991). Studies have also stressed the importance of involving HRM practices in implementing a localisation policy (Wong and Law 1999; Worm et al. 2001; Law et al. 2004). Unlike these earlier studies, the current research investigates the role of the government in maintaining a localisation policy in public corporations. It endeavours to analyse the influence of such a relationship on HRM practices and policies. This is not to suggest, however, that nothing can be learned from previous studies. Indeed, their findings have much to contribute when taken in the light of the particular circumstances and unique setting of Qatar. This study will attempt, first, to utilise the general findings of existing studies, on the basis of relevant literature on the issue of managing human resources in the public domain in all its important variations and, second, to show how they may or may
not apply to other situations. In addition, it will contribute to the general literature in this field since it is the first study to link localisation efforts with the external political pressures on public firms.

Previous studies that have examined HRM in the Qatari context have either concentrated mainly on the human capital formation in Qatar (Jolo 2004), or on human resource development within the organisations in isolation of the external political influences (Mohammad 1989; Al-Ghanim 1994). Unlike these studies, the current research has tried to explore an underdeveloped area of study by concentrating on the effects of the implementation of a politically-led policy on the HRM function in a critical sector of the Qatari economy.

To sum up, this study gains its novelty from the perspective it adopts in examining the implementation of localisation policy. The current study is pioneering in that it examines the effects of external influences (political pressure) on state enterprises with regard to localising the workforce and how that is affecting the HRM practices used to achieve the policy's targets.

1.3 Objectives of the study

The review of the literature in Chapter 2 regarding human resource management in the public domain indicates that there remain significant differences between public and private firms with regard to the way in which strategies are formulated and
implemented (Boyne et al. 1999; Farnham and Horton 1996); and there are good grounds for believing that this has significant consequences for the link between state-led policies and HRM. Therefore, this study has been developed to extend the existing knowledge regarding the impact of the political contingency on HRM within a particular regulatory regime, namely, the positive state.

The reviews in Chapters 3 and 5 reveal that despite the higher costs of employing nationals instead of foreign workers, the public sector as a whole and the oil and gas-based industries (OGBI) as the most productive sector of the economy of Qatar have initiated repeated plans to accelerate the Qatarisation process. The Qatari authorities sustain this enthusiasm and commitment from the OGBI to localise their workforce without offering wage subsidies or directly contributing to the training and development costs of indigenous workers. Therefore, the aim of this research is to investigate how the Qatari authorities are using public organisations to achieve a broader macroeconomic purpose, that is, Qatarisation. In addition, the research focuses on the organisational level where the effects of this policy on the functions of human resource departments will be examined. It can generally be said that selection and recruitment procedures are affected by the new Qatarisation targets. In addition, new training and development plans have been implemented to prepare locals to replace foreign employees. Other functions affected by this policy are employee retention practices and performance appraisal systems. All these issues will be thoroughly examined in this research.
To sum up, the research aims to answer the following two main questions:

1. How do the authorities in a less liberal regulatory regime, such as the positive state and the developmental state, use public ownership to achieve a macroeconomic target?

   To answer this question, five sub-questions are formulated based on the Qatari case:

   a. What is the nature of the relationship between the Qatari authorities and OGBI?
   b. Does the government play a role in the planning process and in setting targets and objectives?
   c. Are management able to ignore the politically-led Qatarisation strategy?
   d. What are the levies and subsidies offered by the government to encourage participation in and commitment to the Qatarisation policy?
   e. Have the disadvantages of Qatarisation compelled management to seek to avoid its full implementation without incurring odium for refusing to follow politically-defined instructions?

2. What are the effects of a state-led policy, such as Qatarisation, on the functions of human resource departments in the participating corporations?

   This question also can be divided into various sub-questions:
a. What are the advantages and disadvantages of implementing the Qatarisation strategy?
b. How does Qatarisation affect the way people are managed in an organisation (that is, training; selection and recruitment; retention and redeployment, and performance appraisal)?
c. To what extent could the new policies sustain the commitment of national and foreign employees?
d. What tensions arise from the implementation of the Qatarisation strategy?

1.4 Research approach and justification

Since this study has an exploratory nature, examining the political pressures on public organisations in Qatar to pursue state-led targets, the use of an inductive method in the form of an intensive qualitative case study inquiry is necessarily dominant. The main reason for this is that the research explores an underdeveloped area of the literature concerning the relationship between the government and public enterprises in Qatar and the effect of this relationship on the HRM function in these organisations, and thus, having more detailed data, such as policymakers’ as well as public employees’ perceptions and experiences, it uncovers more unexplored tensions. These tensions could be a result of the competing government and organisation targets. For example, implementing workforce localisation strategy in Qatar (Qatarisation) would eventually increase
employment costs, especially those associated with employees’ training and development, which contradicts the cost-efficiency profit-oriented organisations try to achieve. Therefore, an intensive qualitative approach has been chosen to gather comprehensive data from all stakeholders in the Qatarisation process: government officials, education policymakers, public organisations' management and staff.

In order to achieve the research aim of investigating the government’s efforts to use public organisations as instruments to achieve national targets, the research uses a multi-level case study approach. The first is the research undertaken in Qatar, one of the countries which has been implementing a localisation strategy since the 1980s yet has had very little attention in the mainstream literature on workforce localisation. The case study on the sectoral level is the OGBI. This sector is chosen for its methodological qualities:

1. This sector is at the heart of the economy of Qatar since its revenue accounts for over 70 per cent of the national income.

2. This sector leads other sectors in implementing the Qatarisation policy. The OGBI were the first to initiate Qatarisation plans in the early 1980s, and the sector was the first to introduce a sectoral Qatarisation strategy rather than leaving it to the individual organisations.

3. This sector is composed entirely of public corporations, and therefore the influence of the government on them is expected to be high, which makes them an appropriate choice for the current study.
A case study approach is useful for exploring the motives that encourage government and organisations to implement a Qatarisation scheme, and the barriers standing in their way can best be explored through case studies. Furthermore, detailed case studies can answer the question of whether there are tensions raised within the organisation or between the organisation and the government as a result of implementing the localisation scheme. In order to obtain these detailed responses, semi-structured interviews are used to allow respondents the freedom to express their views, opinions and perceptions, which is the essential motive for adopting a qualitative approach. The themes that are covered in the interviews have developed from the major findings of the relevant literature. In addition to the interviews, a wide range of related secondary data, such as government statistics and organisations’ documentation, is also used, since this is very useful for historical statistical analysis and for identifying progress. The other rationale for using secondary data is for triangulation purposes. The responses, especially those related to the progress of the Qatarisation process and the current statutes of the implementation, provided by the interviewees were compared with the official government statistics and company’s documentation to check their compatibility.
1.5 Plan and design of the study

The study is presented in nine chapters, each covering a specific issue related to the current study objectives and questions. The second chapter reviews the literature related to management in the public domain. This chapter covers how public corporations are used to achieve national targets. The literature in the section focuses on public enterprises in the UK, since this sector has been under great political pressure for reform, and the theoretical framework developed from the literature can be useful for studying other contexts. Despite the variation in the political system, culture and society of the UK and Qatar, some similarities can be found, such as the continuous demands of the authorities that public enterprises should achieve national targets such as full employment and workforce localisation. Therefore, the rationale for examining this literature is its relevance to the research question, since the study examines how the authorities in Qatar are steering the public corporations to achieve macroeconomic targets. That said, caution should be exercised when we undertake the empirical work and analyse the findings, because of the previously mentioned differences.

Chapter Three reviews the literature, documentation and the secondary data concerned with workforce localisation. The discussion focuses on a number of broad aspects regarding how expatriates are replaced by nationals, such as selection, recruitment, training and development, and employee appraisal, since
these represent the core material for the case study. The chapter concludes by critically evaluating the localisation models in the prescriptive literatures.

The fourth chapter illustrates the methodological issues related to the study. The chapter starts by providing justification of the use of certain research approaches and methods. Then the setting of the study, the research instruments (that is, interviews), study populations, sampling techniques and the limitations of the research methodology are described.

In the study of any society, it is essential to understand its structure in order to set the study in its context. Accordingly, Chapter Five provides a general background about different aspects of the Gulf States and Qatari society – population, labour force, and economic and social development. The chapter then examines the business environment and management practices in Qatar and how the Qatarisation policy has historically been implemented.

The following three chapters are devoted to analysing the collected data. The first is concerned with the issues surrounding the political contingency related to imposing the Qatarisation policy upon the public sector in Qatar. The next chapter, Chapter Six, illustrates the challenges associated with implementing the Qatarisation policy in the OGBI. Chapter Eight analyses issues related to the implementation of the Qatarisation policy and its effects on the HRM practices in the participating organisations.
Finally, Chapter Nine indicates the major findings and final conclusions of the study as well as a number of recommendations at both macro- and micro-level. At the macro-level the researcher recommends several policy instruments that could enhance the Qatarisation process. At the micro-level, the researcher also recommends expanding the use of a number of HRM levers to foster Qatarisation in the participating organisations.
Chapter Two

Political contingency, HRM and localisation strategies

In the 1980s and 1990s, many researchers paid specific attention to the influence of the government on public sector enterprises' management, and particularly to the role of the government in the strategy formation in public organisations. This chapter will review the key literature to answer the question of whether state ownership leads to distinctive human resource practices by exploring the different arguments regarding political contingency and state interventions in the public sector (Pendleton 1997).

It is essential to note at this stage that in this review of political contingency in the public sector, considerable emphasis has been placed on the analyses carried out in the UK. The reason for studying the UK public sector is because Britain has been in the vanguard of the public services reform movement; therefore, it seemed logical to study the change process in this country to determine what lessons can be learnt by other countries contemplating similar future reforms (Morgan and Allington 2003; Flynn 2000; Hood 1995). In sum, the example from the UK of the influence of state-led policies on HRM policies and practices shows that HRM in the public sector has been widely affected by government intervention, and as a result, the role and the traditional features of HRM in the public sector have been replaced by new managerial practices. Analytical examination of the UK-based literature would help to develop a theoretical framework to work within in studying
another context, provided that the similarities and differences in the two contexts are acknowledged.

2.1 The case for the distinctiveness of public sector management and political contingency

The case that the management of firms in the public sector is distinctive is based on the argument that the government is responsible for some aspects of these corporations’ activities, such as the commitment to full employment in Britain in the post-war era (Worswick 1999), and thus, government policies will often be more keenly felt by them than by firms in the private sector (Pendleton 1997). In his examination of the distinctiveness of public management, Rose (1999) identifies a number of cases of distinctiveness. The first is the claim that public organisations are distinctive in terms of their purposes, conditions and tasks. The second is concerned with the differences in the meaning and the implementation of the concept ‘equity’ in both the private and the public sector. The third distinctive feature of public sector management is the extent of the political influences on public organisations’ strategies and operations (Mailly et al. 1989a).

As regards the first claim, Stewart and Ranson (1988) argue that public organisations pursue collective purposes and values determined by the political process. These values are implemented in a framework of political discourse, which they call ‘conditions’. Thus, the ‘tasks’ of public management are broader
than those of private businesses. Harrop (1999) maintains that this combination of distinctive purposes, conditions and tasks means that management in the public sector is more complex than management in the private sector. Rose (1999) does not disagree with this point of view; however, he argues that many features of so-called publicness, that is, distinctive purposes, conditions and tasks, are more commonly found in the highly politically sensitive services, such as education and health services, than in other public services, which are less sensitive to political pressure.

An alternative perspective on public service management is offered by a number of scholars. Clegg and Dunkerley (1980), Carchedi (1977) and Crompton Gubbay (1977) argue that both public and private enterprises act according to the same law of capitalist competition and accumulation (Ferner 1985). In other words, management in both sectors are concerned with level of service, quality of product, meeting budgets, cost improvement, productivity, motivating and rewarding staff, and the long-term viability of the undertaking (Griffiths 1983 cited in Rose 1999). Kirkpatrick (2005; 2006) asserts that new public management (NPM), referring to the ideas and concepts associated with bringing the public and private sectors closer together in terms of practices and goals, emphasises empowering public service managers and reducing the level of bureaucratic regulation. Yet, Stewart and Ranson (1988) believe that it is dangerous for the public sector to adopt private business models, since while specific management ideas are transferable,
the model of management, that is, its purposes, conditions and tasks, is not transferable.

Gunn (1988) argues that there is a third situation other than the ‘public administration’ argument, where it is believed that the public sector is different from the private sector and little or nothing can be learnt across these sectors, and the ‘business-like’ approach where it is argued that management in the public sector need to learn more from their private sector equivalent. The third situation has emerged from the increasing number of “QUAGOS (quasi-governmental organisations) and QUANGOS (quasi-non-governmental or quasi-private organisations)” (ibid: 24). Gunn (1988) maintains that a form of convergence between the public and the private sectors is dominant in these types of organisations. This convergence is represented in the common aim of both public and private business to use the organisation’s resources (finance, manpower, materials, information ... and so on) efficiently and effectively to achieve its purposes via coherent strategies, well-judged tactics, appropriate structures, motivated personnel, and relevant managerial techniques.

The second case of distinctiveness is that equity in the private sector is determined by the market, while it is based on need in the public sector (Stewart and Ranson 1988). Rose (1999) illustrates this claim by providing an example of housing allocation. He claims that in the private sector, housing is priced according to the market, whereas in the public sector it is allocated based on housing needs. In this
sense, Stewart and Ranson (1988) argue that although it can be helpful for a public organisation to think of those who use its services as customers, it is inadequate to employ the term ‘customer’ in the public sector in the same way as it is employed by the private sector, since it does not consider the different relationships between public sector organisations and the public. In other words, the public could be considered to be customers, clients, consumers or citizens. Even when the public is considered customers by a public service organisation, a lack of understanding of who the customers are can lead to the wrong group being identified as the primary customer (Chapman 1999). For example, some schools have recognized parents as primary customers, which implies that pupils are not ‘customers’ but are merely the ‘raw material’ for processing, whereby the output of the process is measured by school league tables. Despite the fact that parents facilitate and in some cases pay for the education of the children, the real primary customer is the pupil. In other words, “all pupils are customers but not all customers are pupils” (ibid: 215).

The third claim of distinctiveness, which is considered the most significant one, is the degree of freedom of public sector organisations and political influences (Mailly et al. 1989a). Bach (1999) argues that the characteristics of public service employments differ from those of the private sector as a result of the unique role of the state as employer. As Stewart and Ranson (1988) put it,

The political process … can be seen as an inherent feature of management in the public domain, or, it can be treated as a constraint as when the phrase ‘the costs of democracy’ is used, as though it is a
special difficulty to be overcome, rather than a basic condition expressing the purposes of the public domain (ibid: 14).

Managers in the private sector have a greater degree of control over their decisions (Allicon 1983), whereas public managers need to react to shifts in the priorities of political leadership and often conflicting politically defined ‘social’ as well as ‘economic’ goals (Eliassen 1993; Pendleton 1997; Ferner 1985). As Allicon (1983) puts it, the bottom line for managers in the private sector is making profits, increasing the market share and securing a long-term competitive position for the firm, whereas the public manager faces more complex measures. An example of the economic and social goals is the government commitment in the 1970s to provide British Rail with a so-called Public Service Obligation (PSO) to support the corporation to run an 11,000 route-mile network instead of the economically recommended 8,000 route-mile network. As Ferner (1985) puts it, “[this] political commitment ... more or less ruled out major service cuts as an avenue for raising labour productivity” (1985: 51).

The previous case is an example of the tensions that can arise as a result of conflicting political pressures. In this case, railway management was asked by the government to act commercially; however, since the economically-oriented plans proposed by the company’s management required a reduction in the size of the labour force, the government intervened and ruled out the plan to avoid any cut in jobs as a result of this network reduction. Pendleton (1997) asserts that the government intervention was based on the political demand of public organisations
to act as a ‘good employer’, which may sometimes conflict with business strategies developed in response to political imperatives to contain costs. ‘Good employer’ is not a new concept, but it represents some of the contradictory political pressures. It was first proposed by the Priestley Committee Report on the Civil Service (1955) to replace the concept of the ‘model employer’ discussed by the Tomlin Commission Report (1929-31) (Morgan and Allington 2003). The ‘model employer’ concept was criticized for being open to varied and contradictory interpretations and for the lack of practical guidance for fixing wages or for indicating the responsibilities of the state towards employees. In order for the public sector to serve as a role model for both public and private organisations to follow, Priestley proposed the ‘good employer’ practices. To become a ‘good employer’, according to the Priestley Committee Report (1955), adequate training and opportunities for advancement should be provided and a range of practices that would constitute good management, such as joint consultation along civil service lines, fairness and equal opportunities, should be carried out. However, the ‘good employer’ is not necessarily the one who offers the highest rates of pay, but rather the one that provides stability and continuity of employment, and that consults with employee representatives on changes that affect their remuneration and conditions of work. Yet, civil service pay, according to the ‘good employer’ concept, should not be lower than the median but not above the upper quartile (Morgan and Allington 2003). Although the public sector was required to apply this concept, this was challenged by other political pressures for modernisation, mechanisations or
automation, and commercialisation, which have led to job cuts and linking pay with performance and productivity.

To demonstrate these pressures, Ferner (1985) argues that managers in nationalized organisations make their decisions based on the calculations of political cost and benefits of a particular course of action. Kirkpatrick et al. (2005) note that the UK’s government introduced extensive legislation prescribing the goals and methods through which public services are to be provided. Batstone et al. (1984) add that there are significant differences between public and private enterprises. These differences, they argue, lie not only in forces that condition corporate goals and strategies, but also in the way in which strategies are formulated and implemented. In other words, despite the fact that they are encouraged to act commercially, state enterprises differ from private firms in terms of pursuing politically determined objectives, which complicates the process of strategy formulation and implementation. They describe the formal rules and targets, ministerial intervention and the politically determined policies as a ‘political contingency’ (1984: 10). This political contingency is influenced, according to Pendleton (1997), by a range of factors such as political ideologies, wider government macroeconomic policies and the performance of the public corporations themselves. Jessop (1994) notes that these macroeconomic policies were concerned with steady growth and full domestic employment and it was crucial that the public sector should maintain them. Chapman (1999) adds that a change of political philosophy may lead to a complete change in management
practices overnight. For instance, Fogarty and Brooks (1989) argue that political contingency in the public sector traditionally meant a stronger accent than in the private sector on quality and reliability of service and less emphasis on profitability; however, this changed after 1979 when the political climate shifted towards cost-effectiveness and profitability and the affirmation of managerial rights. Kirkpatrick (2006) observes that the role of the state has shifted over time to promoting products, processes, and organisational and market innovation. Gospel and Palmer (1993) maintain that British governments historically took a passive role in industrial relations; however, according to Newman (2000), the role has changed and state power has expanded, being seen to a greater extent in government exerting tighter controls over activities previously the province of professional judgement. For example, the government sought to play a more active role in supporting or changing arrangements such as the liberal collectivist justifications for collective bargaining, which were used both to increase and to contain trade union power (Gospel and Palmer 1993).

In addition, the multiplicity of goals, Ferner (1985) argues, means that public corporations do not operate solely according to the logic of profitability, even when 'profit targets' are identified. Ferner and Colling (1991) provide an enlightening example of the way in which political contingency superseded commercially determined plans in public corporations. In 1982, the Department of Industry intervened to stop the closure of the Ravenscraig steelworks in Scotland. Ian MacGregor, British Steel’s chairman at that time, stressed the government’s short-
term political motives, as they were facing a general election in less than a year and they did not want to lose the voters' support. In contrast, in 1990, the privatised British Steel announced its intention to close Ravenscraig, and despite all the political pressure by the Secretary of State for Scotland and his colleagues, the company insisted that the matter was based on commercial judgment and the company's main priority was the benefits of its shareholders, and thus, it refused to reconsider the closure decision.

This case does not suggest that political constraints and pressures have no effect on private business; rather, it maintains that the government has much greater political control over public organisations than over private businesses (Ferner and Colling 1991; Ferner 1985). According to Mailly et al. (1989b), managerial strategy in both the public and the private sector is influenced by a number of contingencies, "but by far the most important contingency in the publicly owned enterprises is the political contingency" (1989b: 4). Blackwell and Lloyd (1989) argue that in the case of the private sector, the state provides the rules under which firms operate, while in the public sector, an organisation's operation may be almost entirely determined by the government. The Civil Service, according to Blackwell and Lloyd (1989), is an example of "the latter type of organisation and may be regarded as a key arm of the state in determining the constraints placed on enterprises generally" (1989: 104).
This leads to a debate regarding the nature of the relationship between the government and public corporations. Pendleton (1997) maintains that “it is not automatic that governments take an active role in the determination of managerial decisions” (1997: 166). Governments should have clear criteria for deciding on whether to intervene in the public sector (Rose 1999). In other words, before intervening in public organisations’ business strategies, the government should consider whether or not such a role should be adopted, the extent and nature of the involvement and the objectives behind it (Pendleton 1997). As Perotti and Bortolotti (2005) describe it, state ownership should remain an extreme solution, not advisable except in circumstances when privatisation leads to uncertainty over the allocation of ultimate control.

However, the relationship between the government and the public industries is not as straightforward as it sounds. Although decision makers might be in favour of an arm’s-length relationship whereby the managements of the public corporations are permitted autonomy from detailed government interference and encouraged to operate as if they were private companies, it is difficult to maintain such a simple relationship. Batstone et al. (1984) and Ferner (1988) believe that political contingency and the multiplicity of state objectives, which sometimes contradict each other, such as profit making and full employment, make the formulation of strategy in public corporations complex and uncertain as well as complicating the relationship between the government and public corporations. Pendleton (1997) comments that the distinction between the public interest and operational matters
had been under-developed in the nationalized statutes, resulting in an unclear division of responsibilities between the government and corporations.

Further, Batstone et al. (1984) argue that the arm’s-length relationship could turn into an arm-twisting relationship whereby the government frequently overrides the commercially oriented plans of management. Governments could reduce subsidies and introduce levies or legislation to force public organisations to operate in certain ways or to encourage them to implement a macroeconomic policy objective, such as reducing inflation (Pendleton and Winterton 1993a). Government policy makers have assumed that commercial criteria borrowed from profit-seeking private businesses would be a solution for perceived inefficiencies in the public sector (Sinclair et al. 1995). Thus, since the fiscal crisis of in the UK, a key policy instrument used was the demand for commercialisation and the financial constraints supporting this policy. These political pressures for commercialisation can be found in the water industry (O’Connell Davidson 1993); the rail industry (Pendleton 1993; 1995); the postal services (Batstone et al. 1984; Martinez Lucio 1993; Martinez Lucio et al. 1997), and other public sector industries (Pendleton and Winterton 1993). According to Pollitt (1993), the key objective of the financial control was to improve the productivity and quality of services while the total resources devoted to them were held down. As an example of the financial restrictions, Ferner (1985) illustrates how the government turned down renewal and investment in electrification and a new equipment programme proposed by British Rail in 1979 because of the growing financial crises in British Rail, and thus,
the Treasury was reluctant to engage the government in a long-term expenditure plan for the railways. The government's rationale behind the financial cutbacks, according to Pendleton (1995), was that the financial protection provided to the public service sector would lead to considerably high costs and result in weakening public managers' incentives to pursue efficiency.

Nonetheless, this state privilege, that is, the ability to influence corporation plans by the 'arm-twisting' relationship, has been gradually weakened by privatisation of the public service sector since the balance between 'public interests' and firm-level commercial considerations shifted considerably in favour of the latter by an emphasis on cost-cutting, innovation, commercial awareness and adaptability to the market (Pendleton 1997; Colling and Ferner 1992; Ferner and Colling 1991). This does not mean that the private sector is not influenced by political pressures, since managerial policies in both public and private firms are influenced by external factors, such as product markets, labour markets, capital markets, technology and the political context. However, the relative importance of these may differ between the public and the private sector. The political factors are more important in public administration, since government policies will often be more keenly felt by public corporations than by firms in the private sector owing to the state ownership of the public enterprises (Pendleton 1997), although the state may still put some sort of political pressure on the private sector through the general framework of regulation (Ferner 1985). For example, a price limitation formula was introduced in the 1980s as an instrument of economic regulation to regulate some privatised utilities
whereby “the system governs how much the privatised concerns may put up their prices to meet the government’s pre-fixed efficiency goals” (O’Connell Davidson 1993: 37). The aim was to limit the average prices and to provide incentives for cost cutting without imposing limits on profitability (ibid.). This example shows that regulations could act as a policy instrument to maintain some influence on the commercially-oriented private sector business plans.

2.2 The effects of implementing a state-led policy on public organisations’ managerial practices and HRM

As noted above, the government intervenes in public organisations’ plans to pursue a politically determined policy. In the UK, during the Conservative government 1979-97, the government actively intervened to reshape the organisation and management of the public sector, introducing the devolution of management authority, clear lines of accountability for controlling expenditure and monitoring performance, and compulsory competitive tendering procedures (Winchester and Bach 1999). There are various examples of these state-led policies in the UK. For instance, five projects of change can be identified in the Royal Mail since the early 1980s, that is, modernisation, separation, mechanisation or automation, commercialisation and privatisation (Martinez Lucio et al. 2000).

HRM practices are among those functions affected by government interference in the public sector. Ferner and Terry (1997) argue that political contingency strongly
influenced labour management practices in British state-owned enterprises encouraging centralisation, bureaucratisation, stability, and detailed joint regulation of work, as well as leading to an emphasis on consensus and negotiation. Batstone et al. (1984) note that, in some cases, such as the postal and telecommunications businesses in the 1970s, public enterprise might engage in the radical restructuring of the managerial hierarchy, the creation of a new managerial ethos, such as the emphasis on “change” and “competition”, and the upgrading of certain key functions, such as financial practices and marketing in order to fulfil the requirements of modernisation and commercialisation. Delayering was one of the restructuring practices in the post office. According to Martinez Lucio and Noon (1994), as a result of the delayering, Royal Mail ended up with six levels from chief executive to postman/woman, as opposed to nine.

Pendleton (1997) adds that the shift towards commercialism had a major impact on labour management in public organisations. For instance, according to Pendleton (1997) and Oswick and Grant (1996), managements attempted to devise new approaches to labour management, such as reforming and introducing flexible working practices, substantial reductions in overtime working, enforced early retirement as well as voluntary and compulsory redundancy, and simplifying grading and promotional structures. In addition, the British government have attempted to introduce more human resource management techniques into the public sector, such as team working, total quality management and business process re-engineering (Hebdon and Kirkpatrick 2005). All these practices were
consistent with the philosophy of commercialism and it was argued that it was likely to improve performance and increase labour productivity (Pendleton 1997; Oswick and Grant 1996). However, Batstone et al. (1984) argue that the increased pace of modernisation could generate fear of the future and insecurity among workers who might need retraining and redevelopment to acquire new skills or even to face redundancy.

Another HR practice affected by the implementation of commercialisation in the Post Office is the pay determination principles. Emphasising the importance of being able to recruit and retain skilled staff, the Post Office recognised the role of offering salaries and benefits commensurate with those in the private sector, in acquiring and retaining managerial skills as well as gaining managers’ commitment to the Post Office. Therefore, special merit pay and increments and locally-based productivity schemes were introduced to act as an incentive and enhance productivity (ibid.). Another pay-related example of the effects of implementing a commercialisation policy in the British railways is the introduction of performance-related pay in 1988. According to Pendleton (1993), the new payment took the determination of management pay outside the remit of collective bargaining and instead made the annual pay award dependent on individual merit. Similarly, in the 1980s, British Steel introduced a bonus scheme which linked significant elements of pay improvement (worth up to 18 per cent of earnings) to achieved performance (Blyton 1993). Pendleton and Winterton (1993b) conclude that performance-related
pay can now be found in rail, coal, the Post Office, steel, buses, water, electricity, and docks.

Oswick and Grant (1996) add that not only the HR practices in the public sector were influenced by government policies and legislations, but also the institutional role of the personnel function in the public sector has changed as a result of government intervention. Bailey (1994) is among those who believe that government intervention is one of the most important factors contributing to role change within public sector personnel management. The role change is represented in considering the cost of the personnel department’s services as an overhead charged on the other departments that benefit from the services provided by the personnel department (Oswick and Grant 1996). Armstrong (1989) illustrates that the responsibility for personnel decisions is returned to the benefited departments in order to ensure that those who take personnel decisions are held responsible for the financial consequences. This role change is one of the key effects of the government-led cost-cutting exercises that aim to force commercialisation on public sector bodies (Oswick and Grant 1996).

Boyne et al. (1999) assert that government policies have substantially weakened the traditional features of HRM in the public sector. According to Farnham and Horton (1996), the traditional HRM practices in the public sector have a number of primary characteristics. First, the management style is paternalistic whereby the well being of the workforce receives a high level of attention. Second, the
employment practices are standardised whereby the standards are adopted in each part of the public sector. In other words, workers performing the same task in different public sector bodies, such as the civil service, local government, and health service, are entitled to the same terms and conditions. Thirdly, public organisations aspired to be 'model employers' and thereby set standards for private organisations to follow, especially in areas such as staff training and equal opportunities in the workplace. Boyne et al. (1999) argue that rational HRM practices replaced paternal management, and therefore, issues such as effective job performance, high quality of output, and value for money receive more emphasis than do the welfare needs of employees. As regards the second feature, standardized employment practices have been replaced by flexible ones. For example,

Public services no longer offer a guarantee of a 'job-for-life', pay which is determined by grade in the hierarchy, or promotion based on seniority. Instead, many workers are offered part-time or temporary contracts, and the salary and career prospects of staff are linked to line managers' perceptions of their performance (Boyne et al. 1999: 410).

Finally, public organisations have lost their status as 'model employers' and instead of being leaders of people management policy and practice, the public sector bodies have become followers of what is perceived to be best practice in the private sector (Farnham and Horton 1996; Boyne et al. 1999).
2.3 State intervention and the regulatory regime

State intervention in the markets has a longstanding macroeconomic foundation. The common motivation for the intervention is that 'market imperfections justify state intervention to rectify them' (Fine 1999: 2). According to Majone (1994), state intervention can be direct or through regulations. Direct state intervention is usually indicated by public ownership of the main industries, such as railways, telecommunications, electricity, gas, and water, which was the case in most European countries. The purpose of nationalisations, Majone (1994) argues, was not simply to protect the public interest against powerful private interests in terms of controlling the prices and quality of services, but also to pursue other macroeconomic goals, such as employment, income redistribution and national security. Majone (1994; 1995) labels this type of regime a 'dirigiste state' or 'positive state' and argues that, in most countries of Europe, this has been replaced by a 'regulatory state' in which economic incentives are favoured more than administrative rules, and statutory regulation is replacing self-regulation.

In order to understand fully the concept of regulatory reform, it is important to define regulation. Martinez Lucio and MacKenzie (2004) posit that there is no single dominant view of the meaning of regulation. Indeed, Baldwin et al. (1998) offer three different views of regulation, namely, regulation as targeted rules, regulation as direct state intervention in the economy, and all mechanisms of social control. These authors argue that the simplest form is the first, which 'refers to the
promulgation of an authoritative set of rules, accompanied by some mechanism, typically a public agency, for monitoring and promoting compliance with these rules' (ibid.: 3). According to Baldwin and his colleagues, when this concept of regulation is applied, a variation between countries can be found. In the United States, for example, the federal independent regulatory commissions usually exercise both rule-making, and monitoring and enforcement mechanisms, while in the United Kingdom, central government usually retains rule-making powers and devolves monitoring and enforcement powers to local authorities or central agencies.

The second form of regulation is a broader one and is concerned with how the state attempts to steer the economy. This definition contains not only the 'command and control' mechanisms within it, but also a wider range of state instruments, such as taxation and public ownership. The merit of this approach is that policy-makers can use a number of alternatives and tools to achieve policy objectives.

The third approach, according to Baldwin et al. (1998), is considering all mechanisms of social control, even the unintentional and non-state processes, as forms of regulations. Martinez Lucio and MacKenzie (2004) describe this approach as encompassing both structuralist-Marxist approaches and post-modernist views, whereby the former stresses the role played by institutions to reinforce the
accumulation of capital and the role of the state, and the latter assesses the role of networks, actors, discourses and identities in forming regulations.

Whichever approach toward regulation is adopted, a variation across countries can be identified. Majone (1997) illustrates a number of examples from different countries regarding how regulation is produced. He posits that in the United States, for instance, the independent boards and commissions have great power over rule-making, enforcement and adjudication. On the other hand, not all the European agencies deal with regulatory matters. The case of some agencies in Britain is a compromise between the two extremes since, for instance, the Regulatory Offices in the UK enjoy limited power over rule-making and enforcement mechanisms (Majone 1996b; 1997). Regulatory reform is not limited to Europe only; rather it is an international phenomenon. The gradual evolution of this practice is taking place in Latin American (Jordana and Levi-Faur 2005) and developing countries (Cook et al. 2004).

One reason for this variation is that, since the 1880s, the American regulators have recognized that the market works well under normal circumstances and interference should be limited to specific cases of market failure. A similar ideology has not been accepted in Europe until recently. For most of the period between the 1870s and the 1950s, the authorities in European countries used public ownership as a state instrument to tackle market failure (Majone 1996b). Public ownership in
that period in Europe was pursued based on the assumption that it would increase a government's ability to protect the public interest (ibid.)

This variation in the adopted approach toward regulation makes it is rational to suggest that the form of the state should be at the heart of any analysis of state intervention in the markets (Jessop 1990). Martinez Lucio and MacKenzie (2004) add that the economic, social and political contexts influence the way regulation is executed. To illustrate this argument, Martinez Lucio and MacKenzie (2004) point out how the 'post-war' model of regulation regarding employment has been constructed. They argue that the model of regulation has developed across three sites. The first is the role of the central government to provide a macro-level framework of the rules and governance process underpinning industrial relations. The second site is the institutions of industrial relations. At this level, regulation has been secured through the centralized industrial relations that have been managed by union and employer bodies, with some variation across European countries. Regulation has been secured through a third site, the firm itself, 'via the development of internal labour markets, the use of open-ended employment contracts and the maintenance of systematic employment rules such as seniority' in order to secure the internal reproduction of labour (Martinez Lucio and MacKenzie 2004: 81).

Ashton et al. (2000) provide another example confirming the importance of considering the form of the state when analysing its role in the labour market.
Ashton (2004) asserts that in some of the new industrial economies, such as South East Asia, the process of industrialisation is initially led by the state. According to the 'developmental state' model, the state plays a significant role in generating and attracting capital, and at the same time, regulating labour (Ashton et al. 1999). The labour market in the developmental states can be described as state shaped (Lauder 2001) since the state maintains a high degree of autonomy in relation to both capital and labour (Ashton et al. 2000).

To summarize the above arguments, the main feature of the regulatory reform in Europe is the delegation of significant policy-making powers to independent agencies (Majone 1996a). The new logic of regulation is influencing economic decision-making in a more flexible and indirect manner, such as the use of political networks (Martinez Lucio and MacKenzie 2004). Therefore, it can be assumed that the structure and the size of the state as well as the social and the political context all contribute to how new patterns of regulation emerge (ibid.).

Although, as argued above, the role of the state in the labour market varies according to the regulatory regime, more scientific examinations focused on the transformation from a less to a more liberal regulatory system, such as the shift that occurred in the late 1970s in Europe from the so-called 'positive state' to the 'regulatory state' (Majone 1994). Most of the studies into the following period have investigated the role of networks and agencies in forming and supporting regulation. While the regulatory systems in many countries, especially in the
developing world, have not yet matured and the state plays a dominant role in the
economic and social life there, less effort has been made to examine the nature of
government intervention in these societies. To put it simply, countries that can be
described as 'positive states' have received less attention in the literature than
have those countries with more advanced regulatory systems. Therefore,
investigating the role of the state in one of the 'developmental states' or 'positive
states' would contribute to the existing knowledge by expanding our understanding
of the mechanics of policy change in these regimes.

2.4 Conclusion

The discussion in this chapter focused on the influence of the government on the
management of public corporations. Although there is no consensus that
management in the public domain is completely different from that in the private
sector, it has been argued that there are a number of features in which the public
sector is distinct from private business. The most crucial feature is political
contingency and the relationship between the government and public corporations,
which are associated with this political influence. It has been argued that public
service organisations' visions and missions are essentially political and the
management in these organisations is under considerable pressure to achieve
politically-determined goals. In some cases, the managerial focus is on managing
the political dimension at the expense of the needs of the primary users of the
organisation (Chapman 1999).
Then, the discussion was diverted toward the effects of implementing a state-led policy on managerial practices in public organisations. It has been argued that government intervention in the public sector has led to a shift in HR practices from paternal management, whereby the welfare needs of the workforce are placed at the top of the priorities list, to new management practices that place more emphasis on value for money and high quality outputs. In addition, the standardized HR policies in the public sector have been replaced by flexible practices as a result of the implementation of state-led policies, such as commercialisation and modernisation. Therefore, instead of being a 'model employer' that other sectors try to imitate, the public sector has started to learn new managerial practices from the private sector.

Then, it was argued that the role of the state in shaping the labour market varies according to context from direct intervention through public ownership at one extreme to comprehensive legislation at the other. It was also argued that it is important to consider the form of the state when analysing its role in the labour market. Finally, the gap in the existing political contingency literature regarding understanding change in positive or developmental states was highlighted.
Chapter Three

Localisation: a state-led policy

Similar to the UK government's initiative to pursue politically determined policies in the public sector, such as modernisation and commercialisation, other governments have also required public organisations to implement macro policies that aim to enhance the country's economy as a whole rather than the economy of one specific organisation. One of these state-led policies is localisation. As defined in Chapter 1, localisation is the process of developing job-related skills within the local population with the final objective of replacing expatriates with local employees (Rees et al. 2007). Therefore, the success of the process is measured by the extent to which jobs traditionally held by expatriates are filled by local employees who are competent to perform them (Potter 1989; Hailey 1996; Wong and Law 1999; Selmer 2003; Law et al. 2004). Al-Bishi and Taleb (2002) offer a wider definition of the localisation process. They maintain that localisation is concerned with increasing nationals' participation in the workforce and decreasing unemployment rates among nationals by all available means, whether or not that includes replacing expatriates. The Gulf Cooperation Council (GCC) countries\(^1\), to which Qatar belongs, are among those countries that are keen to localise the workforce. The localisation strategies in the GCC countries, namely, Oman, Saudi Arabia, United Arab Emirates (UAE) and Qatar, have been given the titles of

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\(^1\) Gulf Cooperative Council (GCC) Countries is a trade bloc involving the six Arab states of the Persian Gulf: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.
Omanisation, Saudisation, Emiratisation and Qatarisation respectively (Rees et al. 2007).

This chapter will start by giving an illustration of the policy instruments that were used to accelerate the state-led policy under investigation, the localisation process. This will be followed by a critical review of the literature concerned with managing localisation at the organisational level.

3.1 Policy Instruments to enhance localisation in the GCC countries

Cortes (2000) asserts that the creation and the maintenance of employment are among the key motives of a government’s intervention. Therefore, localisation, especially, in the GCC countries is a clear example of government intervention (Harry 2007). However, there is a gap in knowledge regarding the specific pressure by the government on public corporations to pursue localisation strategies. Nevertheless, a number of studies have outlined the macroeconomic policy instruments used in the GCC countries to enhance localisation. The aim of these policy instruments was to affect the quantity, price, and quality of labour to achieve employment objectives.

With regard to affecting the quantity of labour, quotas and employment targets for increasing national participation in the labour market, such as reaching 50 per cent or 90 per cent localisation in some posts within specific timeframes, were
compulsory in Oman and Saudi Arabia and were semi-optional in Qatar and the UAE (Fasano and Goyal 2004; Sassanpour et al. 1997). For example, Oman has introduced legal requirements for localisation in the banking industry to reach 90 per cent and the insurance and other financial industries to reach 60 per cent Omanisation (Kapiszewski 2001:). Failure to reach these targets could lead to serious consequences, such as heavy fines, the denial of visas to foreign workers and the loss of public contracts. Saudi Arabian authorities extended their intervention, banning foreign labour from 22, mostly administrative, positions and requiring businesses to employ more than 20 people to increase the number of Saudis by five per cent of the workforce every year to reach 30 per cent (Looney 2004).

However, the UAE and Qatar, which Kapiszewski (2001) argues are basically at the discussion stage rather than the decision-making stage, have a more relaxed quota system. In these two countries, no consequences would result from not meeting the state-determined localisation targets. Indeed, localisation in Qatar has been in force since the mid-1980s and it has not achieved its stated target of 50 per cent, yet there have been no fines or financial restriction or any other type of penalty for not achieving the target (Kapiszewski 2001).

Other policy instruments were used to affect the price of labour, including wage policies, wage subsidies, and fees and charges on foreign labour (Fasano and Goyal 2004; Sassanpour et al. 1997). In Oman, incentives were given to the private
sector in the form of compensation to cover part of the salaries and allowances payable to Omanis during their training (Al-Lamki 1998; Al-Lamki 1999). In order to affect the price of labour in Saudi Arabia and foster the Saudisation process, the authorities increased the fees for the recruitment of expatriates, and the money was used to help “nationalise” jobs (Looney 2004). Increasing the fees, such as in Saudi Arabia and Qatar, or offering subsidies for employing nationals, such as in Oman, helped raise the price of foreign labour and reduce the costs of employing nationals, which makes it more economical to hire nationals when there is an adequate supply of them.

The third type of policy instruments set out to improve the quality of labour by providing better education and training for nationals. The education system in GCC states is criticized for not being able to produce the required number of trained and technically qualified workers, since the quality of the education provided has not been improved and emphasises routine learning and memorisation. Thus, the authorities in GCC countries have invested significant amounts in their education and training systems, which has resulted in a rapid increase in the number of schools, colleges, universities and training institutions (Al-Sulayti 1999). Not only has the number of institutions increased, but also new legislation and subsidies related to training have been introduced. For example, the authorities in KSA have introduced a regulation requiring businesses employing more than 100 people to provide training for at least 5 per cent of their employees every year (Kapiszewski 2001). The authorities in both Oman and Saudi Arabia have provided training
levies and subsidies for employers who are committed to training their national employees. The Omani authorities have launched the Training-Levy Rebate Scheme to contribute to the national training expenses, which are paid by the private sector. The percentage of compensation varies according to the total number of employees (Al-Lamki 1998; Al-Lamki 1999). In 2000, the Saudi government established the Human Resource Development (HRD) Fund, which is responsible for training and qualifying the Saudi workforce; subsidizing the cost of training nationals, and contributing to Saudis’ salaries during their training. The fund’s revenue is generated from the administrative expense of recruiting expatriates, such as residence and work permits, visas and the charges for exiting and re-entering the country (Alzalabani 2004). According to Al-Dosary and Rahman (2005), the HRD Fund contributes 50 per cent and 75 per cent of the Saudi salary and training cost respectively in the private sector for two years.

Other scholars have called for more government intervention in the labour market by improving the labour laws, reducing the reservation wages\(^2\), and lowering the relative cost of employing indigenous workers by offering businesses time-specific subsidies (Looney 2004; Fasano and Goyal 2004; Sassanpour et al. 1997). Further, Looney (2004) and Sassanpour et al. (1997) recommend implementing a selective employment policy and announcing and enforcing strict limits on public sector hiring. If a stricter hiring process were applied to the public sector, young people would consider working in the private sector to avoid unemployment. Fasano and Goyal (2004) support such a policy and argue that this could increase

\(^2\) Reservation wages is the minimum wage one is willing to accept for one’s work.
the national willingness to acquire skills or qualifications valuable to private sector employers, which would enhance their value for money.

All the policy instruments discussed are clear examples of state intervention in the market to foster the implementation of a politically determined strategy (Harry 2007). Indeed, the quantitative targets sat by the GCC countries’ governments represent the political pressure to localise the workforce rather than a commercially-oriented business plan to gain short or long term organisation-specific benefits. The fact that firms were not consulted when these quotas were set confirms the argument that these targets serve a wider economical and political agenda. Similarly, the policies related to training and wages subsidies are another example of the political dedication to encouraging localisation. Since localisation is a state-led initiative, governments are willing to offer compensation for those who are participating in the initiative by subsidizing the costs associated with recruiting nationals. This government intervention in favour of lowering the price of hiring nationals, it is argued, plays a key role in the recruitment choices organisations have to take. Finally, the intervention in the labour market by the introduction of legislation relating to the provision of training to nationals as well as offering training subsidies are other examples of the political contingency associated with the localisation strategy since all these factors would be considered in the formula when a recruitment decision needs to be made.
As can be seen, the extent of the intervention varies according to the necessity of politically led rather than market-led solutions. From the Omani and Saudi authorities’ initiatives, which have been discussed, it can be argued that these authorities are keener to accelerate the localisation process than are other countries. This could be for a number of reasons, one of which is the growing rate of unemployment in these countries, which is argued to be threatening the stability of the economical and political systems (Byman and Wise 2002). Thus, these politically determined policies are more compulsory than are those in Qatar, for instance.

3.2 Using HRM practices to implement localisation at the organisational level

The argument that localisation is a state-led policy does not mean that the HRM function does not have any part in the implementation of the policy. In contrast, a number of HRM practices, such as recruitment, training and performance appraisal, are all used as tools to localise the workforce. A review of the literature shows that comprehensive research has been conducted to explore the area of managing expatriates (Clegg and Gray 2002; Bonache et al.2001; Bonache et al.2000; Kumar et al. 2001). However, the majority of these studies concentrate on selecting expatriates, improving their performance, determining their rewards and compensation packages and assessing their performance (Perkins and Hendry 2001; Bonache and Fernandez 1997; Harzing 2001, Scullion and Collings 2006) and less emphasis has been placed on factors that could lead to successful
localisation and maximum knowledge transformation (Rees et al. 2007; Fryxell et al. 2004; Selmer 2003). Nevertheless, a number of studies have been conducted, mainly on MNCs in China, with the exception of Rees et al. (2007), to identify the 'best-practice' in implementing localisation. Although the findings of these studies cannot be directly generalised to other contexts, such as the GCC countries, due to the huge dissimilarities in the two contexts, these findings can be useful to explain how HRM practices are used to enhance localisation.

According to Wong and Law (1999), the localisation process is divided into three stages: planning, localising and consolidating. Planning would include top management prioritising and communicating the program, planning the various elements of the programme as well as appropriately delegating the responsibility of these elements, and maintaining the awareness of the programme and its content within the organisation (Fryxell et al. 2004). In the following stage, localisation-related human resource practices should be adopted to motivate both expatriates and indigenous workers to achieve localisation targets. These practices include selection, training, and retention policies (Wong and Law 1999; Law et al. 2004; Warner 2004). The recruitment and selection process in the programme should focus on bringing the "right" local people into the organisation. The qualities that should be prioritised are language competencies, leadership skills, willingness to learn, adaptability, integrity, and initiative as well as business and technical knowledge (Worm et al. 2001; Fryxell et al. 2004). The training and development should be offered both to locals and expatriates, so the former can be qualified to
fill a key position in the company and the latter can become good trainers, coaches and mentors to be able to transfer knowledge to locals (Wong and Law 1999; Law et al. 2004; Warner 2004). As regards retention, it is expected that talented local managers, particularly in a developing country where normally it might be a costly task to develop a local employee to be a competent manager, are likely to be approached with other attractive opportunities, and therefore, an effective localisation programme must emphasise the retention of a company’s local managers (Fryxell et al. 2004; Worm et al. 2001). Finally, the consolidating stage starts after national employees become prepared to replace expatriates. At this stage, the organisation must play an active role in repatriating expatriates (Wong and Law 1999; Law et al. 2004; Warner 2004). Fryxell et al. (2004) conclude that it is a combination of elements, rather than individual elements, that influences the localisation process and makes it successful.

3.3 Evaluating the HRM models for localisation

3.3.1 Practical, cultural and strategic considerations

The main drawback of the aforementioned investigations is that they fail to consider fully the obstacles to localisation and have not provided practical solutions for overcoming these obstacles. Gamble (2000) emphasises the importance of taking the so-called “practical considerations” into account when studying the localisation process. These considerations include skills shortage, poaching and labour turnover, scrutiny and control, and training and teaching. Gamble (2000)
argues that when there is a shortage of qualified employees, it becomes difficult to localise the workforce and it will also be hard to retain the well-qualified employees as a result of poaching; thus, the skills shortage and labour turnover will negatively affect the advancement of localisation.

The skills shortage seems to be an issue of concern in the GCC countries. Harry and Collings (2006) posit that the emphasis in education in the GCC is often on cultural or nation building instead of on ensuring employability in the workplace. Indeed, despite all the investments in education, Bahgat (1999) makes the case that the needs of GCC countries are not being fulfilled by the educational output. As a result, an imbalance between indigenous and foreign labour has taken place. Al-Hameed (2002) and Sayig (2004) argue that the educational output does not match the market requirements, since there are more students studying literature than there are in the science stream. Many scholars in the GCC countries believe that there is a strong relationship between education and training and the success of localisation, and thus, the skills shortage will hinder the process of localisation (Al-Amr 2001; Al-Romi 2002; Al-Salem and Al-Arini 2002; Al-Shadadi 2002).

Selmer (2004) identifies another practical dilemma. Despite the fact that expatriates are usually imported to act as knowledge transferors (Collings and Scullion 2006), expatriates' unwillingness to localise negatively affects the localisation process (Selmer 2004; Kapiszewski 2001). This unwillingness could be either because they prefer to stay in the host country for longer or because they do
not believe in the necessity of localisation. As Harry and Collings (2006) phrase it, "expatriates, perhaps because they can earn more abroad than at home, can also be serious obstacle to effective localisation" (2006: 152). This is supported by research evidence from Birdseye and Hill (1992), who conclude that expatriates who have been overseas for over thirty-nine months are less likely to intend to leave their jobs. They argue that "staying abroad for long periods causes expatriates to be more contented, or it may mean that satisfaction with foreign assignments causes expatriates to remain overseas" (1992: 798).

Another set of factors that might hinder the localisation process are cultural factors, which include cultural stereotypes, locals' perceptions of expatriates, social networks, and modernity and prestige (Gamble 2000). One of the cultural considerations is that in many cases, nationals are not prepared to work in the private sector (Kapiszewski 2001; Wood and Mellahi 2002 and Looney 2004). Several reasons for this unwillingness have been identified. First, the public sector offers higher pay, better working conditions, shorter working hours, job security and better pension plans. Second, the lack of training opportunities and the lower social status in the private sector do not encourage nationals to join this sector. Third, manual jobs are usually perceived by nationals to be equated with lower class status. Finally, nationals lack the required qualifications or skills for the competitive working environments in the private sector. Harry and Collings (2006) conclude that well educated and qualified young citizens in the GCC states are reluctant to work in the type of jobs that are available in the private sector. However, the public
sector has become saturated and is no longer able to create jobs for the increasing number of university and college graduates (Al-Harbi 1997; Al-Lamki 1998; Kapiszewski 2001; Wood and Mellahi 2002; Shaw 1983 and Looney 2004). It is even argued that since governments are required to provide a job for any national seeking employment, the public sector is suffering from over-employment and is under-utilizing its workers (Jolo 2004; Bahgat 1999; Morales 1992).

3.3.2 Generalisability considerations

These models also are questionable in terms of their generalisability. The concentration being on localisation efforts in MNCs in China limits the extent to which the findings could be valid in different contexts. Indeed, some of the arguments for localisation in China are not applicable in other countries such as the GCC states. For instance, Selmer (2003) and Hailey (1996) believe that localising the workforce would reduce MNCs’ running costs, since they would pay locals lower compensation packages than those paid to expatriates. This might be true, since most of the expatriates in China occupy executive positions, and thus, they are paid more than are nationals. However, the situation in the GCC countries is different. Not only does foreign labour occupy all sorts of posts at low, medium and high levels, but also nationals are generally paid more than foreigners, except in the top executive jobs. This would mean that localisation in the GCC countries would actually increase labour costs (Al-Shuibi 2002; Al-Harbi 1997; Shaw 1983). The reason for that, according to Harry and Collings (2006), is that because GCC
states are resource and capital rich but labour poor, the home country nationals (HCN) will be more expensive than expatriates employed in similar jobs. Therefore, Kapiszewski (2001) argues that many research findings connected with the studies of the multicultural societies and multinational companies in different parts of the world cannot be directly used to analyse the Gulf communities since they have a different type of political organisation, and citizenship plays a crucial role in social and economic relations.

Another drawback of the localisation models is that they have studied the MNCs in isolation from their external environments. The aforementioned examinations have all considered localisation a commercially-oriented plan that aims to reduce costs and maximise profit. The examined studies have assumed that multinational firms in China have voluntarily introduced localisation policies to gain short- and long-term financial and social benefits, which might be or might not be true; however, the case in the GCC countries is different and the state in these countries plays an active role in the implementation of the localisation policy. It was discussed earlier that authorities in the GCC countries have intervened in the markets and introduced quantitative targets to promote localisation (Fasano and Goyal 2004). It was also argued that the influence of the state on the organisations’ policies is considered vital especially when it is concerned with implementing a politically determined strategy in public organisations. Since localisation is a state-led policy in the GCC countries, it would not be appropriate to neglect these external pressures and their effects on the HRM practices in the public sector organisation.
3.3.3 Considerations related to the implementation

3.3.3i Provision of training

Another concern regarding the aforementioned studies is that, despite all of them having identified training as a key element, they have not engaged in the wider debate regarding the provision of training in the country where the localisation process is taking place. The concern with education and training is shared between the industrialised world and the developing countries, based on the general assumption that economic growth could be secured via skill formation to raise labour productivity and hence average living standards (Ashton and Green 1996). Governments normally provide general, usually compulsory, education for the majority of their nations' children. However, there is considerable diversity with regard to the extent of this responsibility and whether it will be limited to general preparation or extended to more specific work-related skills. In other words, when does education become voluntary and when can it be labelled as a statutory or state-led system (Crouch et al. 2001)?

At one extreme, governments may be involved in the so-called state-led approach to education and training. In this case, the initial or further Vocational Education and Training (VET) is provided in state-run or state-funded institutions. This could be considered as a continuation of the state's role as the central provider of
compulsory mass education and one of the main providers of higher education. Further, the activity of other education providers is regulated, including setting and monitoring skill standards and deciding whether they are being achieved. In addition, incentive mechanisms to encourage private sector skill investment might be provided. These incentives could include the use of a tax policy to create incentives for acquiring skills by such mechanisms as tax breaks for employer-provided tuition, reimbursement of the cost of tuition provided by employers or the imposition of training levies on firms to increase the supply of transferable skills (ibid.). The reason for this, according to Keep and Rainbird (2003), is that individual employers may not be investing enough in training, and thus, state intervention is believed to be necessary to secure sufficient training for economic growth. Lane (1989) suggests that 'the strong guiding role of the state has meant that vocational education is conducted in a highly standardized and formalized manner throughout the country' (Lane 1989: 63). Moreover, regulations have been introduced to control the process of training, and employers have been encouraged to invest in work-based skills.

At the other extreme, the state may not be directly involved in providing VET; rather, it may alter the institutional structure and hence the definition of the other providers' roles through its legislative and fiscal powers (Crouch et al. 2001). This voluntarism approach to training has been dominant in Britain, except in the period between 1964 and 1988. During those two and a half decades, the Industrial Training Boards (ITBs) operated a training levies system and the Manpower
Services Commission (MSC) administrated public training programmes. Other than that, individual employers were expected to have primary responsibility for training decisions in their own organisations and they were awarded a dominant role in the residual areas of public training policy, which was concerned with the unemployed and young people (Keep and Rainbird 2003).

Therefore, this wider debate concerning the various education and training systems should be considered when a localisation policy is pursued as a state initiative, since the role of the state in the process of skill formation would vary according to its philosophy on the provision of training in the country.

3.3.3ii The selection and recruitment process

As well as training, the aforementioned localisation models have identified other key HR practices that should be considered when implementing a localisation policy. Research has revealed that the selection of appropriate expatriates is positively related to the success of localisation (Law et al. 2004). When localisation is involved, expatriates should have not only general intelligence, business knowledge, interpersonal skills, commitment, courage and cross-cultural competencies, but also flexibility, tolerance, and the ability to train and coach others (Potter 1989; Melvin and 1997; Speltzer et al. 1997; Wong and Law 1999). Selmer's (2004) study supports this argument, since it reveals that expatriates who are unwilling to promote localisation, either because they want to stay in the host
country for longer or because they believe that localisation is not necessary, have a negative influence on the success of localisation. However, it is not only the selection of appropriate expatriates that is important: bringing the right local people into the organisation is essential (Fryxell et al. 2004). Fryxell et al. (2004) make the case that the selection process must go beyond evaluating qualifications and degrees to identify those individuals who show initiative and are loyal and willing to learn. Al-Lamki (1998) suggests including a clause in employment contracts requiring expatriates to train and develop indigenous workers. However, no method is ideal for all situations and Clegg and Gray (2002) state that the actual selection practices could vary significantly.

3.3.3iii Retaining and redeploying expatriates

Most of the studies examined also stress the importance of redeploying expatriates to a new job when localisation has succeeded as a means of encouraging them to localise indigenous workers. Most expatriates, especially third-country nationals, lose their jobs in their own countries when they choose to work abroad. This situation creates a dilemma. On the one hand, the organisation for which the expatriate works insists on localisation. On the other hand, if he/she participates in such an activity, he/she might lose his/her job in the organisation. This dilemma might discourage expatriates from cooperating fully in localisation policies and this hesitation would negatively affect the success of localisation (Kapiszewski 2001; Selmer 2004). Rogers (1999) suggests that when an expatriate succeeds in
localising his/her position through the training and coaching of a national, he/she should be moved to another position in the same organisation and repeat the same role. This could be repeated several times. As Selmer puts it, this could “constitute a successful solution to the localisation issue for expatriates that prefer to stay on as well as for their corporations” (2004: 1102).

3.3.3iv Conducting a performance appraisal

Another HR practice that could be used to enhance localisation is the use of appraisal systems to identify the under-developed areas to be tackled by training and development. As Healy (1997) points out, one of four main objectives an organisation might aim to achieve by introducing appraisal schemes is employee development and career planning. However, appraisal schemes do not always work well in all organisations and there are significant criticisms of appraisal purposes and implementation. Redman et al. (1993) claim that it is easier to make the appraisal system look good on paper than it is to make it work in the workplace. Appraisal schemes are usually criticised for having conflicting interests. Appraisal could be used to either develop or judge employees. On the one hand, when the role of appraisal is developmental, the performance review includes evaluating past performance, setting objectives, identifying training needs and preventing potential problems, which leads to better performance. On the other hand, the judgemental review is concerned with rewards, promotions and performance-related pay. Combining these two purposes puts both the appraiser and the
appraisee in a difficult position (Bach 2000). Although using developmental appraisal is recommended (Torrington and Hall 1991), Newton and Findlay (1996) argue that employees are unlikely to confide their difficulties and concerns about their performance to the appraiser for fear that it could hinder their promotion opportunities.

In sum, all these critiques should be taken into consideration when the appraisal system is used for localisation purposes, since a strong awareness of the limitations and the potential sources of bias and conflict during the system’s design stage could help the designer to eliminate these issues when introducing the scheme. As a result, both the employer and the employee will gain equal benefits (Bach 2000).

3.4 Conclusion

The discussion in this chapter focused on the strategy under investigation, localisation, outlining how it is implemented and the obstacles associated with it. Despite all the efforts that the authorities in GCC countries have made to enhance the ratio of nationals to expatriates in the workforce, Kapiszewski (2001) argues that these efforts, which include both qualitative and quantitative initiatives, are rapidly repeated in each macro-level development strategy either because they have failed or because they have not been implemented effectively. As Fryxell et
al. (2004) put it, “Formulating localisation policies ... is relatively easy, successful implementation is much more difficult” (ibid: 269).

It is worth noting at this stage that the effects of these initiatives on organisations owned or controlled by the government differ from the effects on private business. Indeed, although neither state-owned corporations nor mixed or private sectors have achieved their localisation targets, a higher national/expatriate ratio has been achieved in government corporations. This variation in reacting to pressure could be understood in the light of the claim that public organisations are more sensitive to political pressure than are private businesses, since public management cannot afford to ignore political requirements, and hence, the adoption of new approaches is partly intended to meet political demands and to deflect political criticism (Batstone et al. 1984, Bach 1999).

The discussion then changed from the macro level to the organisational level. The available localisation models were examined. It has been argued that although most models stress similar concepts, that is, the intention to localise, planning localisation and supporting the process by implementing the appropriate HR activities, such as selection, training and development, and repatriation, the models suffer from a number of drawbacks. During the evaluation of these models, the obstacles of localisation, such as the skills shortage, poaching and labour turnover, and cultural factors and knowledge transfer, were identified.
Chapter Four

Research Design and Methodology

It is essential prior to conducting an empirical study to consider carefully the methodological issues inherent within a research project such as the research philosophy, strategy, design and instruments. This chapter illustrates the methodological issues related to the study and the process by which the research was conducted. Therefore, first, the theoretical debate regarding the inductive and deductive approaches will be illustrated, followed by justification of the chosen strategy through establishment of a connection between the aims of the study and the methodology used. Since a strong emphasis was placed on the need for the complex issues surrounding Qatarisation to be understood, as well as the perceptions and experiences of the participants regarding the implementation of the strategy, a qualitative approach was used. The chapter provides justification for the use of particular research approaches and methods to obtain the study data. This will be followed by an outline of the setting of the study including the research instruments. Finally, the methodology in administrating the research will be outlined as well as the rationales for choosing the sector and companies under investigation.
4.1 Research philosophy and approach

One of the earliest actions that should be taken when an empirical research-based study is conducted is determination of the philosophical position, since it would be reflected in the research approach: deductive or inductive. The deductive approach, in which the researcher develops a theory and hypothesis to be tested, is usually associated with positivism (Saunders et al. 2003). The aim of a research reflecting these principles is to produce law-like generalisations similar to those produced by the physical and natural scientist (Remenyi et al. 1998). This tradition has, however, been criticised in the field of social science since the social world is far too complex to be encapsulated in laws (Saunders et al. 2003). Therefore, many would consider that interpretivism, which aims to discover ‘the details of the situation to understand the reality or perhaps a reality working behind them’, is more suitable in the case of business and management research (Remenyi et al. 1998: 35). Interpretivism usually implies an inductive approach in which the researcher collects data and develops theory as a result of data analysis. Therefore, using an inductive approach would enable the researcher to understand the way in which humans interpret their social world.

According to Gill and Johnson (2002), there is a longstanding debate, and rivalry, between supporters of induction and supporters of deduction, but the modern justification for pursuing an inductive approach in the social sciences tends to revolve around two related arguments. The first is that it is essential in grounding
social phenomena in observation and experience in order for the theory to fit the data and to be more useful, especially to practising managers. Second, supporters of the inductive tradition argue that there are fundamental differences between the subject matter of the social sciences (human beings) and the subject matter of the natural sciences (animals and physical objects). Therefore, applying the commonly-used covering-law model in deductive tradition to examine the casual relationships in the social world would be inappropriate and problematic, since human action has an internal logic of its own which must be understood, while the subject matter of the natural sciences does not have this subjective comprehension of its own behaviour (Gill and Johnson 2002).

That said, it should be stressed that there is no one research approach 'better' than another; rather, they are 'better' at doing different things, which depends on the research aims and questions (Saunders et al. 2003). The choice of a research approach, however, has methodological implications. Adopting a deductive tradition would lead to a highly structured methodology. At the other extreme, in inductive research the methodology would be less rigid to allow for access to human subjectivity (Gill and Johnson 2002).

With these arguments in mind, it is useful to review the main empirical concerns of this thesis. At an abstract level, the thesis seeks to examine the phenomenon of using the public corporations in Qatar to achieve national targets, and the implications of this phenomenon for the functions of human resources in these
corporations. More concretely, the aim is to explore at an empirical level the conceptually distinctive features of the 'political contingency' surrounding the implementation of one particular policy, workforce localisation, which results from the intervention of the government in setting targets and strategies for the public sector, and to investigate the way in which the HR function in these companies reacts to this intervention, via a study which focuses on public organisations in Qatar. Consequently, the aims of discovering formal and informal relationships between the government and the public firms and the influence of these relationships on HRM practices are both central to this study. This suggests that the full complexity of the concerns of the thesis may be best determined by adoption of the inductive tradition. By choosing this path, the author has clearly defined the purpose and research question, while there are no predetermined theories or hypothesis to be tested. Nevertheless, a competent knowledge of the subject area has been developed prior to the start of the empirical work. The main motive behind use of the inductive tradition is the study's particular interest in exploring the context in which the localisation strategy is taking place. Therefore, a study of a small sample of subjects or case studies is believed to be more appropriate than the large number required by the deductive approach (Saunders et al. 2003).
4.2 Design and setting of the study

The determined research tradition has influenced the decision of the research strategy regarding whether to adopt qualitative or quantitative approaches. According to Easterby-Smith et al. (2002), researchers in this tradition usually adopt qualitative methods and use a variety of data collection instruments in order to establish different views of the phenomena under scrutiny. Quantitative methods would be less desirable in this sort of research since, as Creswell (2008) asserts, quantitative research is an inquiry into a social or human problem based on testing a hypothesis or a theory composed of variables, measured with numbers, and analysed with statistical procedures, in order to determine whether the hypothesis or the theory holds true. To set this debate in the context of the object of the research, a quantitative approach would not be suitable for fully exploring the issues central to the study since the aim is to explore the context of the phenomena rather than test a hypothesis. Therefore, qualitative methods are believed to be most useful for inductive and exploratory research since the complexity of such a context could not be captured in quantitative ways (Ghauri et al. 1995). For example, a list of the challenges and obstacles to workforce localisation can be produced and tested through a quantitative method, but this would miss other issues that related to the tensions, for instance within the participating organisations, associated with these obstacles.
Exploratory studies are keen to seek new insights and understand what is happening. Therefore, they are often flexible and adaptable to change to the extent that the researcher can change the study direction as a result of new data obtained. The current study can be categorised as an exploratory piece of research for three main reasons. First, the phenomenon under investigation, localisation, is underdeveloped in the literature. Second the author is conducting the study without prior assumptions regarding the outcomes. Third, the other types of study, explanatory and descriptive, are not appropriate within the current study context since the former is often used to establish cause and effect relationships, and it would be difficult to control or manipulate the variables under scrutiny in the current study, and the latter is a means to an end rather than an end in itself. In addition, since the data for this research will be collected at one point in time, the study can be described as cross-sectional (Saunders et al. 2003; Ghauri and Grønhaug 2002).

Since the current study has an exploratory nature, a multi-level case study approach was used. The broader case study is Qatar. The Qatari labour market has unique features such as heavy dependence on expatriates and the government intervention in the labour market, and therefore it is believed to be an appropriate case study for this research's aim and objectives. The empirical research was conducted within the OGBI, and therefore the whole sector was considered as a second-level case study. When employing a case study approach, however, the researcher essentially looks in depth at one or just a few
organisations (Easterby-Smith et al. 2002), and thus the data were collected from six specific firms within the sector and constitute the third-level case studies.

The choices made within this research design, inductive qualitative research using multiple data collection methods within specific case studies, were consistent with Ghauri and Grønhaug’s (2005) position that the selection of the methods must reflect the research problem and objectives. The reason for choosing the case study strategy is that it is reliable in examining the occurrence of a phenomenon and answering the question of how and why it is happening (Yin 2003; Gummesson 2000; Strauss and Whitfield 1998). In other words, the key feature of the case study approach is not method or data but the emphasis on understanding processes as they occur in their context (Hartley 2004). In addition, the depth of enquiry possible through case study methods is significantly greater than in some other research methods (Remenyi et al. 1998). Hence, case studies are widely used in organisational studies, employment relations and political science, with the aim of providing an analysis of the context and process which illuminate the theoretical issues studied (Hartley 2004; Remenyi et al. 1998).

Yin (2003) provides four types of case study design: single-case holistic designs; single-case embedded designs; multiple-case holistic designs; and multiple-case embedded designs. The chosen design should be appropriate to the investigated issues. If this categorisation is applied to the methodological strategy used in the current study, it can be labelled as multiple-case holistic design within a single-
case holistic design. As noted earlier, the single-case is the OGBI in which the localisation process is taking place. The methodological qualities of the chosen sector were illustrated in Chapter 1. In sum, this sector is unique in several ways. First, it has a dominant role in the Qatari economy, generating over two-thirds of the national income, and therefore it is expected to be under great pressure to pursue the national development targets. Second, it is ideal for examining the influence of the government on public enterprises since the sector is composed entirely of public corporations. The third exceptional feature is that this sector leads other sectors in implementing the Qatarisation policy, which started in the 1980s, as well as in introducing a sectoral Qatarisation strategy.

4.2.1 Validity of the case study approach

Some researchers believe that studies should aim for objectivity. Kirk and Miller (1986), however, argue that, objectivity is an ambiguous concept since it, in the natural sciences, refers to the idea that everything in the universe can be explained in terms of causality, while this assumption could be misleading in social sciences. Thus they suggest that objectivity in qualitative research should be evaluated in terms of the validity of its methods. Kidder and Judd (1986) recognise three types of validity: internal validity, construct validity and external validity. Yin (2003) asserts that internal validity aims to establish a casual relationship, and therefore it does not apply to exploratory studies. Given that the current research project is of
an exploratory nature, it can be argued that issues related to internal validity would not have a great impact on the quality of the chosen research design.

The construct validity is concerned with establishing correct operational measures for the concepts being studied (Kidder and Judd 1986). Yin (2003) recommends that to meet the test of construct validity, two steps must be covered: first, selecting the specific set of measures that are to be studied and relating them to the study's aim and objectives; second demonstrating that the selected measures reflect the phenomena under investigation. Both steps have been taken in the current case study. First, in order to explore the political aspect of implementing state-led policy, a set of measures have been identified: examining the role of the state in the planning and target-setting process; identifying the levies and subsidies offered by the state to encourage participation in the policy; and the advantages and disadvantages of participating in such a policy. Similarly, a set of measures have been determined to examine the effect of implementing state-led policy on the HRM function in the participating organisation including investigating the tensions resulting from implementing the policy as well as the direct effects of the policy on specific HR practices such as training, selection and recruitment, retention and redeployment, and performance appraisal. Silverman (1993) adds that validity can be enhanced by using different methods, such as observation and interviews, to see whether they corroborate one another. This triangulation method was used in this study, as interviews and secondary data, i.e. official government statistics and
the participating companies' documentation, were used to collect data and thus to improve the study's validity.

The third, but most crucial, criticism of the case study tradition is what is believed to be its weakness in terms of external validity, or what is commonly referred to as generalisation (Saunders et al. 2003; Peräkylä 1997; Schofield 1990). Generalisation in this sense refers to statistical generalisation which is produced through proper sampling technique of a specific population (Hartley 2004). Case studies, however, need to focus on another sort of generalisability, which can be referred to as naturalistic generalisation (Stake 1978), empirical generalisation (Gomm et al. 2000), or analytical generalisation (Yin 2003). Stake (1978) argues that the case study method can be suitable for naturalistic generalisation, whereby the result of the study is generalised to similar cases rather than to the whole population (Stake 1978; Lincoln and Guba 1979; Donmoyer 1990). Gomm et al. (2000) add that case-study research can produce general findings through empirical generalisation. Empirical generalisation 'involves drawing inferences about the features of a larger but finite population of cases from the study of a sample drawn from the population' (ibid: 103). Similarly, Yin (2003) proposes that analytical generalisation is concerned with theoretical propositions rather than populations. Schofield (1990) suggests that in order to increase the generalisability in 'what is' qualitative research, performing multi-site studies might help. 'What is' study, as Schofield (1990: 77) describes it, is studying any ongoing social situation. Thus, choosing multiple cases on the basis of their fit with a typical situation would
enhance the generalisability (ibid. 1990). Hartley (2004) emphasises that ‘cases may have been chosen deliberately to be untypical in order to bring to the surface process hidden in more usual settings’ (ibid: 331), and thus the basis for the analysis is not primarily about the typicality of the case, which is contrasted with the statistical generalisation. On this ground, some notable scholars such as Martinez Lucio and colleagues (1997) assert that the implications of their analysis of Royal Mail 'might be generalized across the public sector' (ibid: 268).

The case study design adopted in the current research avoids some of the criticisms of the single-case design and improves the analytical generalisation of the findings of the research by examining multiple cases (Schofield 1990; Yin (2003). That being so, the scope for generalising the findings of the current study to other contexts remains within the OGBI since other sectors vary in terms of state ownership and influence.

4.2.2 Case studies in industrial relations and HRM researches

It is worth noting at this stage that most of the studies regarding localisation models examined in the literature review chapter (Wang and Law 1999; Selmer 2004; Gamble 2000; Law et al. 2004; Fryxell et al. 2004) used the case study approach, mainly because these studies were exploratory and looking at an underdeveloped area of knowledge. All these studies aimed to examine intensively one or several features of localisation strategies in their real context. In addition, a case study
approach is common in industrial relations and human resources management studies. For example, Ferner (1985) has used British Rail as a case study to explore the political constraints and management strategy in a state enterprise. Batstone et al. (1984) have also adopted the case study tradition to examine the political contingency associated with state-led policies. They examined the post and telecommunication industry. The Royal Mail was also the case study for several researches, one of which is by Martinez Lucio et al. (2000). MacKenzie (2000; 2002) has also examined the issues related to contracting and the regulation of labour through an intensive case study of the telecommunications industry. All case studies used which examine the various aspects of employment relationships and organisational behaviour prove that there is a longstanding tradition in the use of intensive case studies in the research field of industrial relations and HRM.

4.3 Research instruments

A number of data collection instruments can be used within the case study strategy, such as interviews, questionnaires, observation, and reviewing organisations' documentation (Yin 2003). There is no one best method of conducting research. Each method has its inherent strengths and weaknesses. Nevertheless, some methods are more appropriate to the nature of the aims of a study than are others, and thus the evaluation of the various methods is affected
by the research question (Gill and Johnson 1997; Saunders et al. 2003; Ghauri and Grønhaug 2002).

As regards the current study, an inductive method in the form of in-depth semi-structured interviews was dominant. The in-depth interviews were used to examine the aims stated earlier. For example, in examination of the use of public corporations to meet government-imposed targets, in-depth semi-structured interviews were conducted with policymakers and organisations' top management. The main reason is that more detailed data would help to uncover the issues related to political contingency and government influence on public organisation. A similar approach, in-depth interviews with top and operational management as well as senior and intermediate level staff, was used when the effects of localisation strategy on human resource functions in an organisation were investigated. In addition to the interviews, reviewing organisations' documentation was used to test the themes drawn from the inductive approach. Applying multiple approaches, triangulation through conducting interviews and examining secondary data, helps to improve the accuracy of judgements and results, to increase validity, and to reveal a more comprehensive picture by collecting data through different methods. The main advantage of triangulation is that it can produce a more complete, holistic and contextual portrait of the status of Qatariisation and the state role in achieving this (Hussey and Hussey 1997; Ticehurst and Veal 2000).
4.3.1 Interviews

Interviews are useful ways of gathering valid and reliable data that are relevant to the phenomenon under investigation. This study used semi-structured interviews, whereby a pre-defined list of themes and questions were covered in face-to-face interviews. The interviews were conducted with both executives and decision-makers in public organisations, such as administration managers and human resource managers, as well as operational managers, such as heads of training, and ordinary staff. All interviews were recorded by note-taking, and tape-recording, which was used only when the participants agreed. A thematic analysis was used to analyse the interviews, whereby a framework of themes presented in the interviews was used for making comparisons and contrasts between the different respondents (Gomm 2004).

There are a number of advantages in using interviews. First, it is essential to understand the reasons for the decisions that these personnel have taken and to understand their positions and behaviour. Second, researchers report that managers are more likely to agree to be interviewed than to complete a questionnaire, especially when the interview topic is seen to be interesting and relevant to their work. In addition, interviews are the most appropriate approach when the questions are either complex or open-ended (Saunders et al. 2003; Ghauri and Grønhaug 2002). All these motives are applicable in the current study, since the perceptions of the participants regarding the implementation of
Qatarisation were required; many participants were from the managerial level, and, the research questions are open-ended, and requires more detailed data.

The aim of conducting interviews was to answer the research questions discussed earlier. For example, the detailed data gathered from the interviews was useful in understanding the nature of political contingency in the public sector in Qatar and the nature of the relationship between the government and the public corporations. In addition, the effects of the Qatarisation policy on the function of human resource management departments, such as training and development processes, selection procedures and repatriation processes, are better examined through in-depth interviews than through observations or questionnaires, since interviews, in this context, provide richer data for analysis.

4.4 Methodology for Conducting the Research

The research process of the current study underwent three stages. The first stage covered a review of the literature to determine the appropriate concepts and themes that the researcher should cover in the interviews. The second stage included the initial construction of the semi-structured interview, which was reviewed several times with the researcher's academic supervisors. The third stage was conducting the interviews.

In order to gain access to the six companies under scrutiny and other government and education bodies, an official letter of permission with an urgent request to
facilitate the researchers from the University of Qatar (QU), the researcher's employer, was obtained prior to the commencement of the empirical work. The letter was accompanied by an explanatory letter from the researcher stating the aims and purposes of the study and both letters were forwarded to the targeted organisations and authorities.

The contacted companies initially welcomed the idea of participating in the study; however, despite the mutual agreement between QU and the OGBI to facilitate research activities, no conformation was given to the researcher to start conducting the interviews. Therefore, an alternative route was taken based on the researcher's social connections. As Hutchings and Weir (2006) describe it, in the Arab world, social networks continue to pervade business activity despite the advent of industrialization, internationalization, and modernization, and therefore, many things can be done when people "have someone in the know" (ibid. 148).

Through the use of social networks, the process of gaining access was accelerated and the researcher was offered, to a certain extent, the privilege of choosing whom to interview. For example, the researcher determined the administrative level and working field of the anticipated interviewees while the companies' management determined the name of the participants. This, of course, increased the risk of interviewee or response bias, as will be discussed in section 4.6.
As a result of the aforementioned process, access was gained to six companies, three educational institutes and three governmental authorities. Within these twelve bodies, thirty-four interviews were conducted. Table 1 shows the distribution of the participants in the different employment levels.

Table 1: the number of participants in each employment level

<table>
<thead>
<tr>
<th>Position</th>
<th>Number</th>
<th>Areas to be explored with the interviewees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macro-Level Policy Makers</td>
<td>3</td>
<td>The political contingency and the state influence on public enterprise strategies.</td>
</tr>
<tr>
<td>Educational Policymakers</td>
<td>4</td>
<td>The political contingency in coordinating the education institutes (public sector) and the OGBI (public enterprises).</td>
</tr>
<tr>
<td>Public/semi-government Top Management</td>
<td>9</td>
<td>The political contingency and the state influence on public enterprise strategies and how these are reflected on the HRM function.</td>
</tr>
<tr>
<td>Operational/Line Management</td>
<td>6</td>
<td>The tensions that are raised and the HRM practices which are implemented in response to the state-led localisation strategy.</td>
</tr>
<tr>
<td>Staff/Senior Staff</td>
<td>12</td>
<td>The tensions that are raised and the HRM practices which are implemented in response to the state-led localisation strategy.</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34</strong></td>
<td></td>
</tr>
</tbody>
</table>

Macro-level policymakers included first the Secretary-General of the Planning Council, the authority responsible for macroeconomic planning and macro strategies and target-setting. The authority reports directly to the Council of Ministries and the Secretary-General is at the top of the organisational hierarchy.

Second, two policymakers for the Ministry of Labour (MOL) were interviewed, the Under-Secretary and the National Employment and Development Manager. The ministry is responsible for developing labour force policies and plans and following up their implementation; managing the labour market, and building an integrated
information system; participating in the development of Qatarisation policies and national manpower employment programmes and following up their implementation. Therefore, it was expected that these three participants would be able to shed some light on how the state influences public enterprises' strategy formation process, as well as providing useful insight regarding the incentives the state uses to encourage the implementation of state-led policies.

Another group of interviewees was the educational policymakers. One of the key themes the localisation literature in the GCC countries emphasises is the coordination between the education institutes and industry. Therefore, it is believed to be a key issue in examining the political contingency in the localisation policy to explore how the government coordinates the various government bodies to support the localisation strategy. The first interviewee was the Under-Secretary of the Education Ministry, the ministry responsible for monitoring and regulating all the educational activities in Qatar as well as determining the macro educational policies in the country. Another participant was the ex-Associate Under-Secretary of Education. This participant was interviewed for the purpose of comparing current trends with past initiatives to coordinate the educational institutes and industry. The third educational policymaker was the Director of the Higher Education Institute. This participant was interviewed for the purpose of comparing current trends with past initiatives to coordinate the educational institutes and industry. The third educational policymaker was the Director of the Higher Education Institute. The institute is responsible for setting the policies related to higher education in terms of the educational majors and specialisations that are required in the labour market. Finally, the Dean of the College of Engineering at Qatar University was interviewed because this college is the biggest supplier to the labour market of
national graduates in the technical field. In addition, the college plays an important role in mediating between education outputs and industry requirements.

As regards the organisational-level interviewees, the participants, both nationals and expatriates, came from every level of the organisation. This allowed the researcher to collect in-depth data regarding the state influence on the organisational strategies and how these strategies are implemented. In addition, including both national and expatriates in the interviews enriched the examination in terms of how the different participants perceived the localisation strategy. It is worth noting at this stage that the number of interviewees was unevenly distributed among the participated companies. Table 2 shows the distribution of the participants in the different companies and employment levels.

Table 2: The distribution of the interviewees among the participating companies and employment levels.

<table>
<thead>
<tr>
<th></th>
<th>Top Management</th>
<th>Operational/Line Management</th>
<th>Staff/Senior Staff</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>QP</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Company A</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Company B</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Company C</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Company D</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Company E</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>9</td>
<td>7</td>
<td>11</td>
<td>27</td>
</tr>
</tbody>
</table>
4.5 Handling and analysing the data

In order to reassure respondents and encourage them to participate in the study, general guidelines regarding research ethics were followed. These included an assurance that all information would be kept anonymous and confidential and a guarantee that there would be no pressure by the researcher on the participants to provide information to questions with which they were uncomfortable (Stake 1995).

As regards handling the collected data, all tape-recorded interviews were transcribed so they could be analysed thematically. As Patton (2002) recommended, a number of back-up copies were made of the transcribed interviews as well as of the recordings. As Saunders et al. (2003) suggested regarding use of an analytic induction procedure, the data from the interviews was labelled according to themes and analytical categories. In order to extract themes accurately from the collected data, the transcripts were read carefully several times. After the main themes in the interviews were highlighted, the themes were organised hierarchically whereby the highest level themes included the smaller themes. The three broad themes were the political contingency in implementing Qatarisation, the challenges to Qatarisation and how companies are implementing Qatarisation. Each of the three themes included smaller ones. For example, the political contingency included the relationship between the state and the OGBI, the target-setting and the monitoring process, and the motives and the cost of Qatarisation. As regards the implementation of Qatarisation, this included the
nature of the Qatarisation policy and its definition, management and employee commitment to the policy, and the HRM practices related to the policy, such as training, recruitment and performance appraisal.

Classification of the participants' responses according to the identified main and secondary themes was undertaken manually in two stages. The first stage was analysing each interview individually. In other words, at the first stage, the researcher aimed to explore the viewpoint of each individual participant regarding the policy under investigation. This analysis was the tool used to form the debate in Chapters 6 and 7, that is, the issues related to political contingency and the implementation of the Qatarisation strategy in the OGBI sector, and the challenges and obstacles to localising the workforce in the OGBI. At the second stage, the analysis was based on the collective responses of the participants from each of the six different cases. This analysis was dominant in Chapter 8, where a comparison was made regarding companies' different approaches toward adopting the Qatarisation policy.

4.6 Challenges and limitations of the research

Based on the discussion above, it is clear that there were a number of challenges associated with undertaking the current study. First, there was a limitation associated with the adopted research strategy. As addressed in section (4.2.1), the case study approach is criticised for its weak ability to produce statistical
generalisations; however, the argument put forward earlier asserted that theoretical
generalisation, which refers to the suitability of generalisation to similar cases, is
achievable.

The second challenge arose from the context in which the current study took place.
Businesses in Qatar are not used to being exposed to researchers. This was reflected in their responses to the researcher's request for access. As mentioned earlier, although there is an agreement between the researcher's employer, QU, and the OGBI to facilitate access to researchers from QU, only through social connections and networks was the researcher granted the requested access.

The other challenge was to encourage the interviewees to participate fully and open up to the questions. This was a complicated task for two reasons. The first is that almost none of the interviewees had participated in scientific research before. The second is the sensitivity of the topic, especially to those working in the HR field since Qatarisation is a politically-determined policy. However, most of the participants became willing to share their viewpoints after the friendly opening conversation between the interviewer and the individual participants that guaranteed the confidentiality of the responses and the anonymity of the respondents. For example, two participants had expressed their concerns about the interviews being tape-recorded; therefore, the researcher made intensive notes instead of tape-recording these two interviews.
The third source of bias was the fact that, in most cases, the contacted companies' management was responsible for determining which staff members were to be interviewed. However, it could be argued that this bias was limited since the researcher was responsible for determining the job position of the anticipated interviewees. For example, the researcher asked to interview HR managers, heads of training, manpower planning officers and other senior and junior staff. Usually, only one person occupies each of these positions in a firm. For instance, there is only one HR manager in each company and one head of training, while there could be a number of training officers. In other words, although the companies' management determined who would be interviewed, this was actually based on the researcher's preferences.

4.7 Rationale behind selection of organisations

There are twenty-five organisations participating in the third strategic Qatarisation plan. They are not homogeneous but rather heterogeneous in terms of their different organisational characteristics, such as ownership, numbers of employees, location, the level of Qatarisation achieved and the number of years of operation. Thus, different cases were chosen to represent the various organisational characteristics including upstream\(^3\) and downstream\(^4\) companies; and old, medium

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\(^3\) Upstream refers to companies that carry out the early stages of the operations of the oil and gas industry, such as exploration and the production of oil and gas.

\(^4\) Downstream refers to companies that take these products as raw materials to be transformed into other products.
and recently established firms. Table 3 shows the characteristics distinguishing each case.

Table 3: The distinctive characteristics of each case study

<table>
<thead>
<tr>
<th></th>
<th>Company Type</th>
<th>Company Age</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Upstream</td>
<td>Downstream (over 15 years)</td>
</tr>
<tr>
<td>QP</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Company A</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Company B</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Company C</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Company D</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Company E</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

For the purpose of maintaining the identity of participant anonymity, names, international partners, and the products of the six cases will be replaced by imaginary ones, except for Qatar Petroleum, whose participants agreed to reveal their identity.

4.7.1 Qatar Petroleum Company (QP)

Qatar Petroleum is an upstream company that is wholly owned by the state. Formerly known as Qatar General Petroleum Corporation (QGPC), the company was formed in 1974. This is the only company of its type in Qatar and it is responsible for all of the gas and oil industries in the country. Its responsibilities include the exploration and the drilling of oil and gas as well as other hydrocarbon substances. Its responsibilities also extend to the refining, transport and storage of
the aforementioned substances and any of their derivatives and by-products, as well as trading in, distribution, sale and export of these substances (Qatar Petroleum 2004).

This shows that QP can be seen as forming directly and though subsidiaries the entire supply chain and consequently the company has a great responsibility to the economy. QP, as a state-owned enterprise, is also in a strong position to take on a stakeholder approach. As with many private companies, however, it is the owners, who tend to be the primary stakeholders, who gain maximum advantage; in this instance, it is the government that is the primary stakeholder. This is reflected in the mission of the company, which is stated as 'to ensure the state gets maximum benefit from its petroleum resources by engaging directly or indirectly in all activities that would add value to these resources' (Qatar Petroleum 2004). Therefore, QP’s main objectives are: first, to provide the state with a reliable cash flow, of maximum value from diversified business interests; second, to build an organisation with internationally competitive business and technical expertise; third, to maximise the employment of capable Qatari nationals, and develop them to the competence level of leading international oil company employees; and, finally, to meet the national demand for oil and gas in a cost-effective way (Qatar Petroleum 2004). In order to fulfil these objectives, in addition to its own operations, QP carries out its activities through its subsidiaries and joint venture companies. It can be noted from these objectives that although QP is deemed to operate commercially, it takes on the responsibility for developing Qatari nationals and
maximising their employment. This is understandable, since the government is QP's primary stockholder.

As regards Qatarisation, up to December 2006, the company had achieved 33 per cent Qatarisation based on a headcount of Qataris against the total number of the workforce; while the percentage of Qataris holding a permanent positions was 21 per cent.

4.7.2 Company A

This downstream company was established in 1969 as a joint venture between the government of Qatar and a number of international firms to utilise Qatar's abundant gas resources for producing chemical products. QP owns 75 per cent of the company while international partners own the remainder. The company is instrumental to the industrial diversification programme of the Qatari government through the optimal utilisation of national resources. Currently, the company comprises four completely integrated plants. The company developed steadily, and now after the completion of the fourth plant, the company has emerged as the world's largest single-site producer of those chemical products in which the company specialises.

Regarding the achievement in Qatarisation, although the company is one of the earliest established OGBI, official figures from 2004 show that national employees
constitute 24 per cent of the company's total workforce. Qualified Qataris, however, fill only 16 per cent of the permanent positions in the company.

4.7.3 Company B

The company is a joint venture between QP, which owns 51 per cent and a multinational partner, which owns 49 per cent. The downstream company was launched in May 1997, and QP and the international partner signed the Joint Venture Agreement in November 1997. Over US$1 billion was invested to engineer, construct and commission the company's facility and the company began commercial operations in late 2002. The petrochemical plant as well as other associated processes and units, including a packing and storage warehouse, a water-treatment plant, a seawater cooling system, dock facilities and various administration and office buildings, are located in the Mesaieed Industrial City.

In terms of Qatarisation, the company employs 445 people, among them 68 national employees. The Qatarisation percentage has fluctuated from 18 per cent to 13 per cent and was finally 15 per cent in December 2006, mainly because of the continuously increasing number of the workforce.
4.7.4 Company C

This upstream company is a Qatari Joint Stock Company established in 2001 by QP and an international partner who are 70 per cent and 30 per cent shareholders respectively. The company has entered into long-term agreements to supply customers around the globe, including Korea, India, Italy, Spain, Taiwan, Belgium and the United States. The company currently operates five plants as well as engineering and constructing two more plants. The company employs more than 1,400 staff working on a variety of projects.

In the field of Qatarisation, the company had achieved the 50 per cent Qatarisation target in terms of the headcount in 2005; however, the percentage dropped to 30 per cent in 2006 because of the company’s expansion, which led to an increase in the workforce. The latest figures show that the percentage of national employees in permanent positions against the total number of the workforce is 18 per cent.

4.7.5 Company D

The company was established in 1994 as the country’s first joint venture in its field. QP owns 65 per cent of this upstream company and multinational partners own the remainder. The company was originally formed to operate three plants; however, the company is currently undergoing a period of rapid expansion, which, when
completed in 2010, means four plants will be exporting its products to markets in Europe, Asia and North America.

The company can be considered the best achiever among all the companies participating in the Qatarisation strategy in the energy sector. Qatarisation percentages in the company are even higher than QP’s Qatarisation figures. In terms of headcount, Qataris constitute 53 per cent of the total workforce. As regards permanent positions, 23 per cent of these positions are held by national employees.

4.7.6 Company E

The company is jointly owned by QP and the private sector who are 40 per cent and 60 per cent shareholders respectively. This downstream company was established in 2003 and listed in the Doha Securities Exchange. The company's products are used by every car, boat, industry, and home in Qatar.

There are no official or clear figures of the exact number or percentages of nationals in the company workforce. The company management claims, however, that 90 per cent of the top management as well as 30 per cent of the administration posts are held by Qataris. No other figures are available regarding the remaining positions. This lack of official figures, the company management argues, is
because of the youth of the company in comparison with the rest of the organisations in the energy sector.

**Diagram 1: The relationship between QP and the remaining five cases**

To conclude, this chapter has outlined the methodological approach adopted in the current study. The researcher has argued that the inductive qualitative research methods represented in the case study approach and semi-structured face-to-face interviews are sufficient to achieve the aims of the study. This was followed by a justification of the rationales behind choosing the OGBI as a case study. Finally, a brief description was provided for the six chosen companies within the OGBI. In Chapter 5, attention turns to providing an overview of context, i.e. Qatar, within which the Qatarisation strategy is taking place.
Chapter Five

Political economic context of localisation: Qatar and the GCC countries

No region of the world has seen as much development activity in the last thirty years as the Gulf area, and the rapid structural changes are expected to continue to occur in the future in this area as a result of the increased oil revenues (El Mallakh 1985). Various issues and problems of the region, such as Gulf security, have received wide attention, while others, such as social, cultural, economic and political issues engendered by rapid development, have not been investigated enough (Kapiszewski 2001). Therefore, in order to understand the process of localisation in a particular society, to make an assessment of its development experience and to set the study in its context there will be an exploration of the society’s development aspects and demographic characteristics. Although the current study focuses on Qatar, a brief exploration of the context of the GCC counties would provide a more detailed portrait of the developments that are going on in the region. Hence, this chapter will be structured as follows. First, the shared characteristics of the six Gulf states will be outlined. Then, a historical overview will be provided for the establishment of the state of Qatar. The following part describes both population and labour force structure and includes a brief outline of the characteristics of the labour markets in the GCC countries and the reasons for their heavy dependence on foreign labour as well as the arguments for and against employing expatriates. That will be followed by three sections dedicated to presenting issues related to the Qatari context. The first illustrates the ongoing
development in the Qatari education field. The second gives a brief outline of the economy and business environment in Qatar. Finally the implementation of the localisation policy in Qatar and obstacles in the way of its progress are examined.

5.1 The similarities between the six GCC countries

The Gulf Cooperation Council (GCC), which was founded in 1981, is composed of six member states sharing a number of characteristics: Saudi Arabia, the United Arab of Emirates (UAE), Kuwait, Oman, Qatar and Bahrain. First of all, all of these countries are young political entities although Saudi Arabia is the oldest. In 1932 it established itself as a united kingdom, and then Kuwait became fully independent in 1961, while the remaining states only got their independence from Britain in 1971. Second, the people of these countries have a common language (Arabic) and religion (Islam) which are both playing a crucial role in the state formation process and individuals’ identity. In addition, they have also experienced a similar history, an important part of which has been their link with Britain which played a crucial role in the initial stages of their independence (Kapiszewski 2001).

The GCC economies are similar, they are liberal, free market orientated, largely based on oil and gas production, and their commercial links are largely with countries outside the Arab world. The Gulf states also have similar political systems which can be described as ‘conservative monarchies [which are] very rare in the contemporary world’ (Kapiszewski 2001: 2). They also share a number of
security concerns, such as being threatened by neighbouring countries, as well as common interests, such as protecting their regimes and maintaining the flow of oil. Kapiszewski (2001) concludes that since the discovery of oil, the Gulf states have transformed themselves from desert sheikhdoms to modern states in very similar ways.

5.2 Background, Government, Geography and History of Qatar

Although Qatar is an independent state in the region, there are only a few comprehensive studies about it, which, according to EI Mallakh (1985), is because Qatar is small in size and population, as well as being comparatively recently established. The State of Qatar is one of the smallest of the Gulf states comprising a total land area of approximately 11,521 square kilometres (MOFA 2007). The peninsula\(^5\), located halfway down the west coast of the Arabian Gulf and compromising a number of islands, is rich in natural resources, that is, oil and natural gas, which gives it a unique status (Brewer et al. 2006). Qatar is a very new country, having made the shift from tribal community to modern state in a matter of decades (Cordesman 1997). At the beginning of the 20th century, Qatar's population was 27,000 and consisted of a small set of villages dependent on pearl diving, camel breeding, and fishing and was governed by Islamic principles and tribal customs. In 1916, the country became a British protectorate: in exchange for Britain's military protection, Qatar relinquished autonomy in foreign affairs. This

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\(^5\) Bordered on the south by Saudi Arabia, Qatar has a flat, rocky terrain covered with sand dunes. It also has a hot, desert climate with high humidity sometimes (MOFA 2007).
status lasted until 1971 when the fully independent State of Qatar was established (Brewer et al. 2006). Soon after it proclaimed independence, Qatar became a member of the United Nations (UN) and the League of Arab States (Brewer et al. 2007).

Qatar is a monarchy, with rulers drawn from the Al-Thani family, who have full legislative and executive powers (El Mallakh 1985; Zahlan 1998). The current Emir, His Highness Sheikh Hamad Bin Khalifa Al-Thani, ascended to the throne in 1995, succeeding his father in a bloodless coup (Cordesman 1997). Being the first western-educated leader to come to power in Qatar, Sheikh Hamad's ideas were progressive, geared toward building a democracy. The political reform programme of H.H. the Emir took a major step forward with the initiation of elected municipal councils and the creation of the National Constitution Committee. This committee presented a draft of the permanent constitution in July 2002, which received an overwhelmingly positive response from the public in the referendum held in April 2003, and subsequently became effective in June 2005 (Brewer et al. 2006). The presented document calls for the creation of a 45 member national parliament, two-thirds of whose members would be directly elected by the people. The national parliament is to have legislative powers, while the powers of the executive and judiciary will be defined for the first time (QNB 2008). Voting for a new parliament will be universal for all Qatari citizens over the age of 18, male and female, and women will also be entitled to stand as candidates. The constitution also guarantees freedom of expression, of the press, and of religion and the right of
citizens to assemble and to establish civic and professional associations (Brewer et al. 2006). However, no date has been set yet for the establishment of the new elected parliament. On the contrary, in 2008, the prime minister declared that the government was persisting in its effort as regards political reform; however, the reform needs some more time and therefore, the current appointed parliament will be extended until 2010.

In addition to political reform, social reforms have also been initiated in Qatar, some with the assistance of the Emir’s wife, Her Highness Sheikha Mozah Bint Nassar Al Missned. Sheikha Mozah has been actively involved in developing educational opportunities through the Qatar Foundation, a private, non-profit organisation whose board of directors she chairs. One of these developments, the establishment of Education City, is discussed further in section 4.5 (Stasz et al. 2008).

5.3 Population and Citizenship

The territory of the GCC countries has harsh environmental conditions and limited drinking water and because of this there were few people living in the region (Harry 2007). The situation started to change rapidly, however, with the discovery of oil which brought industrialisation and urbanisation. As a result, the population of the GCC states rose from four million in 1950 to 28 million in 1997 (Kapiszewski 2001). Saudi Arabia has by far the largest population, exceeding by several times the
combined population of the remaining countries (Wood and Mellahi 2002). The population of Kuwait, Oman and the UAE are similar. The two states with the smallest population are Qatar and Bahrain (Kapiszewski 2001).

As regards Qatar in particular, it is characterised by a numerically tiny national population (Table 4). In 1908 it comprised 27,000 people, the non-Qatar population accounted for 22.2% of the total population. In the following thirty years, the total population increased by only 1000 people while the proportion of non-Qataris had reached 39.3% of the population. Surprisingly, although the total population from 1908 to 1939 increased from 27,000 to 28,000, the number of Qataris decreased in this period from 21,000 to 17,000 while the number of non-Qataris almost doubled in the same period. The main reason for this demographic change is that migration was common at that time especially between the neighbouring Arabic nations in the Gulf. By 1970, both the national and the non-national population had increased rapidly to reach 111,133, out of which 59.5% were non-Qataris. In less than thirty years, the population had increased by 370% to reach 522,023 people in 1997 whereas non-nationals accounted for 70% of the population. The latest census shows that the total population in 2004 had reached 744,029 (TGPHC 2004; Jolo 2004; Kapiszewski 2001). However, the latest official statistics released by the Planning Council show that the population in 2008 is 1,448,446, comprising 1,096,815 males and 351,631 females (Planning Council 2008).
Table 4: Estimation of Population Growth in Qatar

<table>
<thead>
<tr>
<th>Year</th>
<th>Qatari</th>
<th>Non-Qatari</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1908</td>
<td>21,000</td>
<td>6,000</td>
<td>27,000</td>
</tr>
<tr>
<td>1939</td>
<td>17,000</td>
<td>11,000</td>
<td>28,000</td>
</tr>
<tr>
<td>1970</td>
<td>45,039</td>
<td>66,094</td>
<td>111,133</td>
</tr>
<tr>
<td>1997</td>
<td>148,051</td>
<td>373,972</td>
<td>522,023</td>
</tr>
<tr>
<td>2004</td>
<td>185,264</td>
<td>558,765</td>
<td>744,029</td>
</tr>
<tr>
<td>2005</td>
<td>-</td>
<td>-</td>
<td>888,451</td>
</tr>
<tr>
<td>2006</td>
<td>-</td>
<td>-</td>
<td>1,041,733</td>
</tr>
<tr>
<td>2007</td>
<td>-</td>
<td>-</td>
<td>1,226,211</td>
</tr>
<tr>
<td>2008</td>
<td>289,690*</td>
<td>1,158,756*</td>
<td>1,448,446</td>
</tr>
</tbody>
</table>


* These figures are estimated based on the official reports that state the proportion of nationals in the population is 20 per cent.

It can be noticed that the population has multiplied 50 times in a hundred years. An analysis of the above figures will lead to the conclusion that the population growth has been mainly dependent on imported foreign labour rather than natural growth especially in the second half of the twentieth century after oil was discovered in Qatar. Prior to the 1950s, Qatar had a substantial foreign population; however, the majority of the population were nationals while once the production and export of oil had begun, non-nationals became the majority since the oil industry as well as the other sectors of the economy demanded more workers. To be precise, the
indigenous population had become 13 times bigger while the number of foreigners had multiplied 193 times.

Harry (2007) describes Qatar as being "capital rich due to cheap and plentiful oil and gas resources, but labour poor due to the few people living in the harsh conditions of the region" (ibid: 139-140). Harry (2007) argues that countries in similar situations, such as Australia, USA and Canada, allow immigration; however, the GCC countries have not, with very few exceptions, allowed foreigners to immigrate. Instead of granting foreign labour permanent status and citizenship, the authorities in the GCC countries allowed workers only 'temporary' residence; however, this 'temporary residence' often continues for decades.

Stasz et al (2008) adds that, to be a Qatari citizen, one's father must be a Qatari citizen. Non-Qatari women who marry Qatari men are granted citizenship once they have married and have given birth to at least one child, while non-Qatari men are not granted citizenship even if they marry a Qatari woman. Foreigners living in Qatar are almost never granted citizenship, for two reasons: the importance Qatar bestows on tribal identity, and the customs and practices that are factored into government obligations to citizens for sharing and allocating the nation's wealth. There are many examples of the wealth sharing practices, for instance, no income tax or property or municipal taxes; free education and health care to all Qatari citizens; family allowances for male heads of household employed in the public or government-owned sector are granted for each child; and monthly allowances are
paid to widows, divorcees, orphans, and those with special needs who have no providers. In addition, Qatari nationals are given free land and interest-free loans for the construction of residential houses, and free water and electricity supplies. The government also constructs houses for Qatari nationals with limited incomes; beneficiaries have to pay back 60 per cent of the cost to the government over a period of 20 to 25 years (Nafi 1983). Non-citizens, even if born in Qatar, are ineligible for the government benefits provided to citizens (Stasz et al. 2008); however, foreigners are entitled to the heavily subsidized services such as water, electricity, and gas, which are extremely inexpensive; subsidized basic foods; free local telephone calls, and zero employee income tax, property and municipal taxes (QNB 2008).

5.4 The labour market in GCC states

Since most of the countries that now make up the states of the GCC have existed in their present form for less than 40 years (Harry 2007), all GCC countries adopted an open door policy to foreign workers to satisfy the increased demand for labour, especially during the oil price boom in the 1970s and early 1980s. This policy is still in place; however, some restrictions have been added over the years (Fasano and Goyal 2004). According to Sassanpour et al. (1997), the labour markets in these countries have many common features, one being that they have several segments. The labour market in each country is segmented between the public and the private sector, between indigenous and expatriate workers, and
between skilled and unskilled workers. This segmentation is evident in the wage and non-wage benefits between the public and the private sector and in the higher pay for nationals even when foreigners have comparable qualifications and skills. This situation is enforced by the mismatch between the qualifications of the new entrants to the labour market and the requirement of the business, which leads to further segmentation in the labour market whereby expatriates occupy highly specialized technical positions and low-skilled manual jobs, while nationals tend to be attracted to administration positions (Fasano and Goyal 2004; Sassanpour et al. 1997). Segmentation can also be noted in the sectors in which nationals and expatriates are employed. Harry (2007) argues that the governments are the employers of 'first' and 'final' resort for citizens (2007: 135). In Bahrain, UAE and Saudi Arabia 90 per cent, 92 per cent and 93 per cent of nationals are employed in the public sector respectively Kapiszewski (2001). This is because salaries and other benefits in the public sector are more attractive for nationals as compared to employment in the private sector (Harry 2007; Kapiszewski 2001). At the other extreme, the majority of the huge number of expatriates are employed in domestic service jobs or unskilled and usually low-wage occupations mostly in the private sector (Alzalabani 2004; Harry 2007).

Moreover, the legal frameworks governing the labour market in the GCC states have several similarities. For example, there is no minimum wage legislation, no tradition of collective bargaining, and employers set the wages (Alzalabani 2004; Fasano and Goyal 2004; Sassanpour et al. 1997; Ruppert 1999). In addition, there
are no trade unions in most of the Gulf States, since “officials there believe unionism is inappropriate with their traditional forms of society” (Alzalabani 2004: 3). As a result, the government controls all aspects of industrial relations in these countries. Fasano and Goyal (2004) add that a relatively flexible labour framework where workers are hired on limited-duration work assignments based on sponsorship systems are usually applied to foreign labour. Yet, expatriates, especially from Asia and Arab countries other than GCC states, are attracted to work in the GCC countries because their expected earnings are higher than in their home countries.

Regarding the distribution of this labour force, in Qatar, in the different sectors of the economy (government, mixed, and private), nationals are concentrated in the government sector with over 90 per cent of Qataris working in this sector owing to higher pay, better working conditions, and shorter working hours (Jolo 2004). On the other hand, the majority of non-nationals, 68 per cent, are employed in the private sector (Table 5). Stasz et al. (2008) and LMSP (2005) consider the concentration of Qataris in the public sector as a mechanism for distributing the nation’s wealth. Cordesman (1997) posits that over 50 per cent of the jobs currently held by the citizens serve no productive purpose and are “little more than disguised unemployment” (1997: 11). The under-utilisation of the manpower in the public sector is discussed in more detail in section 4.7.
Table 5: National and expatriates in the workforce: 1986; 1997; 2004

<table>
<thead>
<tr>
<th>Nationality</th>
<th>Qataris %</th>
<th>Non-Qataris %</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gov./Public</td>
<td>88.2</td>
<td>93.8</td>
<td>90.6</td>
</tr>
<tr>
<td>Mixed</td>
<td>1.3</td>
<td>0.9</td>
<td>4.9</td>
</tr>
<tr>
<td>Private</td>
<td>9.9</td>
<td>4.7</td>
<td>4.1</td>
</tr>
<tr>
<td>Other</td>
<td>0.6</td>
<td>0.6</td>
<td>0.4</td>
</tr>
</tbody>
</table>


5.5 Reasons for the heavy dependence on expatriates

The segmentation of the labour market in the Gulf States, where indigenous workers, in most posts, are paid more and have greater job security than have foreign workers, goes back to the 1960s and 1970s. Until the discovery of oil, the indigenous populations in the GCC countries were very small in number; however, during the 1960s and 1970s, the Arabian Gulf States experienced massive oil revenues. Thus, the Gulf States' governments put forward ambitious development programmes aiming to transform the economy from one that was dependent on nomadic trade, fishing and agriculture to an economy based on the hydrocarbon, construction and service industries (Al-Lamki 1998). However, the transformation process faced a shortage of the required skilled workforce, which left the Gulf States' governments with no choice except to import foreign labour to achieve the development programmes (Wood and Mellahi 2002; Bahgat 1999). According to Kapiszewski (2001) the size of the expatriate workforce grew more rapidly during
the booming of the oil prices whereby the number of expatriates tripled in the years between 1975 and 1985.

It is reported that, in the 1980s, at least 25 per cent of the world's 20 million migrant workers were employed in the Gulf States (Farjani 1994 cited in Wood and Mellahi 2002). Kapiszewski (2001) argues that "the employment of foreigners was a structural imperative for growth in the GCC countries" and these workers became the primary dominant labour force in most sectors of the economy. He claims that this situation cannot be compared with the one in Western Europe where migrant workers usually undertake lower-status jobs and complement the national workforce. Morales (1992) characterises the expatriate utilisation in countries such as the GCC as depending on foreign or immigrant labour to provide fundamental services in a poorly defined labour market. Table (6) demonstrates the heavy dependence on foreign labour in GCC countries.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bahrain</td>
<td>80.3</td>
<td>59.3</td>
<td>67.7</td>
<td>75.0</td>
<td>n.a.</td>
</tr>
<tr>
<td>Kuwait</td>
<td>69.8</td>
<td>78.1</td>
<td>81.1</td>
<td>82.0</td>
<td>83.6</td>
</tr>
<tr>
<td>Oman</td>
<td>45.5</td>
<td>40.0</td>
<td>56.6</td>
<td>75.4</td>
<td>32.2</td>
</tr>
<tr>
<td>Qatar</td>
<td>85.5</td>
<td>81.6</td>
<td>75.5</td>
<td>81.0</td>
<td>n.a.</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>25.5</td>
<td>58.3</td>
<td>64.2</td>
<td>78.6</td>
<td>65.5</td>
</tr>
<tr>
<td>UAE</td>
<td>81.4</td>
<td>89.7</td>
<td>87.6</td>
<td>83.5</td>
<td>90.0</td>
</tr>
</tbody>
</table>

As regards the workforce in Qatar, the economy depends primarily on both a skilled and unskilled non-national labour force (Table 7) (Kapiszewski 2001). As noted earlier, the discovery of oil and related developmental projects created the problem of labour force scarcity, which forced the government to import labour (Jolo 2004). Non-Qatari labour, according to El Mallakh (1985), makes a substantial contribution to the process of economic and social development in Qatar. In addition to filling the shortage in the supply of unskilled, semi-skilled, and highly skilled workers, having a diversified workforce has provided the indigenous population with opportunities to be in constant contact with different outlooks and cultures (El Mallakh 1985). The arrival of a vast number of foreign personnel, however, has resulted in repercussions for the Qatari authorities, one of which is the imbalance in the male: female ratio (Abdalla 2006; Cordesman 1997). According to the latest Qatari estimates, 75.7 per cent of the population is male (Table 8) (Planning Council 2008).

**Table 7: National and expatriates in the workforce: 1986; 1997; 2004**

<table>
<thead>
<tr>
<th>Year</th>
<th>Nationals</th>
<th>Expatriates</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986</td>
<td>21,138</td>
<td>180,044</td>
<td>201,182</td>
</tr>
<tr>
<td>1997</td>
<td>38,457</td>
<td>246,947</td>
<td>285,404</td>
</tr>
<tr>
<td>2004</td>
<td>52,895</td>
<td>391,238</td>
<td>444,133</td>
</tr>
</tbody>
</table>

Table 8: Estimates of Total Population by Type: 2004 - 2008

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Population (Qatari and Non-Qatari)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
</tr>
<tr>
<td>2004</td>
<td>552,816</td>
</tr>
<tr>
<td>2005</td>
<td>653,232</td>
</tr>
<tr>
<td>2006</td>
<td>774,312</td>
</tr>
<tr>
<td>2007</td>
<td>920,414</td>
</tr>
<tr>
<td>2008</td>
<td>1,096,815</td>
</tr>
</tbody>
</table>


5.6 Arguments for and against Employing Expatriates in the GCC

A review of the many Arabic-language and the few English-language publications highlights the fact that despite authors sometimes describing the calls for localisation as “rational” and as having “straightforward” benefits (Al-Dosary and Rahman 2005), it can be argued that employing expatriates has served the GCC States well. As Datta et al. (2000) note, the majority of expatriates are low-paid labour and the GCC countries have benefited from this cheap foreign labour since the workers have a strong work ethic, are willing to undertake manual jobs, which are not popular with indigenous workers, and have the essential skills and experience that are not necessarily available among nationals. Al-Fakhri (2004) adds that employing cheap Asian workers leads to a reduction in costs, thus maximising profits.
However, a number of economists and politicians believe that over-reliance on a foreign labour force has a number of effects that can be perceived negatively by GCC governments. The arguments and motives that led the Middle East's leaders to devise and implement localisation policies include claims that it is more economical to maintain indigenous staff than expatriate staff and that it is necessary to ensure the stability of staffing, to conserve foreign exchange and remittances, to maintain a lower unemployment rate among nationals, and to correct the demographic imbalance (Rees et al. 2007; Al-Dosary and Rahman 2005). All these motives are politically driven wider economical targets and are broader than any individual company (Kapiszewski 2001).

First, with regard to the economic effects, since most foreign workers come to the Gulf without their families, expatriates usually send most of their wages abroad to support their families. Foreign workers' remittances constitute a high ratio of the GCC countries' GDP (Abdel-Rahman 2003; Al-Bishi and Taleb 2002; Datta et al. 2000). It is estimated that foreign workers' remittances in the GCC countries in 2003 totalled 27 billion dollars and the total remittances from 1975 to 2003 reached 413 billion dollars. According to Fasano and Goyal (2004), these remittances constitute between 6 and 11 per cent of the GDP of the host country. These remittances negatively affect the Balance of Payments in GCC countries and exploit their preserve of foreign currencies. In addition, these remittances could be considered wasted opportunities for local investments (Alyaum Newspaper 2004).
The other dilemma to which politicians and economists who are opponents to the hiring of expatriates refer is the increasing rate of unemployment among nationals. With a high fertility rate (6.4 births per woman prior to 1980 and 3.5 births per women in 1980) and a large proportion of the population being aged 0 to 14, that is, around 40 per cent according to the World Bank (2003) report, it has been argued that the economic growth in most of the GCC States is not sufficient to create enough jobs for all who seek them. According to Harry (2007), employment will have to increase by 5 per cent a year for the next 15 years to create enough jobs for those entering the workforce. Fasano and Goyal (2004) assert that the public sector in the GCC countries used to be the first and last resort for future labour market entrants; however, this role cannot be maintained any longer. Byman and Wise (2002) add that in countries such as the Kingdom of Saudi Arabia, Oman and the Kingdom of Bahrain, the growing unemployment rate is threatening the stability of the economical and political systems.

The third argument by supporters of the localisation process is that an over-reliance on expatriates causes a demographical imbalance (Al-Shredah 2002). Al-Fakhri believes that “the existence of a large social class of expatriates has turned Gulf societies into a mosaic that lacks homogeneity and cohesion” (2004: 17). Thus, most GCC states implement new policies limiting the importation of labour from certain countries. For instance, stricter regulations for issuing and re-issuing work visas have been introduced recently. Kapiszewski (2001) and Al-Jahni (2002) argue that these limitations are introduced as a result of the pressure concerning
security threats and of Westernisation and its influence on Islamic and traditional values and society. These views were officially confirmed by the Secretary-General of the GCC, Mr Abdul Rahman Al Attiyah, in the opening speech of the 23rd meeting for the Labour Ministers in GCC countries. Mr Al Attiyah stated that the decision makers in GCC countries should consider the foreign labour issue as a national security matter especially after the global changes and international treaties that tend toward providing foreign labour with the right to be nationals and to equalize them with nationals in terms of pay, medical care and education (Alraya 2005: 9).

5.7 Development of education in Qatar

Formal education in Qatar started in 1948 with the opening of the first school for boys in Doha (Brewer et al. 2007; Nafi 1983). Before that year, education had been provided by the ‘Metawa’ in each neighbourhood, that is, a literate man or woman knowledgeable about Islam, in a ‘Kuttab’, which was an informal class taught in a mosque or a home (Stasz et al. 2008). The aim of this informal education at that time was for children to memorize passages from the Qur’an and to learn to read and write (Jolo 2004). The move toward a broader and more comprehensive form of education began with the establishment of the first Ministry of Education in the 1950s (Brewer et al. 2007). By the beginning of the 1960s, official concerns about the quality of education in Qatar appeared to be prioritized (Jolo 2004). However, according to Al-Horr (1998), in Qatar there was no comprehensive integrated
reform project whereby problems, solutions and options were identified and operational plans were suggested; rather, there were some organised attempts to diagnose the reality and forms of education in Qatar, one of which was the UNESCO (1990) report on education in Qatar. The report analysed and evaluated the strengths and weaknesses of the education system and recommended a development project based on three categories: development programs of the whole education system, development projects of physical and human educational inputs, and a development office to be in charge of the process of educational development in Qatar (Jolo 2004). However, no actions were taken as a result of the study; instead, the report was sent to the Ministry of Education archive (Al-Horr 1998).

That is not to imply there was no investment in education, although services such as housing, education, and health, have been the heaviest outlays in the country’s budgets from 1978 onward (El Mallakh 1985); however, no comprehensive reform project had taken place until recently. In 2001, Qatar embarked on a major reform effort to align the education system more closely with the country’s changing economic, social, and political ambitions (Stasz et al. 2008). The intent is that the reform will produce Qatari students who are better prepared for postsecondary education and for employment. As a result of the reform, a new type of school, the so-called "Charter School Model" has been introduced. The idea of the “Charter School” is to establish a partially decentralized system of schools operated by nongovernmental parties subject to a charter or contract. Under this option, public
charter schools would continue to be funded by the government while the decision-making was decentralized. Assuming an independent monitoring body, this option instituted student testing and school evaluations to provide information about school and student performance. This option had an appeal for the Qatari government because it would retain some control over publicly funded schools through the charter mechanism, but the system would not require a large, centralized bureaucracy. A government body could provide some common structure, such as setting performance standards or admission policies, but the system would be opened up to individuals and groups wishing to operate new schools and would allow parents to choose them (Brewer et al. 2006). However, it is still too soon for the reform’s intended effects to be assessed (Stasz et al. 2008).

Today, government-funded education is provided free to Qatari children, as well as to eligible expatriate children whose parents are employed by the government. Literacy rates in the country are high; illiteracy among Qatari nationals over ten years of age declined from 13.6 per cent in 1997 to 9 per cent in 2004 (Brewer et al. 2007).

As regards higher education, this began in Qatar in 1973 when the Teacher’s College was inaugurated (Nafi 1983). This college was the nucleus for the publicly funded Qatar University, which was established in 1977 (El Mallakh 1985). The University of Qatar was the only university in Qatar until 1995 when the Qatar Foundation was founded by an Emiri decree with the mission to provide educational opportunities and improve the quality of life for the people of Qatar and
the region (Qatar Foundation 2008). Since that day, the Qatar Foundation has invited world-class universities to operate campuses in Qatar in the so-called “Education City” including Virginia Commonwealth University School of the Arts; Weill Cornell Medical College; Texas A&M University; Carnegie Mellon University and Georgetown University (ibid.).

Outside of Education City, two universities have been operating since 2000 and 2002, namely, CHN University Netherlands and the College of the North Atlantic–Qatar (CNA) respectively. The CHN offers bachelor’s degrees in hospitality management and tourism management, while the CNA, a Canadian institution, offers various two- and three-year diploma and certificate programs in engineering, business, health sciences, IT, and related fields designed for industrial, commercial, and government organisations (Stasz et al. 2008).

In addition to the option of pursuing post-secondary education in a locally based university in Qatar, Qatari nationals are provided with scholarships and other forms of financial assistance to pursue more advanced studies in foreign countries, such as the United States of America, the United Kingdom, Canada, Australia, and France, and other Arab countries, such as Egypt, Jordan, Syria, and the Kingdom of Saudi Arabia (Nafi 1983). These are the steps the government has taken to establish a complete system of education.
5.8 The Economy and Business environment in Qatar

Before the discovery of oil, the main economic activities were centred on fishing, pearl-diving and trade. The sea was the main source of income, since the harsh geographical and arid climatic conditions of Qatar offer no prospects of agriculture in the country (Jolo 2004). As in other oil-producing countries in the developing world, Qatar’s oil resources were developed by foreign oil companies, mainly the Royal Dutch/Shell Group and British Petroleum Company. Oil concessions were granted to the international companies in 1935, but a gradual takeover was made by the Qatari government whereby in 1976 the State of Qatar took over full control and ownership of oil operations in the country (Nafi 1983).

Since oil was first commercially produced in Qatar in 1949, oil revenues have encouraged the government to abandon the traditional economic activities of fishing and diving for pearls. As a result, the oil and gas based industry has become the most significant sector of the economy, accounting for more than 55% of the Gross Domestic Product (GDP) of Qatar and 85% of exports and making up 70% of the total government revenue (CIA 2005). Qatar’s North Gas Field is the largest non-associated\(^6\) gas field in the world, with proven reserves estimated at over 900 trillion cubic feet, equivalent to about 162 billion barrels of oil (over 15 per cent of the world total). These reserves will be sufficient to support the planned production of natural gas for over 200 years (Global Research 2005).

\(^6\) Non-associated gas field refers to fields that only contain gas and no oil can be found in those fields.
As the main productive economic activity, the oil/gas sector and related industries dominate the country's economy to the extent that it is characterized as a one-resource economy. This is not only measured in terms of oil exports to total exports but more importantly in terms of its high contribution to the public budget and national income. Therefore, the political elite in Qatar stated clearly that localising the workforce in the oil and gas based industries is one of the priorities in the sector to secure the country's resources (Jolo 2004).

The development of the Qatari economy is led by the dominant broad public sector, that is, government departments, government enterprises, and semi-government firms, while the private sector, which consists mainly of small and medium size family-owned commercial business, is still underdeveloped despite the support and the excessive protection it receives from the government (Abdalla and Al-Homoud 2001; Abdalla 2006). Abdalla and Al-Homoud (2001) add that since most of the private firms are family-owned, there is a lack of separation between ownership and management control. Nonetheless, Abdalla (2006) posits that the more advanced and developed public sector was initially established to cover industries necessary for the country's development, something the private sector was considered incapable of undertaking; however, the role of the public sector has widened over time and now is involved in a wide spectrum of activities that are not always beyond the private sector's capabilities. Schlumberger (2000) and Abdalla (2006) argue that the private sector in Qatar is dependent on the
benevolence of state institutions in the form of government contracts to operate successfully, as the size of the domestic market is too small to support business with a local focus.

Having established the situation in the previous paragraph, it should be noted that the management of human resources in these different types of organisations varies considerably. Since the establishment in the 1960s of the government sector, that is, ministries and departments, the human resource management has been centralized. In 1962, the Personnel Department was established in the Ministry of Finance and Petroleum and was responsible for manpower planning for the government sector, and for recruitment, and reviewing and monitoring the budget allocated to government posts (Abdul-Hadi 1970). Two decades later, the size and the duties of the department had expanded. In addition to manpower planning, recruitment and budget revision, the department became responsible for promotions, job classification, performance evaluation, retirement, service termination and training (Annual report 1980). Due to the increasing size of the government sector, the Personnel Department was transformed into a new ministry called the Ministry of Civil Service Affairs and Housing (MCSAH). Until it was replaced by the Ministry of Labour and Social Affairs (MLSA) at the end of 2007, the MCSAH was responsible for everything related to the personnel management in the government sector including the aforementioned duties of the Personnel Department; however, when the MLSA was established, most of those activities were decentralized. Starting from October 2007, each ministry and government
department has had its own personnel department rather than there being one centralized department for the entire government sector (MLSA 2008). Since the public sector in Qatar is rich and big, it has a more modern HRM function in comparison to that of the private sector (Abdalla and Al-Homoud 2001). Facing tough competition, the mostly small-medium sized private sector organisations tend to compromise their HRM functions for economic considerations (Abdalla 2006). In the case of joint-ventures, where the government invited multinational enterprises to establish businesses in Qatar, the government wanted the foreign investors to bring not just capital but also “management know-how and technology” (Mellahi 2003: 92). However, Tayeb (1988; 2000) argues that it is more likely for the HRM function in a company to be a culture-specific and to be similar to the common practices in the host country than for the business to implement the same HR practices that are used in the home country.

That said, it is argued that the management practices in Qatar are affected by the political ideology, the economic conditions and the socio-cultural characteristics of employees and managers (Abdalla 2006; Tayeb 1996; Mellahi 2003). For example, the managerial consequences of the state being the most powerful economic actor means that the relationship with government bodies and officials has a strong influence on the success of the business (Mellahi 2003; Budhwar and Mellahi 2006). Another aspect of the political practice is the paternal type of superior-subordinate relationships (Tayeb 2000). Al-Horr (2008); Abdalla (2006) and Weir (2000) argue that Qatari society draws its structure and authority from the tribal
structure whereby the head of the country is the head of the tribe that is the head of other tribes. Children are taught to refer to the Emir in the same way they refer to their fathers, that is, “papa Hamad”, while questioning the decisions of the head of the state is seen as jeopardizing the national interests by compromising his position (Al-Horr 2008: 159). The implication of this structure is that nationals show less resistance to decisions made by the political leaders since their loyalty to the Emir or the head of the state is expected to override loyalty to organisational strategies (Mellahi and Budhwar 2006). What supports this type of attitude is the often compromised hiring process in favour of the social habits and values of the decision-maker where the preference usually goes for appointing “people of trust and loyalty” rather than “people of competence” (Abdalla 2006: 135).

The situation described above does not mean that HRM functions are absent in the Qatari context, rather it emphasizes the importance of examining HR practices and policies in a local context. Despite the variation in the integration of HRM in the overall business strategy between the public and the private sectors, it can be noted that the general trend is toward a more strategic role of HRM in business strategies especially in the government department and the state-owned enterprises.

Although the area of HRM practices in Qatar used to be neglected in the literature, a recent work by Abdalla (2006) shed some light on the present HRM practices in both the public and the private sector in Qatar. Based on a questionnaire survey of
thirty-four public and private businesses, Abdalla (2006) recognizes that public organisations and medium-large private businesses conduct job analyses and use a skills reservoir, expected transfers, and voluntary and involuntary turnover as the main source of information for manpower planning. As regards the hiring process, the study argues that the main difference between the public and the private sector is that the former is more committed to Qatarisation and, therefore, natives are given priority in filling vacancies, while the latter has a preference for well-qualified employees who can perform their jobs efficiently without being provided with any further training.

Another difference between public and private enterprises in terms of HRM practices is the use of performance appraisal. In the private sector, performance appraisals are conducted once every two years in the form of simple comparative appraisals whereby an individual's performance is compared with that of others or in the form of a behavioural approach whereby an employee's behaviours must be seen to be effective in the job. Performance appraisals are performed with greater frequency in the public sector since they are generally conducted annually or biannually. The most common approach used in the public sector is the attribute approach, which evaluates the extent to which individuals possess attributes pertaining to a company's success; however, usually, direct supervisors are the sole formal appraisers of subordinates' performance.
The fourth key HRM practice in Qatar is training and development. Again, direct supervisors are the most important source of information for assessing the training needs of subordinates. Even when training has been offered, follow-up activities are poor, evaluation of training programs’ effectiveness is rare, and the results of the evaluation when available are seldom utilized well. It is important to note that one of the distinctive features of training activities in Qatar is that they are mainly provided by the public sector. Private organisations usually justify their reluctance to provide training by claiming it is hard to recoup on investment since the turnover of expatriates, who constitute the majority of the workforce in the private sector, is relatively high.

5.9 Localisation efforts in Qatar

Having illustrated the different aspects of the historical, political and social development in Qatar, the strategy under investigation, Qatarisation shall be explored next. The government has used similar approaches to those used in other GCC countries to make national employment more appealing. For example, the authorities have raised the fees on importing foreign labour as well as restricting the visa and employment permits (Kapiszewski 2001). In addition, the Qatari authorities approved a procedure in 1997 as a part of the strategy to increase Qataris’ participation in the private, mixed and banking sectors. In this initiative, the government committed itself to providing Qataris who work in the private and mixed sectors with the building loans and the free building land that are usually
given to Qatari public employees. In addition, the state agreed to implement the same pension scheme for those who work in the private and mixed sectors and those in the public sector. Further, a monthly salary will be paid in the case of disability or death for Qataris who work in the private and mixed sectors, which is equivalent to that which is applied in the public sector (Al-Mufraji et al. 2004).

Although Qatarisation is a longstanding policy in the oil- and gas-based industries, there are very few academic works examining the policy. The gap in the available literature is even bigger when it comes to the earliest stages of the implementation in the 1980s and 1990s. Jolo (2004), Al-Ghanim (1994) and Mohammad (1989) are among those academics that have referred to Qatarisation in their works; however, their examinations of the policy were not the main aim of their works. For example, Jolo (2004) studied the human capital formation in Qatar and briefly examined Qatarisation among the many other policies that affect the formation of the human capital. Al-Ghanim’s (1994) work was concerned with the role of human resources in developing Qatari society, and therefore, the Qatarisation policy was examined briefly in her work as a means of utilizing the Qatari human resources. Finally, the main concern of Mohammad’s work (1989) was manpower planning methods, and thus, reference was to Qatarisation as one of the activities that are included in manpower planning.

Since the 1980s, the Qatari government has been trying to reduce the number of foreign workers in the country by encouraging “Qatarisation” programs
(Cordesman 1997). The oil and gas industries were among the first sectors to adopt Qatariisation policies (Mohammad 1989). Since it was first initiated in December 1984, the Qatariisation strategy has been through a number of alterations and revisions (Jolo 2004). In the earlier phases of the strategy, only four companies from the oil and gas industries joined the program: Qatar Petroleum (QP); Qatar Fertilizer Company; Qatar Petrochemical Company; and NODCO (Mohammad 1989; Jolo 2004). According to Mohammad (1989), the plan was initiated in order to tackle three issues: first, to reduce continued dependence on foreign know-how and the resultant lack of technology transfer; second, to correct the imbalance between the manpower needs of the industry and the outputs of the education system; and, finally, to decrease the frustration and demoralisation of present and future Qatari employees, especially university graduates. Therefore, the aim of the 1985-1989 Qatariisation plan was to “maximize and utilize the Qatari manpower supply to meet training, recruitment and development demands” with the ultimate goal of raising the percentage of Qataris from 30 to 58 per cent by 1990 (Jolo 2004: 119). Mohammad (1989) argues that although the numerical goals of the plan might seem to be modest, the goals represent a formidable task since Qataris at that time represented only a third of Qatar’s population and only 20 to 25 per cent of Qataris were economically active. Jolo (2004) adds that the plan failed to achieve its targets not only because of the small numerical size of the indigenous population but also due to the lack of commitment among the participating companies of which only QP was committed to implementing it.
Another strategic Qatarisation plan was set for the period (1990-1995). The goals for the revised plan were more pragmatic and mechanistic than were those for the first plan; for example, the numerical goals were significantly reduced to 41 per cent (Jolo 2004). Although the numerical goals were lower than in the previous plan, the revised plan had projected a significant reduction in the total workforce as a means of achieving the Qatarisation targets without justifying the reasons behind this decrease in the rate of employment (Mohammad 1989). In addition, the policy makers had also made the decision not to include the labour force employed in construction or other “non-routine” operations in the overall workforce headcount (ibid.: 49). The policy makers justified this decision on the basis that the majority of the functions then performed by the service level staff in the OGBI would be contracted out. Mohammad (1989) posits that although there is no evidence that the process of contracting out non-operational functions had been primarily introduced to influence the Qatarisation percentage, Qatarisation percentages have increased as a result of this process since almost no service level staff employees are Qataris. Despite this increase, the plan did not achieve its quantitative goals. Jolo (2004) argues that the lack of commitment from the participating companies and their management continued to play a significant role in hindering the Qatarisation plan. In addition, nationals were not motivated at that time to work in the remote oil and gas industry. Further, expatriate managers, especially those appointed in top managerial positions by the internal partner, were more focused on their job-related tasks than on supporting, encouraging and

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7 Non-routine operations were defined as temporary jobs that are not related to the core operations of the companies.
training Qataris. Thirdly, there was no clear and specific objective relating to Qatarisation, particularly in technical and managerial positions; also there was a lack of any assessment and evaluation criteria for the progress of the plan. All these factors contributed to the failure to achieve the planned objectives (Jolo 2004).

Therefore, the authorities in the oil and gas sector, seeking to overcome these problems, revised the Qatarisation plan for the third time in 2000. The third strategic five-year plan (2000-2005), which then have been extended to 2007, and then to 2009, differs from the previous initiatives in terms of participation, implementation mechanisms, and monitoring procedures (Qatarisation 2006). The purpose of the programme is to identify and to develop quality, competent Qatari males and females to assume permanent positions in the energy and industrial sector, and to increase the ratio of Qataris to 50 per cent within five years (2000-2005) (Jolo 2004).

Twenty-three companies⁸, representing the majority of the companies working in the energy sector, are participating in the Qatarisation policy. Each company has prepared their own Five-Year Plan, including manpower requirements, to meet their Qatarisation target, and has identified key activities, to support their

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⁸ These companies are Qatar Petroleum, Qatar Fertilizer Company, Qatar Petrochemical Co. Ltd., Qatar Liquefied Gas Company Ltd., Qatar Fuel Additives Co. Ltd., Ras Laffan Liquefied Natural Gas Co. Ltd., Qatar Vinyl Co., Qatar Chemical Co., Total, Maersk Oil Qatar, Occidental Petroleum of Qatar Ltd., Exxon Mobil, Qatar Petroleum Development Co. Ltd., Bunduq Co., Gulf Helicopter Co., Qatar Steel Company Ltd., Oryx GTL, Wintershall AG, Ras Laffan Power Company, Dolphin Energy, Qatar Electricity & Water Co., Encana, WOQOD, and Anadarko.
requirements. In addition, they have established committees and teams to study, manage and implement a variety of activities designed to support the Plan and its manpower requirements. These activities have emphasised the importance of improving the quality of the national workforce so nationals become competent to do the jobs necessary. For example, the plan clearly stated that all industrial training programs should be regularly evaluated and modified, if necessary, and new programs implemented to ensure the application and acquisition of competencies to support ‘quality’ Qatarisation. The plan also has acknowledged the role of expatriates in the Qatarisation process, and therefore, the participating companies are committed to continued employment for high performing expatriates who show support for the Qatarisation process (Qatarisation 2006).

This plan also differs from the previous ones in that each company is responsible for a regular monitoring, reviewing and updating of their respective plan to maintain a five-year horizon. A Qatarisation Steering Committee, with membership from all participating companies, meets regularly, and provides overall strategic Qatarisation direction for the industry. Finally, the preparation of quality Qataris is based on performance, rather than time, and should be balanced with operational requirements to ensure a smooth operation (Qatarisation 2006). In other words, “individuals are supposed to be prepared through performance-based, not time-based, training and development, and recognizing the right attitudes, discipline, motivation and commitment to learn and developing and contributing to the departments’ objectives in a timely manner” (Jolo 2004: 122).
It can be noted that a key element of the activities recommended by the Qatarisation plan is the training and development of nationals. Thus, Qatar Petroleum Training Center facilities have been expanded to accommodate the increased intake and some programs have been decentralized to the work sites if this is deemed economic and practical. Eight training programs can be recognized in the QP Training Center\(^9\). Candidates who graduate from these programs will be assigned to a junior or a senior position depending on the programme he/she completes (Qatarisation 2006; Qatar Petroleum 2004).

5.10 Obstacles to Qatarisation in Oil and Gas Industry

As can be noted from the discussion above, all Qatarisation plans have been devised to achieve quantitative targets. All the literature, reports and official documents examined have identified similar obstacles associated with Qatarisation. There is a general consensus that it is impossible to achieve the ambitious 50 per cent target due to the current deficits in the labour market. These deficits are represented in the number of Qatars in the labour market and the quality of those Qatars (LMSP 2005; Jolo 2004; Al-Ghanim 1994; Mohammad 1989).

\(^9\) These programs are: Fireman Preparation Program; Marine Preparation Program; Academic Bridge Program; Clerical Preparation Program; Direct Scholarship; Security Preparation Program; Tailor Made Program; Technician Preparation Program.
First of all, the latest statistics and forecasts issued by the Planning Council support the view that the small indigenous population is not sufficient to operate the Qatari economy fully. As mentioned earlier, according to the General Labour Force Sample Survey (2007), there are only 61,707 Qatari out of the total 827,802 that constituted the workforce in Qatar in 2007. In other words, Qatari participation in the workforce in 2007 was less than 7.5 per cent. The Qatari annual rate of population growth in the period (1997-2004) was 2.2 per cent compared with 6.5 per cent for non-Qataris. During the same period, the Qatari labour force increased annually by 2,000 compared with an annual increase of more than 20,000 among expatriate workers. As a result, the current Qatari/non-Qatari ratio in the labour force is 1:8 (LMSP 2005).

What makes the situation more complicated in terms of Qatarisation is that the expansion of the Qatari economy is expected to keep growing at a similar rate of acceleration for the next decade. For example, between 2005 and 2006 the rate of change of the GDP in the Government Services was 44.71%, in the Mining and Quarrying sector was 28.93%, in Construction 17.69%, and Social Services 12.79% with a total increase of 24.16% in the GDP between 2005 and 2006 (Table 9). It is forecasted by the Planning Council in Qatar that, in 2015, the supply of the indigenous workforce will be 117,600 while the demand for labour will reach 1,024,000 (Ibrahim & Khalil 2006). In other words, the percentage of Qatari participating in the workforce will barely reach 11.5 per cent as a result of the current development and expansion in the public, private and mixed sectors.
Table 9: Annual Rate of Change (%) of GDP 2005 – 2006

<table>
<thead>
<tr>
<th>Economic Activity</th>
<th>Rate of Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture and Fishing</td>
<td>7.87</td>
</tr>
<tr>
<td>Mining and Quarrying</td>
<td>28.93</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>8.10</td>
</tr>
<tr>
<td>Electricity and Water</td>
<td>9.73</td>
</tr>
<tr>
<td>Construction</td>
<td>17.69</td>
</tr>
<tr>
<td>Trade, Restaurants &amp; Hotels</td>
<td>10.87</td>
</tr>
<tr>
<td>Transport and Communications</td>
<td>9.74</td>
</tr>
<tr>
<td>Finance, Insurance, Real Estate &amp; Business Services</td>
<td>6.59</td>
</tr>
<tr>
<td>Social Services</td>
<td>12.79</td>
</tr>
<tr>
<td>Imputed Bank Service Charges</td>
<td>5.42</td>
</tr>
<tr>
<td><strong>Total Industries</strong></td>
<td><strong>22.66</strong></td>
</tr>
<tr>
<td>Government Services</td>
<td>44.71</td>
</tr>
<tr>
<td>Household Services</td>
<td>9.93</td>
</tr>
<tr>
<td>Import Duties</td>
<td>6.44</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>24.16</strong></td>
</tr>
</tbody>
</table>


Another issue related to the labour market is unemployment. The total unemployment, both Qatari and non-Qatari, as a percentage of the total labour force is below 2 per cent and has shown a tendency to decline, falling from 2.3 per cent in 1997 to 1.4 per cent in 2004. However, when those in the 55 to 65 age group unemployment are excluded, the rate jumps to 4 per cent. Nonetheless, unemployment is a serious problem for some Qatari groups, especially the less educated and the young (LMSP 2005). According to Ibrahim and Khalil (2006), unemployment among Qataris in 2004 was 4.2 per cent compared with 1.1 per
cent among non-Qataris (Table 10). No less than two-thirds of Qatari male unemployment consists of those qualified at below secondary education and 90 per cent of the unemployed were below the age of 30 years and tended to have been unemployed for more than one year. In contrast, very few Qatari unemployed women were so poorly qualified, and most were recent university graduates. Thus, unemployment seems to be predominantly affecting young, less-educated Qatari men and the most educated Qatari females (LMSP 2005).

Table 10: The Development of the Unemployment Rate According to the Nationality and Gender during the Years (1986, 1997, 2004)

<table>
<thead>
<tr>
<th>Years</th>
<th>Nationality and Gender</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Qatari %</td>
<td>Non-Qatari %</td>
<td>Total %</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Total</td>
<td>Male</td>
</tr>
<tr>
<td>1986</td>
<td>4.4</td>
<td>2.0</td>
<td>4.1</td>
<td>0.6</td>
</tr>
<tr>
<td>1997</td>
<td>7.2</td>
<td>10.3</td>
<td>8.0</td>
<td>1.1</td>
</tr>
<tr>
<td>2004</td>
<td>3.9</td>
<td>4.9</td>
<td>4.2</td>
<td>0.7</td>
</tr>
</tbody>
</table>


Another deficit in the labour market is the underutilisation of considerable sectors of the Qatari labour force. This represented in two issues: the over employment in the government sector and the significant number of Qataris aged 30 to 40 that are made redundant from the civil service. As regards over employment, many scholars have addressed the issue of the public sector being saturated and not able to absorb more Qatari job seekers unless through the replacement of expatriates (Abdalla 2006; Harry 2007; Jolo 2004; Al-Ghanim 1994). However, official statistics show that in the period 1997-2004, there was an annual net
increase in public administration of the Qatari labour force by 2,000 in comparison to the displacement of fewer than 500 non-Qatari workers annually out of the nearly 70,000 expatriates who are still employed in the public sector (LMSP 2005). Abdalla (2006) and Brewer (2007) argue that the government sector continues to provide employment to nationals since full employment is seen by the Qatari authorities as a means of achieving a fair distribution of the national wealth. The official labour market report published by the Planning Council made it clear that the government provides social protection for Qatari through civil service employment as dividends payable from the revenues from oil and gas (LMSP 2005).

A second form of labour underutilisation is Qatari who are retrenched from the civil service. As a result of the massive restructuring of the public sector, many Qatari have been asked to retire voluntarily or have been made redundant. In the case of Qatari who have not reached the age of retirement, they are offered full salary, as if they were still doing their jobs, while staying home and not undertaking any productive tasks. Further discussion of this issue will be made in the next chapter.

The quality challenge that has been identified as a major obstacle to Qatarisation is the educational output. First, regarding the size of the output, the number of people acquiring high school or university degrees is smaller than the industry requirement. This is due to a number of reasons, one of which is the previously
mentioned small size of the Qatari population. The second reason is the large
deficit in education mainly because of the lower performance of Qatari males. The
enrolment rates of Qatari men in secondary education are lower than those of
Qatari women; the males' examination pass rates and progression rates form one
educational level to the next is half that of female Qataris. By the end of
preparatory education (age 16), the male dropout rates from school are three times
as high as those of females. Thus, there are nearly three female university
students for each male student at Qatar University (LMSP 2005).

The second element in the education challenge is the subjects that are chosen to
be studied at university level; studies focus on traditional subjects. More than half
of the degrees awarded by Qatar University, which contains over 80% of the
university students in Qatar, are in humanities and education subjects (48% of
education, 18.2% of humanities, 13% of sciences and 2.5% of engineering), and
until 2003 there were practically no Qatari women registered for engineering
degrees (Table 11). In fact, only 26 (male) engineers graduated in 2004 – an
insignificant increase over the 17 Qatari men who did so in 1990. The focus on
traditional subjects at university level implies that most graduates find jobs in the
"traditional" sectors: half of the increase in the employment of Qatari women with a
university education between 1997 and 2004 came from the education industry,
and overall 45 per cent of all Qatari graduates were absorbed into public
administration (Jolo 2004; LMSP 2005).
Table 11: Students of Qatar University by Sex and Faculty and Foreign Universities (2005/2006)

<table>
<thead>
<tr>
<th>Faculty</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-Specialisation</td>
<td>646</td>
<td>1240</td>
<td>1886</td>
</tr>
<tr>
<td>Education</td>
<td>76</td>
<td>464</td>
<td>540</td>
</tr>
<tr>
<td>Art and Science</td>
<td>596</td>
<td>2677</td>
<td>3273</td>
</tr>
<tr>
<td>Sharia (Religion)</td>
<td>153</td>
<td>328</td>
<td>481</td>
</tr>
<tr>
<td>Engineering</td>
<td>452</td>
<td>425</td>
<td>877</td>
</tr>
<tr>
<td>Administration and Economy</td>
<td>319</td>
<td>410</td>
<td>729</td>
</tr>
<tr>
<td>Law</td>
<td>205</td>
<td>235</td>
<td>440</td>
</tr>
<tr>
<td>Non Specialized</td>
<td>1</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Courses Study</td>
<td>15</td>
<td>8</td>
<td>23</td>
</tr>
<tr>
<td>Post Graduate Studies</td>
<td>41</td>
<td>39</td>
<td>80</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>2504</td>
<td>5830</td>
<td>8334</td>
</tr>
<tr>
<td>Foreign Universities</td>
<td>1163</td>
<td>855</td>
<td>2018</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3667</td>
<td>6685</td>
<td>10352</td>
</tr>
</tbody>
</table>


Another problem related to educational output is concerned with the operational language: English. Nationals who are not proficient in English need to improve their English language skills first in order to be able to undergo technical training. Language courses could take from three to six months or even longer depending on the trainee's level of English.

In addition to the two obstacles discussed above, which affect all Qatarisation efforts across the border, Jolo (2004) identifies another set of challenges associated with the oil and gas based industries. Looney (2004) and Jolo (2004) argue that this type of industries provides less attractive working conditions in
comparison to the civil service. For example, the remote locations of the companies, the hazardous nature of the work, and the long working hours reduce the participation of Qatars in general, and especially Qatari females, in the industry (Jolo 2004). Looney (2004) agrees and echoes that health and safety conditions in the workplace might de-motivate nationals regarding working in dangerous industries, such as the oil and petrochemical industries.

Further, Gamble (2000) claims that the presence of expatriates is important to ensure the transfer of knowledge and technology. This argument is supported by the responses of national and non-national managers and decision makers in the survey carried out by Jolo (2004) in OGBI in Qatar; Jolo believes that the OGBI industry is currently dominated by expatriates who have industry-related knowledge, which "cannot be transferred overnight", and thus that it is unrealistic to achieve 50 per cent Qatarisation in 5-7 years, especially in technical streams such as production (Jolo 2004: 281). She also points out it is problematic to motivate expatriates to develop indigenous trainees and perform on-the-job training for them. Although such tasks are stated clearly in their employment agreements, expatriates might feel insecure as a result of the Qatarisation programme, and therefore, expatriates might not be motivated to train Qatars and to support their acquisition of the required skills. Added to that, the lack of training provision historically for Qatars working in this sector and the deficits in the education system in Qatar negatively affects their level of industry-specific knowledge and skills (Jolo 2004).
5.11 Conclusion

The above discussion has set out the infrastructure for the following empirical work. It was argued that, in order to understand the Qatarisation process, it is essential to consider the political, cultural, and social environment in which the policy takes place. These factors support Qatarisation sometimes, like the case of the political structure whereby political leaders face less resistance, and demonstrate the obstacles to the Qatarisation efforts in other cases, such as the deficits in the education system and the small size of the indigenous population.

After all, Qatar is a progressive economy in the Middle East and its development has been remarkably rapid despite labour and other factors that constitute constraints on the country's development efforts (El Mallakh 1985). The Qatarisation efforts have taken place to tackle the imbalance between the economic need for foreign labour and to utilize the national resources for the benefit of the citizens (Abdalla 2006). The following three sections will thoroughly examine the implementation of Qatarisation policy in the energy sector.
Chapter Six

Political contingency and the implementation of the Qatarisation strategy in the OGBI sector

It was highlighted in Chapter Two that researches on public enterprises have argued that being owned by the state, public firms' objectives and strategies are determined or at least influenced by political constraints to a greater extent than are private sector enterprises. The energy sector in Qatar faces similar dilemmas since it is composed of a government body, represented by the Ministry of Energy and Industry, a public corporation, represented by Qatar Petroleum, and a number of semi-government enterprises. The situation in Qatar is unique. Although the roles and objectives of these different parties can be conflicting, most key positions in them are held by the same person (see Diagram 2), Mr Al Attyiah, who also holds higher positions such as that of Deputy Prime Minister.

In order to answer the first research question, that is how the Qatari authorities employ public enterprises to achieve macro-policy targets such as Qatarisation, and to understand the unique "political contingency" in this context, the following chapter will explore the relationship between the state and QP as well as the relationship between QP and its subsidiaries. This will be followed by a detailed discussion of Qatarisation-related issues, such as the Qatarisation targets, the motives for Qatarisation, and Qatarisation costs.
6.1 The relationship between the state and QP

In a regular scenario, the assumption for a sector organised hierarchically is that each level reports to its superior. For example, in the case of the Qatari energy sector, the hierarchy would theoretically dictate that the semi-government enterprises, which are mainly owned by QP, would report directly to QP, which in turn would report to the Ministry of Energy, which would then report to the Council of Ministers (Diagram 2). However, the law that established QP empowered QP to bypass the Ministry of Energy and report directly the Council of Ministers. In addition, oil and gas resources were excluded from the Ministry's responsibility for granting and withdrawing licenses for the exploration of natural resources and minerals, and this responsibility was assigned to QP:

Qatar Petroleum has the exclusive concession for the exploration, drilling and production of oil, natural gas and other hydrocarbons and their derivatives, and the investment and development of the resources' substances in the State.

Qatar Petroleum specializes in the licensing of any natural or legal person holding any of the operations of oil, in accordance with the provisions of the organisation of Qatar Petroleum (Emiri Decree No.1/2007, Article 4).

The Minister, on behalf of the government, is entitled for declaration for the natural persons or legal entities, the exploration, prospecting or licensing of the natural wealth, except oil, in accordance with the rules and conditions laid down by the Council of Ministers (Emiri Decree No.1/2007, Article 7).
In other words, there is a political conflict between the roles and responsibilities of both the Ministry of Energy and QP, and therefore, tensions or conflicts between them can be expected. Surprisingly, over the years, there have been no significant tensions between these two bodies. The reason for this peace could be that both are run by the same powerful person, Mr Al Attiyah (Diagram 2). Thus, though some responsibilities have been excluded from the Ministry, the Minister is still in control of them as a result of being QP Chairman.

**Diagram 2: The relationship between the State and the OGBI, and the multiple roles of Mr Al Attiyah**

An example of how this situation might work would be were QP to decide to bypass the Ministry and report directly to the Council of Ministers to acquire the approval for a certain issue, it is actually the Minister's decision to do so. In other words, all
QP important decisions are taken by its management, the chairman and the managing director, Mr Al Attiyah, which means that the minister would make the decision to bypass the Ministry, and therefore, all potential tensions would be diminished.

6.2 The relationship between QP and its subsidiaries

The respondents from OGBI offered various examples demonstrating a unique "arm-twisting" relationship between the state, represented by the Ministry of Energy and the government-owned company QP, and the rest of the semi-government companies, in which QP is the major shareholder. This relationship is maintained through Mr Al Attiyah, who is the Deputy Prime Minister, the Minister of Energy and Industry, the Chairman and Managing Director of Qatar Petroleum, and the Chairman of a number of QP subsidiaries, such as Company B, Company E and Company D (Diagram 2). This situation, whereby the same person has a number of conflicting roles ranging from being a member of the government to managing semi-government companies, has provided Mr Al Attiyah with the means to coordinate these conflicting parties and steer them toward a unified state-led policy, Qatarisation, with minimum explicit resistance from the companies. As will be illustrated later in this chapter and in Chapter Eight, participating companies not only follow the instructions to implement Qatarisation but also defend the strategy as having great benefits for their organisation, while only a few participants were
able to justify these benefits. How companies’ commitment to Qatarisation is secured and tensions are reduced will be discussed next.

A number of respondents claimed that their companies are independent and denied any direct pressure from QP on the companies’ overall strategies. For example:

Each company has its own board of directors which determines its policies (HR Manager, Company A).

We are a company and we always invest in our best interest and we are not afraid of stating that (Head of Employee Development, Company C).

However, evidence from the interviews shows that, despite having their own boards of directors, QP’s subsidiaries are directly influenced by QP in three ways: the multiple roles of the Minister of Energy, the appointment of a board of directors and key personnel in the subsidiaries by QP, and the monitoring process carried out by QP.

As regards the first method, operating these multiple positions by the Minister of Energy is believed, by some respondents, to have played a significant role in fostering the Qatarisation process in the energy sector. For example:

The role of the Minister was positive since Mr Al Attiyah fully supported the management regarding Qatari development and encouraged the Qatarisation not only in QP but also in all its subsidiaries (Deputy General Manager, QPD, ex-Qatari Development Department, QP).
However, another respondent commented on the same issue:

The Minister of Energy is the Chairman of QP and the Chairman of [Company B] so it is difficult to distinguish between whether a policy is an intervention of QP and the Ministry of Energy or if it is coming from the company itself (HR Manager, Company B).

This is a key factor in the relationship between the state and the state-owned companies. The above quotation illustrates the confusion personnel in the energy industry feel as a result of the multiple roles of the Minister. An example of a situation that might be inaccurately interpreted is the Minister's statement in a television interview where he stated that he was satisfied with the achievement of 30 per cent on average in the oil and gas companies in the field of Qatarisation (Qatarisation Policies 2007). However, it is difficult to know whether he was satisfied as a member of the government, which had asked the companies to reach 50 per cent Qatarisation, or as QP chairman, the company that monitors and steers the Qatarisation process, or as the chairman of Company B and Company E, who are at the bottom of the Qatarisation chart.

Still, the fact that the same high level government official is a manager or a director in the state companies has made it easy for the government to maintain these companies' commitment to the state-led policies and to minimize any resistance within the companies since decisions seem to be taken among the company's top management rather than being enforced by the state. For example, when Mr Al
Attiyah decided that Company E, for example, should join the Qatarisation strategy, it was perceived as being the company's chairman that had taken this decision rather than the QP management of ministry officials, and therefore, there was less discomfort among the rest of the company's management especially because most of the remaining members of the company management are chosen by the Minister himself and appointed by QP to fill the managerial positions in the subsidiaries; this also demonstrates the second technique, in which the state controls the government corporation.

It is through appointing the subsidiaries’ board of directors and some of the key personnel that QP has maintained the support necessary to back up the minister’s decisions and the state-led strategies. Since QP is the major shareholder, by law it has the right to appoint most of the members of the board of the directors while the remainder are appointed by the international or the local partners:

The General Manager is appointed by QP, which owns 40% of the company. QP also appoints three out of five directors of the board of directors, one of whom is the General Manager, who is also the Deputy Chairman (Head of Recruitment, Company E).

Executives are appointed by QP and [the American partner]\(^\text{10}\) (HR Manager, Company B).

The board of directors is appointed by the Minster of Energy based on QP’s share of the company (HR Manager, Company A).

\(^{10}\) The international partner’s name has been replaced to ensure anonymity.
The following table (Table 12) shows the distribution of quotas within the board of directors of three out of the six companies investigated.

**Table 12: The total number of the board of directors and the number of members appointed by QP**

<table>
<thead>
<tr>
<th>Company</th>
<th>Members Appointed by QP</th>
<th>Total number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company D</td>
<td>7</td>
<td>11</td>
</tr>
<tr>
<td>Company E</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Company A</td>
<td>6</td>
<td>8</td>
</tr>
</tbody>
</table>

Source: The annual financial reports of the companies.

Having most of the board of directors on its side, QP would be able to secure approval for politically determined policies. One respondent, the Administration Manager, Company E, commented that those directors are from the energy sector or at least are fully aware of the sector targets, QP ambitions, and the country's requirements and plans, and therefore, they act according to these principles. Another respondent, the HR Manager, Company A, argued that QP influences only its subsidiaries' strategies rather than the process since each company has full autonomy of its practices. QP would, for example, ask its subsidiaries to Qatarise 50% of their workforce; however, how this strategy is implemented is up to the individual companies. Nevertheless, another respondent, HR Manager, Company B, described it as a situation in the middle between being controlled and not being controlled since there are always other considerations the board of directors should keep in mind before taking critical decisions such as whether to participate in the Qatarisation plan or not.
Besides appointing the majority of members on the board of directors, QP appoints a number of the key personnel in the strategy and executive levels in these companies. These personnel could be either on these companies' payroll or on QP's payroll. By keeping these personnel on QP's payroll, QP seems to believe the State would maintain greater influence on the decisions made by these personnel, and therefore, QP has reserved certain positions, such as deputy general manager, in all new national and multinational companies working in Qatar for secondment, who keep QP staff numbers and are paid by QP, which has the right to replace them at anytime.

In interviews with two of these secondments, one of whom is currently the deputy general manager of Qatar Petroleum Development and the other of whom is the administration manager of Company E, the two interviewees used words and phrases in response to some questions as if they were still working for QP. For example, the administration manager of Company E stated that "we have studied the effect of Qatarisation policy on expatriates' commitment, and therefore, a policy of retaining and redeploying expatriates has been put into practice". However, most of the other respondents had made the case that it was QP that had conducted this study and introduced the retaining and redeploying practices in the energy and industry sector. Therefore, it can be assumed that the interviewee had meant QP in his previous comment, especially when other respondents from the same company, Company E, argued that their company had not done this.
Another example, from the other secondment interviewed, was when he was enthusiastically illustrating the achievement in Qatarisation implementation and stated that “QP is far more advanced in the Qatarisation than any other firm because of the experienced Qatari working in QP, who are willing to Qatarise” (ex-Qatari Development Department, QP). This enthusiasm was accompanied by pride in these actions especially in the field of technical training in order to foster Qatarisation. These examples suggest that secondments retain their commitment to QP even when they are working in an executive position in one of the subsidiaries, which act in favour of QP in imposing targets and policies to be adopted and achieved by its subsidiaries.

The third strategy used to secure the companies' commitment to politically-led policies is by imposing a monitoring process. The Qatarisation process is a clear example of this technique. For the purpose of achieving the Qatarisation targets, a steering committee, which consists of key personnel from QP and its subsidiaries and which meets frequently, has been formed to monitor the implementation of Qatarisation. Diagram 3 illustrates the relationship between the steering committee and the participating companies in the Qatarisation policy.
As regards the aims of the committee, all executive-level respondents from the OGBI were able to identify two key roles: following up the Qatarisation implementation process and finding solutions for the problems hindering the process. However, a common response was that the following up process aims only to ensure participating companies put real effort into Qatarising their workforce rather than being a tool for reward or punishment. For example, an HR Manager illustrated:

In case we could not reach the target, the challenges and obstacles should be illustrated to QP officials in the biannual meeting and in the annual meeting with the Minister of Energy. If the justifications were convincing, the committee would accept them and recommend some actions to be taken in the future to overcome these barriers (HR Manager, Company A).
According to the participants from the managerial-level, in addition to the meetings, the committee requests frequent progress reports and manpower forecasts from the participating companies. As mentioned above, the first aim of these reports, according to the QP officials interviewed, is to ensure that participating companies do not spare any effort in implementing Qatarisation; the reports are intended to illustrate the action taken by the individual companies to achieve targets. The second aim is to provide QP with the necessary information to be able to formulate its plans to attract and train nationals to meet the companies' requirements.

One of the benefits of the steering committee, the participants agreed, is that it has implemented a number of actions to facilitate Qatarisation in the energy sector. For example, the committee has introduced limitations on labour mobility within the energy sector; the agreement is explored in Chapter Eight. Another example is excluding the unskilled labour level from the overall employee headcount in certain companies, such as Company E, in order make achieving the Qatarisation targets easier for those companies in which unskilled labour constitutes the majority of the workforce. An HR manager explained

There is no need for lobbying. Whenever we face difficulties in certain matters, we directly communicate with the Minister of Energy or the people in the steering committee who would take the necessary actions and decision (HR manager, Company A).
The previous example can be interpreted in two ways. First, this action could be a strategic choice for the authorities in Qatar to define the skill formation targets since the national population is small and therefore it would seem more rational to develop the skills of nationals to occupy skilled and semi-skilled positions. The other interpretation is that this action could be a short-term solution simply to enhance the image of Qatarisation in the media and to make the Qatarisation targets easier to achieve.

Although the respondents, who fill managerial positions, were positive regarding the situation whereby they can discuss the implementation, achievement and challenges toward Qatarisation directly and freely with the Minister, this in turn could be considered as a form of lobbying within the energy sector since other industries do not have such a privilege.

Despite QP's real determination in supporting and maintaining Qatarisation in the energy sector, it neither offers any subsidies or levies for participating companies nor does it implement punishment or penalties on slow achievers. As one participant clearly stated, "I do not know if there is any reward for achieving the target since we never spoke about this" (HR Manager, Company B). Another manager confirmed

I have not heard about such things. Although we reached a 52% headcount, I did not hear about subsidies or rewards ... As regards penalties, I do not think QP will use such an approach since it is seeking companies' acceptance for the policy (HR Manager, Company D).
According to the Heads of Training interviewed, even the initial training costs which QP usually undertakes for training and developing new intakes, are billed back to the benefited company as soon as any trainee is transferred to them. QP's Central Training Manager counter argued that although QP bills the companies for the training costs, it does not count the administration and the overhead charges.

From the above discussion, it can be concluded that QP depends solely on its power to employ the companies' directors as well as the right to impose monitoring procedures rather than offering subsidies to secure companies' commitment to certain strategies. QP itself is considered as part of the government. It is clearly stated in the Ministry of Energy's mission statement that 'the Ministry ... represented by Qatar Petroleum' aims to realise a number of targets such as 'utilisation of natural and intermediate resources to the highest possible levels and maximising value addition [, and,] increasing national workforce contribution to hydrocarbon ... with emphasis on technical workforce' (MEI 2008). Therefore, the relationship between QP and its subsidiaries can be perceived as the relationship between the state and state enterprises.

6.3 The motives for participating in the Qatarisation policy

All interviewees, form the OGBI and the other participants, stated that Qatarisation is the right path in order to enhance the Qatari economy. Respondents believe that
the money circulation within Qatar would be improved if nationals’ participation in the workforce increased since the size of the foreign remittances, which constitute a significant part of the national GDP, will drop off. However, other than this general benefit, which the Qatari economy might gain, most respondents failed to suggest any benefit for their own companies as a result of Qatarisation. A national training supervisor argued that since these companies are state owned, the focus should be on the country’s gains before consideration is given to how a company would benefit from participating in the strategy. Another expatriate respondent argued:

When you employ Qataris, you do not only help the company, but you are helping the country as well. It is reasonable to aim for nationals to be in charge of the industry (Head of Training, Company D).

Another national participant rephrased it thus: “At the end, we are protecting interests, looking after the wellbeing and business continuity for the state of Qatar” (HR Manager, Company D).

Only a few of the managerial level participants were able to point out direct benefits for Qatarising the workforce in their companies. Both nationals and expatriates were among those who claimed that Qatarisation would benefit the participating companies. Three national participants argued that it is vital to develop nationals to be able to run the Qatari economy and to manage its resources. The first is one of the policymakers interviewed and he linked the Qatarisation policy to a wider aim
of the state to develop its human resources to ensure the continuity of the utilisation of the natural resources of the country:

Strategically speaking, it's important to maintain your continuity in any circumstances. In any case, you should have nationals who can manage the business at any given time (Secretary General, the Planning Council).

The remaining two national participants were from the managerial level and believe that developing nationals to run the economy is a strategic goal:

We hold one of the largest reservoirs [of oil and gas] in the world, so, ensuring that this is maintained, operated and managed by locals and by nationals is a major interest and a major goal (HR Manager, Company D).

The main benefit is operation security. When most of the workforce in a certain company is national, whatever crisis might occur, the company would not lose its workforce. For example, during the last Gulf War many foreign labourers went back home since it was risky to stay in the Gulf region while Qataris stayed in the country since they have anywhere else to go (Administration Manager, Company E).

The expatriate managers argued that a national workforce would offer more stability and commitment to the economy since they work for their own country while expatriates would eventually leave the country when their contracts finished or when they received better offers. Even if the expatriates were loyal to the company, they would probably leave the country in a time of crisis, such as wars:

The direct benefit is the continuity and the long term assurance and guarantee that they will stay and be with you. Expatriates come here for a particular period of time. I do not say that there is no stability in employing
expatriates since I have been here for 30 years but I will eventually go. If there is a national in my place then we will be sure he will spend most of his life in the company (Head of Training, Company D).

You gain stability and commitment. Expatriates, by definition, are here for money, for a specific term, and for their own objectives. They have no long term commitment to the success of the company and the country. So if you can get local country citizens in any country, they have the longer term commitment (HR Manager, Company B).

Security! We live in a dangerous neighbourhood and we see in this part of the Gulf wars come and go ... Having expatriates running your national treasure does not seem a good idea. It needs to be controlled by nationals since they will have the greatest interests in maintaining and securing this asset. For expatriates, it is only a job, they come and go, but for Qataris, it is an asset (Training Supervisor, Company D).

The seven quotations above all focus on securing and maintaining the operation and the continuity of business especially in times of crisis, and, since the Middle East region is not stable, it is not surprising that this motive is common among participants. An expatriate HR manager concluded that "implementing Qatarisation would reduce the labour turnover, and therefore, the company would have a more stable workforce. These benefits are big enough for any company to join such as program" (Company B).

Other respondents offer different views of the benefits of Qatarisation. One Head of Training believed that it is a source of pride for the company to have nationals in
key positions, which would make the society appreciate the company and its efforts. In addition, he also argued that Qatari... to those trainees, a concern that might cause a lack of commitment among expatriates toward training nationals. This argument is supported by another expatriate who stated Qatari... transferring their knowledge to the following generations. Another respondent added that new national intakes might consider Qatari in established positions as role models and try to imitate them. Two participants considered participating in the Qatarisation policy to be part of the company’s social role toward the community to which it is committed. Another respondent emphasised that participating in Qatarisation “is about meeting the vision of His Highness the Emir of Qatar. His vision is that nationals are actually running this country in all different areas. So it is about us joining that vision” (Head of Employee Development, Company C).

The previous views have moved from tangible benefits and operational security to the intangible gains represented in society and recognised by the political elite and the social role and commitment as well as the belief that nationals are better coaches or role models for new employees. All these assumptions about the intangible gains are open to question; do they hold true or are they only based on stereotyping and personal perceptions?

Summing up, the main motives offered by participants for joining the Qatarisation plan are operational security, social commitment, company image, and knowledge
transfer. Although these benefits might sound convincing, a number of interviewees argued that they are forced to participate in Qatarisation.

This is one of a number of clear examples of QP interference in its subsidiaries’ strategies by imposing the implementation of Qatarisation in the whole energy sector. Although, as was illustrated earlier, most participants denied any pressure from QP regarding the company’s strategy, most of the interviewees admitted that participating in Qatarisation is compulsory. For example:

I believe Qatarisation policy is obligatory; however, we are also convinced that it is essential to participate in it since the Qatar government owns the biggest part of the company and therefore nationals should have a key role in running the company (Training Supervisor, Company D).

QP owns 60% of the company and QP is owned by the State of Qatar. Thus, when the Minister of Energy set the Qatarisation target, QP and all its subsidiaries ought to follow it (HR Coordinator, Company C).

QP is a public company and it owns 40% of [Company E], therefore, QP have the right to impose the Qatarisation policy on [Company E]. In other words, participating in Qatarisation is compulsory not optional, and [Company E] cannot refuse it (Head of Recruitment, Company E).

Even QP officials themselves have not denied imposing Qatarisation policy on the OGBI. A key person clearly stated that “QP is not encouraging its subsidiaries! It is forcing them to participate. In other words, QP is the custodian of the Qatarisation policy in OGBI” (Central Training Manager, QP).
The fact that joining Qatarisation is obligatory might compromise the previous arguments that participating companies are convinced of the feasibility of the plan. Despite all the justifications of the strategy, if Qatarisation were not compulsory, the implementation might be different. This would also make it clearer why most participants, especially from the operational level staff, were not able to link Qatarisation to company operational-related gains. Therefore, despite the fact that the previous arguments made it sound as though implementing the state-led Qatarisation policy is unproblematic, the validity of these views can be questioned since the participating companies have no other choice than implementing the policy even if they are not enthusiastic about it.

6.4 Qatarisation Targets

All respondents agreed that the overall Qatarisation percentage target, which their companies have to achieve, is 50 per cent; this target was set by the Minister of Energy, that is, the chairman and the managing director of QP, Mr Hamad Al Attiyah, based on the direction of His Highness the Emir of Qatar. However, participants disagreed regarding whether the Qatarisation target is concerned with the headcount of Qataris in the total workforce or only with those in permanent positions.
In one interview, the Strategic Qatarisation Plan Chairman made the case that the target used to be 50 per cent Qatarisation based on a headcount; however, the target has been changed to 50 per cent Qatarisation for established positions since, from his point of view, there is no point counting those who are on the company’s payroll when they are not doing any work at all because they are still learning and under development. A number of participants maintained that they are aware of this change, which was made by QP, and that they are working on achieving the new target in the new timeframe of 2011.

However, other respondents argued that this change is not compulsory. The Central Training Manager in QP claimed that the target is still 50 per cent based on headcount and only QP has changed its plan in order to Qatarise 50 per cent of the permanent positions while “different companies have different ways of counting”. Therefore, some companies are still publishing only the headcount figures in the media since there are usually significant differences between the percentages of the headcount and of the permanent positions as shown in Table 13.

**Table 13: the difference between the percentages of the headcount and of the permanent positions in 2006**

<table>
<thead>
<tr>
<th>Company</th>
<th>Headcount %</th>
<th>Permanent Positions %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company D</td>
<td>53</td>
<td>23</td>
</tr>
<tr>
<td>Company C</td>
<td>30</td>
<td>18</td>
</tr>
<tr>
<td>Company A*</td>
<td>24</td>
<td>16</td>
</tr>
<tr>
<td>QP</td>
<td>33</td>
<td>21</td>
</tr>
</tbody>
</table>

* Company A percentages are based on 2004 figures.

Source: Data from the interviews and the companies’ documents.
This vagueness in the measurement of Qatarisation might be intended to give companies room for manoeuvre. For example, it was widely covered in the media that Company D had achieved the targets and that it was moving forward to expand Qataris' participation in its workforce beyond the initial targets. Looking back to the 2006 figures, it can be seen that the overall headcount of Qataris in Company D is 53 per cent, however, the percentage of Qataris in permanent positions is only 23 per cent, which means that although Company D has achieved over 50 per cent, it is still far from achieving the target since the new target is concerned only with the permanent positions. Not only are the media being misled by companies using headcount figures but also government officials use them to enhance the image of the Qatarisation plans. For example, the Secretary General of the Planning Council argued that certain companies have met the Qatarisation targets. In addition, a QP official considered his company close to achieving the targets since the Qatarisation percentage in the company varies from 29 to 31. However, as illustrated earlier, these figures relate only to the total headcount rather than to permanent positions.

This vagueness could be interpreted in the light of the consensus among participants that the Qatarisation target is unrealistic even among QP officials. For example, QP’s Central Training Manager clearly stated that the 50 per cent target is “unrealistic” and there is “no way” QP can achieve it! Furthermore, the Strategic Qatarisation Plan Chairman in QP claimed that the 50 per cent target cannot be
achieved due to the insufficient supply to meet the demand for national labour to meet the Qatarisation target.

This gave the subsidiaries a ready-to-use justification for not meeting the target. After expressing his opinion that 50 per cent is an unrealistic target, a Head of Employee Development commented:

> Even QP, which is the company telling other companies to reach 50%, know they cannot reach 50% Qatarisation. It is impossible. We can reach 50% headcount Qatarisation in 2011 and I think we can get 30% Qatari in permanent positions in 2011, which is not the 50% they are looking for (Head of Employee Development, Company C).

In other words, when QP, which has unlimited support from the government, all the required resources, and sophisticated training facilities, as well as being the one initiating the strategy, is not able to reach the targets, it is not surprising that its subsidiaries cannot achieve the targets as well! However, one HR manager interviewed argued that not reaching 50 per cent does not necessarily mean that the company has failed to achieve that target; rather it means that the company has succeeded to some extent in implementing Qatarisation (Company A).

Another respondent summarized his company situation as follows:

> We all knew before 2005 that the target was not going to be met. In fact, the percentages are going in the opposite direction. This company, for example, has dropped from 18% Qatari to 13% purely because of numbers. Our overall headcount is increasing and we cannot find the corresponding number of Qatari to join us (HR Manager, Company B).
However, government and QP officials who were interviewed defended the current target by arguing that the 50 per cent Qatarisation was an acceptable and achievable target when it was initially set in 2000. Nevertheless, the expansion in the oil and gas sector, in conjunction with other obstacles, which will be discussed in Chapter Seven, hindered the process. For instance, the Planning Council Secretary General made the case that the rate of growth and progress in 2000 was not the same as the current rate and therefore the 50 per cent seemed realistic at that time. Despite the current expansion in the energy sector, he added, certain companies have reached 50 per cent Qatarisation in terms of the total headcount. The other argument supporting the setting of such a high target is that although it is extremely difficult to reach 50 per cent Qatarisation, “it can be planned for” (Strategic Qatarisation Plan Chairman, QP). Another QP participant added that having 50 per cent as a target is a wise decision since it would keep the participating companies always under pressure to improve their Qatarisation percentage rather than them achieving an easy target and then making no further efforts.

Other participants from the various organisational levels were not convinced by the 50 per cent target and argued that objectives should be reasonable in order to motivate the companies to meet them. Another participant appealed for a stepping back from the original figure, which might have been reasonable in 2000 when the
strategy was launched, and for the numbers being revised in a different strategy in order that achievable targets could be set.

Interestingly, one of the participants offered a different view regarding the target set by QP. He argued that the minister is fully aware of the situation and knows that it is impossible to reach the 50 per cent in the specified timeframe; however, what the minister wants is to know what actions are been taken. In other words, the target was set just as something for companies to aim at but which they are not expected to meet, and that this issue, basically is “what the whole talk is about”. The participant even provided an example of the Qatarisation process in his company. He illustrated that although Qatarisation is one of the company’s strategic objectives, the percentage of Qataris went down during his management. In spite of that, when he enquired of the QP officials “who are running the show”, he was told, “it does not matter and just play the game” (HR Manager, Company B).

The previous view contradicts most of the principles of Qatarisation. First, it implies that true commitment to Qatarising the workforce is not required; instead, only a few actions in this direction are enough. It also implies that the much-discussed target of 50 per cent Qatarisation is only for media and publicity purposes rather than a realistic target that should be achieved. This view could also explain why companies join the Qatarisation plan without any significant resistance since, because the plan is only a “game”, there is no harm in playing it. It could also
explain why there are neither incentives nor punishments for those who achieve or do not meet the Qatarisation target.

6.5 The cost of Qatarisation

The participants' responses regarding the financial cost of Qatarisation showed an assumption that Qatarisation would save money in the long term. An administration manager claimed that "the cheapest workforce in the long term is the national workforce" (Company E). The most common response was that the cost of Qatarisation would be high at the beginning due to the need for extensive training for national intakes while the cost would decrease gradually in the long term. One participant even argued that the current improvements in the education system would save even more money from the companies' training budgets since most of the training costs are because of "traditional deficiencies in the education system", which are diminishing gradually (Training Supervisor, Company D). On the other hand, most participants believe that expatriates receive a higher financial benefit in addition to their salaries. For example, one participant illustrated the components of national and expatriate compensation packages in his company:

The national employees only receive a salary, social allowance and annual bonus while expatriates receive salaries, travel allowances, health insurance and their children's education, which in total is more expensive than what an indigenous employee receives (Administration Manager, Company E).
However, some participants doubted that Qatarisation would save costs and one participant argued that his company “has to pay a premium for nationals to attract and retain them while in most countries, companies pay premiums for expatriates”, and therefore, the long term cost benefit for Qatarisation would be after twenty or twenty-five years (HR Manager, Company B).

6.6 Conclusion

Given the longstanding debate in the literature that state ownership influences public enterprises’ management reaction to politically-determined policies, this chapter has shown that the relationship between the state, represented by QP, and the public companies, represented by QP’s subsidiaries, is built on the influence which QP has as the major shareholder in these companies. One of the ways in which QP practises its influence is through appointing directors and key personnel. Through the assignment of ‘people of trust and loyalty’ to executive positions, QP’s strategic targets and ambitions always seem to be considered by these directors when they are setting their companies’ strategic plans. Whenever QP’s wishes are ignored, QP has the right to replace directors. Therefore, there was almost no resistance from the subsidiaries’ management to any strategy imposed on them by QP.

Being the major shareholder also gives QP the right to impose monitoring mechanisms, through the steering committee, to ensure that its subsidiaries are
implementing its instructions. Since QP is the one that makes the rules, everyone has to play according to these rules. For example, QP determines the position of the companies' representatives in steering committees; it defines the Qatarisation targets and its timeframes; it sets the criteria for evaluating the Qatarisation process; and it suggests and follows up action taken to overcome the difficulties of Qatarisation.

The third and the most important influence on companies' decisions is the multiple roles the Minister of Energy holds. In addition to being a member of the government, Mr Al Attiyah is the chairman of QP and a number of its subsidiaries. This is a unique situation that is rarely found in the literature on political contingency in the UK. This factor is significant in political contingency in the OGBI. As a result of being a key government member, Mr Al Attiyah supports the macro-policy targets of the state. At the same time, being the chairman and the managing director of a number of public enterprises, he is able to pass on the politically-led strategies and politically-determined targets to the companies under his management. Although this might sound confusing, it serves the government well in gaining public companies' commitment to achieving state-led targets. The way in which this state-led policy, Qatarisation, is implemented and the effects of its implementation on the HR function in the participating companies will be explored in Chapter 8.
The previous three factors comprise what Batstone et al. (1984) describe as an 'arm-twisting' relationship between the state and public sector organisations. In the case of Qatar, however, the government has not used the financial restrictions commonly used in the UK, for instance; instead, the authorities in Qatar directly influence public enterprise strategy through appointing people to set and implement strategies which meet QP and government requirements, even when these ambitions seem unachievable. Indeed, as the chapter argued, most of the participants believe that 50 per cent Qatarisation is an unrealistic target; however, the companies in the energy sector are obliged to join the Qatarisation plan because of the three factors mentioned earlier.

Not only was the target unconvincing in the eyes of the participants from the OGBI, but the motives for Qatarisation and its benefits for the companies on the organisational level were not clear. It was argued in the chapter that participants defend the strategy because it benefits the Qatari economy, although most of them have no idea of the direct benefits of Qatarisation for their companies. Finally, the argument in this chapter included the cost of Qatarisation; there was no consensus among participants, although most of them assume the strategy would cut costs in the long term. The assumption is open to question, since it is not based on empirical or statistical evidence.
Chapter Seven

Challenges and obstacles to localising the workforce n the OGBI

Implementation of the strategy under investigation in this thesis, Qatarisation, has never been straightforward. As discussed earlier in Chapter Five, the previous Qatarisation initiatives, in 1985-1989 and in 1990-1995, failed to achieve their targets. Those two initiatives, according to Jolo (2004), were hindered as a result of a number of obstacles including a lack of commitment among the participating companies; expatriate managers who were not encouraged to train Qatars, and no clear and specific objective relating to Qatarisation. In addition to these inner-environment issues, the participating companies faced a number of challenges in the labour market, which slowed down the Qatarisation process. These challenges were mainly derived from the small indigenous population, an unattractive working conditions in comparison to government departments, and low standards of educational outcomes.

Therefore, the challenges can be broadly categorized into external and internal obstacles. The external challenges are those associated with the labour market in Qatar, such as the size and quality of the labour pool, and the political contingency associated with the government’s imposition of the Qatarisation strategy, such as setting certain quantitative targets to be met by the participating companies. As to the internal factors, these are associated with the deficit in the participating companies’ practices when implementing the Qatarisation policy. For example, the
internal factors include ineffective recruitment practices or insufficient training programs as well as other practices examined in more detail in the current chapter.

The aim of this chapter is to illustrate the internal and external challenges facing the third Qatarisation plan, which was introduced in 2000. A number of the challenges facing the plan have been derived from the in-depth interviews and divided into the two categories illustrated earlier. Some challenges stand alone, such as believing that the small number of nationals is an obstacle to Qatarisation, and other challenges are interrelated. For example, participants blame the previously mentioned factor, the small size of the indigenous population, for increasing the poaching and headhunting in the Qatari labour market. Not only does the relationship between the challenges vary, the emphasis respondents placed on them varied as well. For example, while some participants considered the variation in compensation packages between upstream and downstream companies to have little impact on the Qatarisation process, the same factor is considered as a critical obstacle toward Qatarisation by other participants. In addition, some companies are affected by certain obstacles more than are other companies. For example, in most companies, intermediate level staff constitutes 60-65% of the total workforce; however, in some companies, the share of this division of the staff is higher and it is considered a challenge to attracting Qataris to fill these positions.
The chapter is divided into two main parts. The first, the findings, explores what are perceived by the interviewees as obstacles to Qatarisation. The obstacles will be divided into two categories: external challenges and internal challenges. The former will be illustrated in sections 6.1 through to 6.2 and the latter will be explored in sections 6.3 to 6.6. The second part, the discussion and conclusion, reflects upon the responses to the broader issues covered in the literature review, such as the state intervention in the labour market and political contingency in public sector management. The effects of these challenges on the implementation of the Qatarisation policy, and how HR levers are used to foster Qatarisation are explored in the following chapter.

The challenges, which have been identified by the participants and could be considered external, are the small Qatari population and unsuitable education outputs. Each one of these two broad obstacles resulted in a number of new challenges, such as poaching, high expectations among nationals, and long training programs.

7.1 The shortage in the Qatari labour market

All interviewees believed that the Qatari population is not sufficiently large to replace expatriates either in the different sectors in the country (financial, service, health ... and so on) or in the oil and gas sector only. For example, a Training
Supervisor from one of the most successful companies in terms of Qatarisation argued:

One of the biggest challenges is basically the number of Qataris. It is a very small country ... and there are lots of developments going on ... So, there are tremendous job opportunities for young people. The problem is there are not enough people to populate all these industries. It is impossible to man all these projects just with nationals (Training Supervisor, Company D).

All other interviewees agreed that this external factor has hindered previous Qatarisation efforts and continues to be a vital obstacle to the current Qatarisation plan. These responses correspond with the official statistics and reports, which were discussed in Chapter Five where it was concluded that the rate of the economic growth in Qatar (24 per cent) is much higher than the rate of Qatari fertility (2.2 per cent), and therefore, more foreign labour is needed to run the economy. Unfortunately, participants could not see any solution to this problem in the near future except when the economic growth rate starts to slow down.

The previously discussed government reports as well as the official figures above, of a 24 per cent annual economic growth and only a 2.2 per cent annual increase in the national population, reinforce the belief that the size of indigenous population is not sufficiently large to run the whole economy without any need for foreign labour. Despite this shortage in the supply of national labour, as illustrated in Chapter Five, issues such as unemployment among nationals, over-employment and the underutilisation of the workforce in the public sector can be spotted in the Qatari labour market. According to the Labour Market Strategy Project (LMSP),
carried out by the Planning Council in 2005, unemployment, which is under 2 per cent, usually affects the less educated nationals who also do not always agree to undertake unskilled jobs. This finding is confirmed by the National Employment and Development Manager in the Ministry of Labour (MOL), who, when interviewed, argued that unemployment figures in Qatar are unrealistic since, in his opinion, most of the unemployed people have been offered a job at some point in time and they have refused it. The case was made in Chapters Four and Five that people in Qatar consider unskilled jobs to have a low social status, and therefore, they hesitate to accept one. However, there is no official documentation to support the claim that unemployed people have refused job offers, since until 2008 there was no follow-up mechanism to ensure that job seekers are interviewed and are offered jobs when possible. Only recently has the decision been taken by the Minister of Labour to build a database for Qatari citizens who seek jobs, which includes the applicant’s qualifications and experience as well as any job he/she has been offered before. Nevertheless, until the database is produced, the unemployed people might lose some opportunities to improve their status since the government officials responsible for finding employment for those unemployed do not recognize the size of the unemployment problem and deny its significance. Therefore, any policy made without a full awareness of the size and cause of the problem might hinder the chances of the policy succeeding.
As to underutilisation, the three respondents responsible for forming macro labour policies argue that underutilisation is represented in the labour market in more than one form. The first form is the over-employment in the traditional public sector, such as ministries and government authorities. A director of a government authority commented when interviewed, “There is a huge number working in the public sector but who is really working might be only 10 per cent of the actual number and the rest are so-called monkeys on the shoulders”. Another high level government official interviewed gave an example of a physical education graduate who was appointed as an administration officer in one of the ministries. The Undersecretary of MOL referred the over employment in the public sector to the role of the government of maintaining its social responsibility toward the society. This claim is supported by the aforementioned government-sponsored Labour Market Strategy Project, which concluded that the public sector in Qatar suffers over-employment since nationals are employed in this sector to avoid unemployment rather than find an actual need for those new entrants.

Another form of underutilisation, according to the aforementioned interviewees, is represented in the case of Qataris who are retrenched from the civil service. As a result of restructuring the civil service, some older workers were made redundant; however, they continue to receive their salary. Although those ex-employees are not performing any job at the moment, the government continues paying their full salary as if they still held their positions. The MOL official interviewed commented,

11 The Secretary General, the Planning Council, the Undersecretary of MOL, and the National Employment and Development Manager, MOL.
We admit that there is an underutilisation problem for those who were retrenched from the civil service since they still receive their salary, and thus, can be put into the labour market again (Undersecretary, MOL).

However, he went on to say that the government is under pressure to restructure the civil service to eliminate the overlap between the different ministries and departments, and thus, it would be some time before any initiative to retrain or redevelop those people in order to reintroduce them to the labour market could take place.

The restructuring led to the Ministry of Electricity and the Ministry of Media being closed down, as well as a reduction in size of a number of ministries, such as the Ministry of Education. Although these ministries were replaced by new establishments, the new employers took over only a fraction of the staff from the old ministries and the rest of the staff were sent back to MOL, which was asked to continue paying their salaries until it could find them new jobs. It is worth noting at this stage that among the current research interviewees, two respondents were responsible for policy and decision making to unitize these retrenched staff; however, they underestimated the size of the problem. Indeed, both of them even claimed that they did not know the exact number of those who still get paid for jobs they do not do. One of the two interviewees, however, stated that there are over a thousand employees, which is almost 2 per cent of the Qatari workforce. Unofficial
estimations\textsuperscript{12} calculated the approximate number of retrenched civil servants as five to eight thousand people, over 10-20 per cent of the Qatari workforce. The estimations, therefore, vary from 2-20 per cent, which is a considerable percentage when there is a short supply of qualified and experienced Qataris in the labour market. However, both policy makers who participated in the research, the Undersecretary of MOL and the National Employment and Development Manager in MOL, blamed retrenched staff for being unwilling to rejoin the work force and actively look for new jobs. The question that arises here is that if policy makers do not find it vital to utilize these people, who else would carry on an initiative to reintroduce these people to the work force?

\textbf{7.1.1 Difficulties of attracting Qatari to work in the energy sector}

One of the direct effects of the small indigenous population is the increased demand for qualified nationals while there is a low supply of them. This, in turn, led to another issue that has been considered by most interviewees as an obstacle to Qatariisation in the oil and gas sector, that is, the increasing competition among the different industries in Qatar to attract the available Qatari. Thus, high school and university graduates have a wider choice nowadays than ever before. For example, Company A's Head of Training said, "We used to get 60-70 high school graduates a year, but now we cannot get even 20 high school graduates a year".

\textsuperscript{12} The first estimation (i.e. five thousand people) is drawn from an interview with an ex-policy maker in the education field while the second estimation (i.e. twelve thousand) (Alraya 2008) is stated by ex-undersecretary of the Electricity and Water Ministry, which has been restructured to the Electricity and Water Corporation.
All respondents from the OGBI interviewed believed this competition ends up favouring other sectors, such as the growing financial industry or the recently established government authorities. These authorities offer similar or even better compensation packages. Most importantly, respondents argued, the recently established public authorities offer more favourable working conditions, such as fewer working hours, shorter distance from work to home and regular hours rather than a shift system. In other words, the competitors are not only approaching the unemployed nationals, but also those nationals who are already working in the oil and gas sector. Therefore, in addition to the initial difficulty in attracting Qataris because of the short supply of qualified nationals, the issue of retaining national employees and avoiding poaching has become a new challenge.

Poaching can be by companies within the OGBI sector or from other sectors. None of the respondents were concerned about poaching from the OGBI companies since there is an agreement within the sector for companies not to poach each other's employees. The main concern, according to the respondents from the six visited companies, comes from the new state-owned companies and establishments. As regards the agreement restricting poaching within the sector, QP and its subsidiaries have agreed that companies in the oil and gas sector are not permitted to interview or employ anyone who works in another company in the sector unless he/she provides a certificate of no objection (CNO) from his/her current employer. This agreement has been reached through the frequent
meetings that are dedicated to monitoring the Qatarisation process. Three levels of representatives attend these meetings. In a quarterly meeting, HR department representatives meet together. In a biannual meeting, the Qatarisation Steering Committee, which consists of department managers and general managers, meets. Then, annually, a conference is held and the Minister of Energy attends. In these meetings, each company presents its Qatarisation progress, obstacles, and challenges, in order to find suitable solutions. Since poaching has been identified as a challenge to Qatarisation, the previously mentioned agreement has been made.

However, it seems that this is an unwritten agreement. Indeed, a number of the high level QP officials interviewed refer to it as a common or general understanding rather than an official or legal requirement. In contrast, other interviewees showed no awareness of such a policy. Indeed, a Head of Employee Development section stated, "As far as I am concerned, if someone wants to leave, of course we will try to stop him, but we will never not release him" (Company C). Still, in reality, examples of constraining the movement of nationals from one company to another can be found almost in every company in the energy and industry sector. For example, an engineer got a verbal offer for an assistant manager position from a company in the OGBI sector. Then, when the engineer submitted his resignation, his employer contacted the company offering the position and asked them to comply with the non-poaching agreement, and as a result, they withdrew the offer. In another case, an employee submitted his resignation and his employing
company had accepted his resignation. However, when the Qatarisation monitoring committee, in QP, knew that the employee was going to move to another company in the same sector, the offer was withdrawn and the resignation cancelled, and the employee was asked to return to his previous job.

These are not isolated examples; rather, it is the usual scenario in the energy and industry sector. Thus, even though the agreement might not be written, it is strictly implemented. However, some companies have found a way of avoiding this agreement. For example, a Head of Recruitment in Company E illustrated how his company had head hunted an experienced officer from another company in the energy sector to fill the position of purchasing manager. The way they did it was through convincing the targeted employee to resign from his current job without giving him any official offer, and then, after the employee had served his notice period, the new company interviewed him and offered him the position. The Head of Recruitment went on to say that they are trying to convince a number of people to do the same to enable the company to employ them without any tension with the other companies in the OGBI sector; however, not all people are willing to resign from their jobs without having an official offer.

Among those interviewed, the proponents of such a “non-poaching” policy argued that this will help retain the experienced employees; reduce the labour turnover, and save the company human and financial resources. On the other hand, opponents among the respondents believed that rotation is important for any
individual to gain better experience and knowledge as well as allowing their skills to be made use of in other situations, rather than them spending their whole life in one job. In addition, opponents, such as the Head of Recruitment (Company E), the Head of Employee Development (Company C), and the Head of National Development (Company C), also believe that if an employee is not interested in the work he/she is doing, his/her performance will be lower than expected, and thus, there is no sense in keeping him/her.

Although this agreement has reduced poaching within the sector, other industries are still poaching oil and gas employees especially given that this sector is well known in Qatar for its well established training programs. As the Secretary General of the Planning Council\textsuperscript{13} put it:

The business environment which is in the energy sector and hydrocarbon is better equipped in regards to the training, development, acquiring skills, knowledge, and interacting with international and global companies, which gives [the employee] an accelerated development (Secretary General, the Planning Council).

Mr Al Attiyah, who is Second Deputy Prime Minister, Minister of Energy and Industry, and Qatar Petroleum Chairman and Managing Director, commented that QP and its subsidiaries started complaining about other sectors offering better compensation packages to oil and gas employees to attract them. He went on to say that this is a positive situation since the oil and gas sector is a vital and a

\textsuperscript{13} The Planning Council is a government authority responsible for macro planning and policy recommendation regarding labour market strategies, human development projects, and sustainable development indicators.
challenging one, and thus, people in this sector get wider experience, which could benefit the other sectors if that experience were effectively utilized (Qatarisation Policies 2007).

Other people in charge of training in four of the cases studied phrased it as being victims of their own success. One of the interviewees went further and claimed that not only do the companies in Qatar poach his employees but also companies, especially the recently established ones, from other countries in the Gulf region poach them, especially expatriates, since they are already trained and qualified to handle their job well. Indeed, as a result of the increasing number of oil and gas related projects, the demand for skilled oil and gas experts has grown significantly, especially for engineers and project managers. For example, in August 2002, Australian Competitive Energy convened a national Operations Managers Network Forum; the forum identified skill shortages as the most critical issue facing the industry. According to the forum, within the oil and gas sector, skill shortages are particularly evident for process plant operators and electrical/instrumentation tradespersons and technicians. A number of factors have contributed to this situation, including escalating industry demands and an ageing workforce (Burrup Skills Taskforce 2003). Mr Al Attiyah maintained that some international firms have started approaching retired engineers to reemploy them, although they are over sixty years old, just to fill the shortage of these skilled staff (Qatarisation Policies 2007).
The examples of poaching are countless. An HR manager pointed out that he lost one of his best Qatari female employees when she was offered a higher compensation package and a working location closer to her home than the Company B site. Another interviewee claimed that two of his Qatari colleagues were offered higher managerial positions, one as a department manager and the other as a project manager, in two recently established stated-owned companies, and both of his colleagues had accepted the offers (Lead Engineer, QP). The previous examples make it clear that the recently established authorities highly appreciate the qualified and well trained nationals working in the oil and gas sector. The examples also imply that in this matter, both upstream and downstream companies are affected since Company B is a downstream company while QP is an upstream one; however, both of them had lost employees to other sectors. Therefore, all respondents stressed the link between the difficulties in retaining employees and the success of Qatarisation since poaching negatively affects Qatarisation efforts and hinders the process.

As regards overcoming this challenge, there was no agreement on any one solution; rather, some respondents argued that financial packages are the key to retaining current employees and attracting new nationals to work in the sector, while other participants argued that it would take more than money to enable companies to retain employees. Among those that defended the financial attractions was a training supervisor, who argued that
If we have sufficient attraction in terms of salary and package ... for young people to come to as I think, we will be able to get the cream of the crop (Training Supervisor, Company C).

An HR manager concluded,

So, at the end, it seems to all come down to cash. Some companies can exchange huge amounts of money and that is the only real differential you can make because we are all chasing a very small pool (HR manager, Company B).

Although most participants believed that financial attractions are essential, they also believed that other factors are important to attract and retain nationals. These non-financial factors are, for example, offering a meaningful and challenging job. As one training supervisor put it

If you are going to spend one third of your life in this workplace, it has got to be something more than money that brings you here; it has to be intellectually exciting. If people come for money they'll leave for money (Training Supervisor, Company D).

7.1.2 High expectations of career progression

Another effect of the small Qatari population and the increased competition in attracting Qataris is that this has raised expectations. Expectations in this sense mean how long do employees expect to stay in each level or position before moving up. One HR Manager who was interviewed believed that nationals, especially young ones, have high and unrealistic expectations. He stated, “We are
actually chasing these guys up a spiral of expectation that is just unrealistic". In comparison, "If we go out and recruit a process operator from India, he comes from a very bottom level but we require that he has four years experience as an operator before he can move on to be a board operator." These strict requirements are relaxed when it comes to recruiting nationals. For example, as soon as a Qatari has graduated from a technical college, he is offered a process operator position. Not only does he/she get the position without having any previous related experience, but also he/she is spiralling up to the next level. The HR manager concluded

So they never actually stop long enough to take the time to get hands on practical experience ... There are very few Qatars who feel that it is all right to get a job and hold on to it. Most of them want to move and progress so quickly (HR manager, Company B).

His view is shared among those respondents interviewed that were in charge of training. Most of the interviewees, who commented on nationals' expectations, associated them with the increasing competition in attracting Qatari graduates. One comment was

This competition in attracting nationals raises the expectations of nationals' overtime, whereas you get to a point where your national employees expect to get a managerial position in a short period of time and if they do not get it they will leave the company (Head of National Development, Company C).

This is considered one of the challenges to Qatarisation, since retaining national employees in a competitive labour market where new opportunities are arising
every day needs a successful expectations management. Most of the interviewees mentioned that in their companies there were nationals who expected to be promoted to higher positions more quickly, and left the company as a result of not being promoted. They gave examples of trainees who had left their companies because they had been kept under training for few years.

7.1.3 Insufficient supply of Qatari intermediate-level staff

Almost all interviewees agreed that it is difficult to attract Qatars in general, for the reasons mentioned earlier. However, a number of interviewees argued that it is harder to attract Qatars for intermediate positions than for senior level posts. In fact, only one, Company C, had a larger proportion of Qatars than non Qatars in the non-senior workforce, which is 53% headcount Qatarisation. The Head of National Development in the company illustrated the situation as follows:

We concentrate on all levels, but it is easy to Qatarise the operational level. We have a lot of nationals still interested in being process operators and maintenance technicians, and we focus quite a lot in these areas. The problem areas are very rare disciplines such as geosciences and petrophysics and other up-stream engineering. We can find mechanical and electrical engineers but the problem is finding petroleum engineers (The Head of National Development, Company C).

The remaining companies find it more difficult to increase the ratio of Qatars in this level of employment especially because 60-65% hold non-senior staff positions in their organisation. Yet, the situation varies from one case to another. When the
intermediate positions are semi-skilled or skilled positions, such as process operators and maintenance technicians, there are Qatari willing to fill these positions; however, when the positions are at the lower end of the labour market, which usually means unskilled jobs, such as oil pump attendants and car washers, there are no Qatari willing to take these jobs.

For example, the Head of Recruitment in Company E pointed out that when his company had advertised for these two jobs, that is, oil pump attendants and car washers, they did not receive a single application from any Qatari. Since these two jobs and other similar level jobs constitute more than 50% of the work force in Company E and are perceived as unattractive to Qatari, the management of the company has reached an agreement with QP to exclude this level of employment from the total workforce of the company when counting Qatarisation percentages just to make Qatarisation more achievable. This agreement is reached through the frequent follow-up meetings between the company representatives and QP officials with the aim of overcoming the obstacles different companies face regarding Qatarisation.

Reaching such an agreement shows the extent to which QP is willing to go just to paint a beautiful image of the Qatarisation efforts in the OGBI. Excluding the unskilled labour from the Qatarisation targets and their calculation in the OGBI represents a false image of the policy achievements. However, QP and other government officials who were interviewed argued that the aim of the Qatarisation
targets in the first place was to increase the participation of Qatars in the most productive jobs rather than to employ the limited number of available nationals in unskilled jobs.

To sum up, the first external challenge, that is, the shortage of the supply of a national labour force, has led to more challenges interrelated to the small number of indigenous workers. In fact, the shortage in the Qatari labour supply has resulted in not only competition for job seekers but also the poaching of other companies’ employees. Another effect of the short supply of national labour is the increasing expectation of Qatars regarding career progression. In addition, there is a more significant shortage in some employment levels than in others. For example, it is commonly believed among respondents that Qatar intermediate level staff is harder to find than are Qatari senior staff.

7.2 Unsatisfactory educational output

The second main external challenge mentioned by all interviewees in the oil and gas industry is the educational output. There are three elements in this issue: numbers, studied subjects and quality.

As regards numbers, the actual number of people finishing their high school degree or graduating from university or colleges is smaller than the industry requires. Unfortunately, there are no official statistics of the industry’s annual
requirement of school or university graduates. However, the large number of vacancies in the current organisational structures in all OGBI could be used as an indicator of the size of the challenge. Although most school and university graduates receive offers and become employed as soon as they receive their certificates, the size of the annual intake of nationals is not sufficient to fill all of the vacancies.

This is due to a number of reasons, one being the previously mentioned small number of the Qatari population. It was illustrated earlier that there is an insufficient number of Qataris to carry out all the development in Qatar. The second reason, according to the World Bank report on the labour market strategy in Qatar, is the large deficit in education mainly because of the lower performance of Qatari males.

The second element in the educational challenge the participants pointed out is the subjects that are chosen to be studied at university level; studies focus on arts and humanities subjects while the industry needs more “hard disciplines”, such as science, engineering and mathematics. The subjects and the numbers in the higher education institutes in Qatar were discussed in greater detail in Chapter Five.

The biggest concern for the people in charge of training in the oil and gas sector is the quality of the educational outputs especially in terms of their English language skills. As one HR manager pointed out:
A main obstacle, since it's shared and it is an issue for all the companies, is the language barrier. We still receive nationals with an unsatisfactory level of the English language (HR manager, Company D).

It is worth noting at this stage that English is the common language in the oil and gas industry whether in its written or spoken forms. Thus, in order for an employee to communicate and carry out his/her duty, an adequate level of English language skills is required. As a result of this lack of sufficient level of English language skills, companies in the energy sector usually provide English language training courses to their national employees since hired expatriates usually have satisfactory English language skills. Indeed, these English language training courses consume a large proportion of the training budgets since, in many cases, people are sent abroad to the USA, the UK or Australia to learn English. A development officer explained:

There is no doubt that a large proportion of [our company's] training budget is for nationals. To a certain extent, the cost is mostly because of the traditional deficiencies in the education system ... It is not a normal thing for an NLG company in Australia for example to train its employees for English language ... Here, we have graduates coming from Qatar University still needing to be taught the English language (Development Officer, Company D).

One HR manager added:

If these employees came to us with a satisfactory level of English language from the beginning, the training period could be reduced and the training costs would decrease since language courses take a big portion of the training programme (HR Manager, Company D).
Therefore, retraining educational outputs and allocating a huge budget to improving their English language skills are concerns shared by all companies in the oil and gas sector. However, some went further than blaming the education system in Qatar for the unsatisfactory level of English and blamed Qatar University, which is currently the biggest provider of higher education and was the only university in Qatar until 1998, for the graduates being insufficiently qualified. For example, an ex-Qatari Development Manager from QP pointed out:

Qatar University's graduates were usually low qualified so they were either not accepted or sent back to training as soon as they were employed. Since engineering graduates were not qualified enough, we decided to attract high-school graduates. We usually accept up to 70% of those applicants from which only 70% pass our exams. Then they are allocated to engineering programs or technician programs. In both programs, of course, some fail and other pass the programme (Ex-Qatari Development Manager, QP).

Thus, an HR manager summarized this challenge as a "three tier problem for industry":

It is physical numbers, then it is numbers with English skills sufficient to enter the economy, and then of course the number of those taking the hard disciplines, like mathematics and science, as opposed to those doing arts and education (HR manager, Company B).

However, it is believed that the situation has started to change. Most of the interviewees admired the educational improvement initiatives launched by the
Supreme Council of Education (SCE), Qatar Foundation (QF), and Qatar University (QU). SCE introduced the independent schools, which have started teaching core subjects, such as maths and science, in English. QF has established the Education City, which contains branches of a number of world first class universities. All these universities use the English language as the formal teaching language. Finally, QU has strengthened the link with the industry to improve its programs and curricula to meet the industry's standards as well as having started to use English as the teaching language in most faculties.

Commenting on these improvements in the education system, Company D’s HR manager pointed out that the feedback she had received in the last three years from the engineering department was that most of the new Qatari graduates employed were better than the old graduates were when they first joined the company. Nevertheless, it will be some time before the output of the new initiative, especially the improved schools, enters the labour market. Until that time, the oil and gas industries are taking the responsibility for developing its intake to its own standards, as will be discussed later in this thesis. However, a number of interviewees believed that these training and development programs carried out by the energy sector to overcome the deficit in the educational output represent a new challenge to Qatarisation since their length might seem unattractive to Qataris as well as delaying the national-expatriate replacement process as discussed below.
7.2.1 The length of the training and developing programs

The length of training varies between university graduates and high school graduates, as well as between individuals in general. However, on average, training programs for university graduates take up to two years while the technical preparation programs for school graduates are usually finished in four years, for example, TAFE, a four-year programme recently introduced by QP to replace the previously uncertified technical preparation programme where trainees used to join the companies after eighteen months of training. A detailed discussion of interviewees' concerns regarding the TAFE programme is discussed in the following chapter. It is believed that long training programs are delaying factors and negatively affect Qatarisation efforts. Indeed, a number of participants argued that as a result of the long time required for a trainee to be fully qualified and fill a permanent position, their companies usually employ experienced foreign labour to fill the vacancies and run the business.

Another issue related to training is that occasionally the time required to qualify a person to fill a position takes longer than expected for various reasons. According to the respondents in charge of training, these reasons could be related to the trainee him/herself, such as being a low achiever, or it could be related to the trainee's supervisor. For example, as regards trainee-related issues, one participant claimed that as many as 30-40 per cent of Qatariis who are enrolled in the pre-service training fail to graduate on time or to graduate at all because of
their attitude, ability and attendance (CT Manager, QP). Another example was given by a Lead Engineer in QP who said that at the end of the graduate development programme, which could last for six years, the developee should make a technical presentation illustrating his/her abilities and skills in order to be allocated to a permanent position. However, he continued, one of his subordinates was avoiding giving the presentation. When the Lead Engineer confronted the developee, he admitted that "he is happy with what he is" and would rather to be left as a developee with few responsibilities than be assigned to a permanent position, which is a senior engineer post (Lead Engineer, QP).

Regarding a coaching-related issue, a technical training officer believed that if an expatriate, who is responsible for developing a national, is not encouraged to train a national trainee, he might delay the trainee's progress (Company A). This view is also supported by a number of technically oriented respondents, such as the senior civil engineer from Company D and the Lead Engineer in QP. The former argued that "expatriate managers are deliberately delaying the development of some national employees" and the latter insisted that some "expatriates are abusing Qatari trainees whenever they make a small or minor mistake just to get rid of them". To illustrate this issue, the following is an example of evaluation criteria taken from a developee progress report:

- Develop an understanding for reliability-based design approach (LRFD format) based on latest DNV, and API codes. Carry out the global buckling check and span analysis for a typical pipeline. Understand the requirements
for designing temporary and permanent pipeline crossings and gain hands-on experience by developing a design for a typical pipeline example.

The progress report contains ten criteria similar to the criteria mentioned above, each of which constitutes three or four skills and tasks. The evaluator should mark “Yes/No” against each one of the ten main criteria. A number of respondents showed some concern regarding the subjectivity in evaluation. According to the Lead Engineer from QP, the trainee’s superior has the authority to mark all criteria as having been achieved or to delay the trainee’s promotion by simply putting “No” against at least one criterion. The issue of the negative effects of unwilling expatriates on any localisation effort is covered thoroughly in the literature and, according to the respondents, the Qatarisation Steering Committee is aware of this issue, and therefore, practical solutions are implemented to overcome this problem. These actions are comprehensively discussed in the “commitment of the workforce towards Qatarisation” section in the next chapter.

In addition, transferring the training responsibility from the QP’s training centre to the College of North Atlantic (CNA) is considered by some people in charge of training as a delaying factor. They argued that the CNA has applied new enrolment standards, such as higher English language scores and new enrolment dates, which have delayed the enrolment process. For example, if the trainee does not achieve the required English language scores before the enrolment date, he/she has to wait for the next enrolment date in the following academic year to re-apply.
Unlike the aforementioned external challenges, upon which all the thirty respondents agreed, the internal challenges were unique to one or to a group of a few companies together rather than to general factors that challenge all companies, except for one barrier. This obstacle, which was identified by all respondents as a challenge toward achieving the Qatarisation targets in their companies, is the expansion within the oil and gas companies. The remaining challenges, that is, uncompetitive compensation package, reserved positions for the other international shareholders, and a lack of awareness regarding employment opportunities, all seem to affect only a few companies.

7.3 The expansion within the oil and gas companies

In order to meet the global demand, most of the oil and gas companies in Qatar are in an expansion phase. As a result, the companies need more employees, especially experienced and qualified employees rather than trainees; this applies to recently established companies as well. Thus, "the expansion affected the percentage [of Qatarisation], but the actual number of Qataris in the industry has increased" (Training Manager, QP). A manpower planning officer for Company D added that the experienced employees during the expansion might be focusing on running the company efficiently rather than training new intakes.

However, two respondents argued that the expansion helped in providing new opportunities for people to be promoted and be moved around to gain new
experience (Head of Personnel Planning & Administration Section and Senior Policy & Compensation Administrator, Company A). In addition, all participants who were responsible for training in their company agreed that “the expansion” is fostering the process of developing trainees who were sent to the international companies responsible for carrying out this expansion as the project’s attaché.

In other words, “the expansion” is a two-sided issue. On the one side, there is the short-term effect of the negative effect on the overall percentage of Qatari in the workforce. On the other side, Qatari trainees are being developed faster and pursuing permanent positions in less time, which would increase the participation of Qatari in the productive workforce in the long-term.

7.4 Uncompetitive compensation package

As mentioned earlier, other employers, such as the recently established public sector, offer similar if not better compensation packages than do the oil and gas sector as well as more favourable working conditions, such as fewer working hours and nearby places of work. It was argued above that this is considered by most companies as one of the most difficult external challenges toward successful Qatarisation in the oil and gas sector. However, another tension related to compensation packages has arisen within the oil and gas industry and it is associated with the concept of upstream and downstream companies. In fact, it was clearly stated in the official report submitted by Company A to the Qatarisation
Steering Committee that one of the influencing factors limiting the company’s ability to achieve the Qatarisation target is "resignations due to discrepancies in compensation packages between QP subsidiaries" (Company A).

Six out of ten people interviewed from the downstream cases believed that they are not able to compete in terms of financial attraction with the upstream companies. This is not because downstream companies cannot offer better compensation packages; rather, it is a result of QP being the higher authority that approves the final pay structure. An ex-HR-manager pointed out that his company “can afford to improve the compensation and financial package to its employees but QP would not allow it” (Company A). This was confirmed by a QP official who illustrated that "salary structure is different between the upstream and the downstream companies, but this difference is justifiable because of the different nature of work people in the two streams are carrying out.” However, his view about the justified differences is not shared by all HR managers in the downstream companies. The HR manager in Company B believes that his companies are negatively affected by the pay structure being adjusted based on the implementation of the up-down stream concept, and he would rather see a unified pay structure for similar positions, such as HR manager or mechanical engineer in both type of companies, and the differences in pay should be limited to those positions that are needed only in the upstream companies. He added that taking a QP product and transforming it into something else does not mean that these downstream companies are less important and should pay less than QP and the
other upstream companies, especially as all companies can afford paying similar compensation packages. Most of the interviewees in the downstream companies believed that this differentiation is “taking away the ability of downstream to compete with the upstream companies for the cream of the crop” (Training Officer, Company A) since usually people are attracted to the higher pay especially when the job, the duties, and the responsibilities of the two positions are similar. One commented:

QP intervenes and determines the pay structure in its subsidiaries. I consider this as a problem and it is one of the most frustrating things I found in this country. We are between being controlled and not being controlled. And we get the worst of both sides (HR manager, Company B).

To reflect on the above quote, one of the differences in how downstream and upstream companies perceive this issue is that only employees from the downstream companies interviewed commented on the up-down streams differentiation while people from the upstream companies either do not have a clear understanding of the differentiation or they do not think that it is an influencing factor. This implies that the variation in pay structure within the oil and gas sector is affecting only a segment of the sector rather than being a general challenge affecting all the companies.
7.5 Reserved positions for the other international shareholders

Company D, Company C, Company A, Company B all employ expatriates who are nominated by the international partner. This action is usually agreed on during the partnership agreement negotiation. In most cases, these expatriates come from the home country of the international partner and hold an executive position in the Qatari company, such as being a member of the board of directors or a department manager. Although it is generally believed among the respondents that preserving certain positions to be occupied by representatives from the international shareholders is justifiable, it also raises a slight concern regarding the possibility of qatarising these positions, especially as these posts are usually key positions. On the one hand, the international shareholders contribute to the capital of the company and help in the process of technology transfer, and therefore, they have the right to maintain a certain amount of control over the company’s operation. On the other hand, preserving certain positions reduces the available opportunities for nationals to move into these key positions. Respondents from Company A recognized that reserving key positions for the international partners forms a barrier toward qatarising the key positions. However, participants from other companies disagreed with them. For example, more than one participant considered the diversity in the workforce as one of the companies’ strengths. Therefore, this challenge cannot be generalised; rather, it could be considered as being limited to Company A.
7.6 Lack of awareness regarding employment opportunities

This is another example of the internal challenges that apply to only one or a few companies. Only one participant from Company E mentioned that there is a lack of awareness regarding the importance of joining the oil and gas sector and the working and development opportunities in the sector. He argued that the energy sector is critical to the Qatari economy and more nationals should be working in this sector so the industries can be operated in times of crisis. Thus, more effort should be made by the industry to increase the level of public awareness in this respect. Another area about which the industry should educate job seekers is the opportunities for employment and development that are available in the sector. The participant believed there is plenty of vacancies and job opportunities; however, school and college students as well as graduates are not fully aware of these opportunities, and therefore, the industries should pay more attention to communicating their requirements and the opportunities available to the labour market.

Examples from other participants imply that Qatars are aware of at least some of the companies in the energy sector. For example, the Head of Employee Development, Company C, stated that after the company launched a marketing campaign in 2005 and 2006, people became aware of the company and started to apply for jobs in the company:

We realized that after the heavy marketing campaign in 2005-2006 we did not have to go to people since they were coming to us. We received a lot of
job applications ... When we asked them, why Company C, they answered that Company C had become famous (Head of National Development, Company C).

Hence, it can be concluded that this challenge is limited to only one company, Company E, rather than to the whole sector. According to the participants from Company E, this could be due to the short lifetime of the company, which is the most recently established company in the energy sector.

7.7 Discussions and Conclusion

The aforementioned external challenges are considered by all participants to be the most critical obstacles toward Qatarisation. The consensus among the respondents on the significance of these factors can be interpreted in two ways. The first interpretation of this consensus is that Qatarisation cannot be achieved unless these challenges are overcome because these challenges are vital. However, these obstacles are in the labour market rather than in the participating companies, and hence, solving these problems would take a significant amount of time and would require the cooperation of many different parties, such as education and training institutes, labour authorities, planning councils and internal affairs authorities. In other words, the respondents have asked for more intervention by the government in the labour market to correct the imbalances, for example, the mismatch between the educational outputs and the industry's requirements. Government intervention, which is referred to in Chapter Two as
'political contingency', might help in coordinating the efforts of the different parties in the public domain; however, it might also cause other new problems, as was shown in the literature review.

To illustrate the above point, it has been demonstrated that those policy makers who were interviewed believed that the government's commitment to full employment for nationals is the main reason for the over employment in the traditional public sector, that is, ministries and government authorities. This could be considered one of the results of the conflicting rather than collaborating government policies. For example, on the one hand, the full employment policy and the Qatariisation policy could be considered interrelated and complementary to each other since Qatariisation might lead to full employment by replacing expatriates with the available nationals in the labour market. On the other hand, the implementation of the full employment policy would negatively affect the efforts toward Qatariisation since the ministries and government authorities are saturated, but continue to employee nationals while other sectors struggle to attract Qatars to join the workforce. Therefore, imposing Qatariisation targets on public firms, while at the same time, requiring the government authorities to absorb the available nationals in the labour market has led to competition for the same small pool of qualified nationals. This competition has served the full employment policy better than it has served the Qatariisation policy.
The tensions created as a result of state intervention in the labour market are not all because of competing politically-determined policies but are sometimes a result of implementation of the same policy. To be precise, imposing the same Qatarisation target on the whole public sector has led to challenges associated with the poaching and retention of employees. It has been argued that although the OGBI have agreed not to poach each other's employees, the recently established public authorities have became a new competitor in the labour market offering nationals higher compensation packages and better working conditions to attract them to achieve their own Qatarisation targets. For example, Barwa, a state-owned firm established in 2006, achieved 34 per cent Qatarisation by the end of 2007 including 75 per cent Qatarisation in the top management level (Deputy CEO for Operations, Barwa). In response to the accusation by the OGBI respondent that Barwa and the other recently established public enterprises are poaching employees from the oil and gas companies and hindering their Qatarisation efforts, the Deputy CEO for Operations at Barwa defended its actions by arguing that Barwa is acting in its own interests to achieve its Qatarisation targets. The previous example shows the extent of the tension that might arise as a result of the same state-led policy being implemented across the broad public sector.

The government, however, continues to intervene in the labour market in order to reduce poaching between sectors. A proposal is made by the Planning Council for a unified compensation policy across the broader public sector, which includes public authorities, government companies and semi-government corporations, in
order to encourage healthy competition based on training and development rather than on financial differences. The proposal has been discussed and agreed on by the Council of Ministers but has not been put in place yet. Another initiative put into action by the Council of Ministries to reduce poaching is the prohibition of the transition or movement of national staff between 73 public institutions until further notice. These two initiatives show that the government has not given up its supremacy in influencing the labour market and public sector employment decisions. Nevertheless, it is too early to assess the effects of these initiatives on the Qatarisation efforts since the former, the unified compensation policy, has not been implemented yet, and the latter, which limits national employees’ mobility, was only put into action in May 2008.

As regards the second challenge, unsatisfactory educational outputs, the government has launched the new Education City, which offers university degrees, in order to improve the quality of educational outputs; however, the problem has not been solved completely. Although the standard of the graduates from the Education City’s universities to some extent meet the industry’s requirements, a larger sector of school graduates face difficulties in being accepted at the Education City university in the first place. To make it simpler, government intervention has helped reduce unemployment among university graduates since it occupies them with the desired educational level; however, it is held responsible by some commentators for increasing the number of people who do not obtain a
university degree, who are more likely to be unemployed since the highest unemployment rate is among those who have a lower educational level.

Political contingency was also present when the internal challenges were explored. QP, the state arm of the OBG, plays the chief role in determining pay and compensation packages in the sector. Even when companies can afford to raise pay, any alteration to the pay structure has to be approved by QP. The key issue related to this is the segregation between upstream and downstream companies in terms of their pay structures. Allowing upstream companies to offer higher pay to their employees has made them the preferable choice for the new entrants in the labour market, which in turn, helps these upstream companies to achieve higher Qatarisation percentages.

The other interpretation of the participants' insistence on the critical role of the external factors could be that companies are trying to prove they do not spare any effort to achieve Qatarisation, but the results are beyond their control because of these external factors. In other words, by insisting that external factors are the main reason for failing to achieve the Qatarisation targets in the workforce, the companies are handing over the responsibility for this failure to other parties, such as the education institutes, rather than the companies' management. Since it has been argued that the external factors are the most serious threats to Qatarisation, the state, as explored above, continues to intervene in the labour market to maintain the success of the Qatarisation strategy.
After this discussion, it is clear, to a certain extent, why companies in the energy sector are not able to reach the Qatarisation targets, since, as has been illustrated, there are a number of challenges, both internal and external, that have not been overcome yet. Indeed, some companies believe that they have no control at all over the external obstacles. For example, all the people interviewed doubted that they could take any action that would lead to an increase in the size of the Qatari population. This external challenge has existed for a long time and affects all businesses in Qatar, not only the energy sector. Despite it being out of companies' hands to increase the size of the indigenous population, it is possible to utilize the available workers effectively. For example, it has been revealed that there is unemployment and underutilisation of different groups of the population; utilizing these people efficiently would increase the supply of Qataris in the labour market.

Other external obstacles, such as under-qualified educational outputs, can be overcome through effective internal training and development policies. In other words, companies could fill the gap between their needs and educational outputs through well designed training and development programs, as will be discussed in Chapters Eight and Appendix A.

Some of the other problems could be resolved within the energy sector, for example, poaching and compensation packages. It has been illustrated how QP and its subsidiaries have reached an agreement that limits the mobility of their
employees within the energy sector. The predetermined compensation packages that have been set by QP for both upstream and downstream companies have also been discussed. Whether companies are happy with this intervention in the pay structure is a different issue; nevertheless, QP is convinced that it is doing what is best for the energy sector.

Moreover, since QP is only responsible of the operation in the OGBI, direct state intervention might resolve or limit the extent of some of the external obstacles. For instance, allocating the responsibilities of Qatarisation and national development to one body would eliminate the conflicting interest and reduce the competition between the different government bodies in localising the workforce. Furthermore, establishing a national body for education and training would also help gearing the skill formation process toward unified targets such as developing the national human resources to achieve certain degree of Qatarisation. These recommendations will be explored in more details in Appendix A.

Analysis of the data collected through the interviews makes it clear that there are a number of major obstacles challenging all companies in the energy sector. These obstacles were cited in almost every interview in the six different cases visited. One reason that almost all participants stated the same challenges could be that all of them were operating in the energy sector. The other explanation could be that the participating companies frequently share the practices and obstacles in scheduled meetings for the purpose of monitoring the progress of the strategy and
ensuring it achieves the targets. In other words, in order to handle these obstacles effectively, oil and gas companies work together under QP's umbrella rather than taking individual actions. The actions taken by QP and its subsidiaries and how they implement the Qatarisation policy are discussed in the following chapter.
Chapter Eight

Implementation of the Qatarisation strategy in the OGBI in Qatar

The case was made earlier in this thesis that the energy sector, which is based on the oil and gas based industries, is considered the most significant sector of the economy and accounts for more than 55% of the Gross Domestic Product (GDP) of Qatar and 85% of exports, and makes up 70% of the total government revenues. Thus, the government is keen to localise the workforce in this sector. Therefore, localisation programmes that are designed to encourage and support the employment of nationals in preference to expatriates have become a key feature of HRM throughout the energy sector in Qatar. This chapter will address the current situation by exploring the nature and application of the localisation strategy, namely, Qatarisation, implemented in this sector. In summary, the main aims of this chapter are to (a) examine critically the nature of Qatarisation through an analysis of firms' perception of the policy; (b) identify and explore issues surrounding the implementation and evaluation of organisationally based Qatarisation programmes, and (c) identify a number of implications of Qatarisation for HR practice within the OGBI.

The chapter will be structured as follows: first, the nature of Qatarisation in the energy sector will be examined. Next, top management’s commitment to Qatarisation will be evaluated. This will be followed by an investigation of the commitment to Qatarisation among the workforce. Then, training and development
policies will be discussed. Subsequently, the relationships between Qatarisation and other HR practices, such as recruitment, performance appraisal, rewards and incentives, will be explored. Then, the way companies are attracting Qataris to work in OGBI will be illustrated. Finally, the participating companies will be categorized based on their approaches toward Qatarisation.

8.1 The nature of Qatarisation

It was discussed earlier in the current study, in Chapter 6, that the Qatarisation target is to reach and to maintain 50 per cent or more of Qataris in the participating companies' workforce: “The overall Qatarisation target in five years is 50 per cent” (Qatarisation, 2006). However, one of the main themes of the interviews was to investigate what was meant by the term ‘Qatarisation’ and whether all participants had the same understanding of the policy’s terms. Qatarisation is officially defined in the oil and gas industries by QP as:

The identification and development of quality, competent Qatari males and females to assume permanent positions in our industry (ibid.).

This definition indicates there are several stages in the implementation of this policy. The first is to be able to identify the employees that have a potential that can be developed with the right training. The second element is the way in which the identified individuals need to be developed in order to make them competent and qualified to take on the relevant positions. The third is a gender-equality related issue whereby both males and females have the same right to be employed
in the industry as well as the same opportunity for development. The fourth element is that the aim of policy is for nationals to assume permanent positions in the industry.

Although the official definition is composed of four elements, the interviewees offered various definitions of Qatarisation; these could be described as ranging from clear and focused to vague or unspecific, and varied from number-driven to quality-oriented definitions. A common definition used by respondents was to interpret Qatarisation in terms of numbers and proportions only. For example:

Qatarisation means employing a number of Qatari nationals to reach a certain target (Head of Recruitment, Company E).

It is advancing the number of Qatari nationals in the employment of the company to the maximum possible number (HR Manager, Company B).

These two definitions neglected the development element required in the official definition and focused only on the quantitative target, the 50 per cent, for which companies are supposed to aim. It can be presumed that focusing only on numerical targets could lead to an unfavourable situation whereas the “quality” factor in the policy might be sacrificed and unqualified Qatari nationals might be allocated to permanent positions just to achieve the 50 per cent Qatarisation. A Training Supervisor interviewed described it as a “number game” and argued:

There was no replacement. In contrast, the population of the company grew bigger since the expatriates stayed and Qatari nationals came in. Basically, there we
shadowed people doing Qataris' jobs and Qataris were half doing the expatriates jobs (Training Supervisor, Company D).

The situation described in this quote illustrates one of the tensions associated with the implementation of the localisation policy. It is a challenge for the management to utilize fully the workforce when there is a large-scale workforce replacement process underway. Only when the “right person” is allocated to the “right position” at the “right time” will a job be accomplished to its highest standard; on the contrary, employing a high number of unqualified personnel without considering developing them would lead to over employment and underachievement among the workforce. These three “rights” - person; position, and time - are determined through a comprehensive training and development process to ensure that the new recruit will not sacrifice the quality of the job he/she is suppose to do. This has been echoed by a number of respondents who refused the idea of focusing only on number to meet the Qatarisation target. One argued that his company’s concerns were not just “about making up the numbers, without the proper training, just to meet the government statistics” (Head of Employee Development, Company C). He and other respondents offered several definitions emphasising that Qatarisation is primarily concerned with the training and development of nationals and, as such, placed HR activities at the centre of Qatarisation in practice. For example:

Qatarisation refers to bringing the right quality of nationals to fill in short and long term positions in [Company QG] after making sure that we have equipped them with the right training, development, and planning to enable them to progress in the organisation (HR Manager, Company D).
Attracting Qatari and develop them for certain jobs to reduce the foreign labour workforce in the company (Head of Training, Company A).

These definitions correspond to aspects of the official definition for Qatarisation, which was mentioned earlier. Qatarisation within this context is seen to go beyond a simple transfer of employment positions from foreign to local workers. The quotations from the interviewees reveal the extent to which Qatarisation is associated with HR themes and activities, such as training and development and competence. According to these respondents, the condition for successful Qatarisation is the quality of the nationals who are selected and developed to fill the positions held by foreign labour. In other words, only if those nationals are qualified, would the company be perceived as having succeeded in implementing the policy, whereas the implementation of the Qatarisation strategy would be considered unsuccessful if the nationals were not capable of undertaking the foreign workers' positions even if the overall quantitative targets of the policy had been achieved.

Other interviewees went further and added more factors beside quality. For example:

Qatarisation means moving Qatari nationals into key positions across the company in a timely manner. So, the focus is on quality. It is about having very capable, gifted national employees operating right across an organisation, not in just a particular part of it, in significant positions (Head of Employee Development, Company C).
Qatarisation means getting nationals into establishment positions as quickly as possible without sacrificing the quality or the skill set of competencies required for that position (Head of Training & Development, Company D).

The previous two quotations added time as a key factor in the Qatarisation process. In other words, the concern is not only in developing nationals to be able and qualified to run the company but also to carry out this development as quickly as possible provided that the quality of the training is not negatively affected.

In addition to "quality" and "time", one participant recognized the localised positions as a key element in the policy. According to a Training Supervisor for Company D, Qatarisation means

The integration of qualified nationals into every layer of the organisation with the valued support of expatriate professionals (Training Supervisor, Company D).

This quotation represents another element in managing localisation policy. As discussed in the previous chapter, in some cases, such as Company E, it was easier to localise the senior positions while in other places, such as Company C, intermediate occupations could be localised more rapidly. However, it seems rational to have a balance or at least to seek localisation in most of the layers of the organisation in order to meet the stated objectives of the policy. The validity of this argument can be felt in the different scopes of the training mentioned within the previous five quotations. For example, for some participants, Qatarisation is about key positions. A manpower planning officer from Company D argued that it is easy
to achieve the Qatarisation targets by recruiting nationals in positions such as security staff; however, the main concern of the company is to employ Qataris in technical positions. Other participants emphasised placing Qataris in every level of the organisation. Their argument was that it is important to have qualified Qataris to run the company in crisis times when expatriates might leave the country especially given that the Middle East region is quite unstable politically and has experienced many wars in the past few years.

Another key difference between the different definitions offered by the interviewees is whether the companies should seek to reduce the dependency on foreign labour or only try to manage a “healthy” diversified workforce. For example, some of the previous quotations highlighted reducing the number of expatriates in the company as the aim of the Qatarisation policy; for other interviewees, Qatarisation is about maintaining a mix between Qataris and foreign workers. One Head of Training argued

    Any company, especially in small country such as Qatar, should have a good mix of population since the beauty of diversity is that different nationalities have different experiences and when they work together their experience mixes (Head of Training, Company D).

Yet even at the stage of defining Qatarisation, unclear statements were offered by some respondents. For example, an Administration Manager responded to the request for a definition of Qatarisation by pointing out that "Qatarisation for [Company E] means the future". Another participant, from Company C, described
Qatarisation as “a company target”. These two definitions reflect the extent of the ambiguity some respondents had about Qatarisation. When there is a lack of understanding of a certain policy, it can be expected that the implementation of this policy will not reach the desired level. For instance, describing Qatarisation as “the future” does not imply any actions, practices, or measurements; rather, it is an unspecific term that could be interpreted subjectively.

To sum up the first element of the nature of the Qatarisation policy, which is concerned with the definition of Qatarisation, it can be noted that there is no general agreement on the meaning of Qatarisation. In addition, some participants’ understanding of the aims of the policy differed from the official statements for Qatarisation. For example, some respondents believed Qatarisation to be a number-related policy while others considered it to be a quality-driven strategy. This lack of full awareness of all aspects of the Qatarisation policy that have been set by QP distinguished between the participating companies in terms of their approach toward Qatarisation. All respondents from Company D, for instance, showed a similar understanding of the meaning of Qatarisation, which focused on developing nationals to be competent to handle permanent positions, and as a result, Company D seems to be active in terms of looking for new ways to facilitate these different aspects of Qatarisation, such as attractive offers for Qatars, comprehensive training programs, and individual development programs. In contrast, in Company E, in which the Administration Manager offered a vague understanding of Qatarisation, the company does very little to train or develop its
employees or to identify those who have the potential to assume permanent positions. From this very first step of implementing the Qatarisation strategy, that is, understanding the meaning of the policy, the variation between the participating companies can be noticed. For example, on the one hand, the lack of any clear definition of the policy for Company E’s management means it is unclear how the different HR functions are unitized to enhance localisation. On the other hand, in QP, Company D and Company C, whose management perceived the policy's aim as improving the quality of nationals, have believe that a link should be established between their training policies and the localisation process. However, this does not necessarily mean that training programmes have continuously monitored and modified to correspond to Qatarisation needs. As will be illustrated in section 8.4.1, there are no tangible evidences prove that training policies are linked to Qatarisation requirements.

The second element investigated in the nature of Qatarisation is whether targets are intended to be achieved through replacing expatriates by nationals or by expanding the workforce by employing more nationals while retaining the expatriates. The responses on this issue varied significantly.

On the one hand, it is clear that, for a number of respondents, including QP officials, the aim of the Qatarisation strategy is to replace expatriates with nationals provided that the national replacement is “capable and qualified to fill the position”
as QP’s CT\textsuperscript{14} Manager put it. A key member of staff in Company E defended this view by arguing that any Qatarisation policy that did not focus on replacement would only increase the costs. However, he continued, there might be overemployment at some points of time to allow the required time for trainees and developees to gain the necessary experience before they become able to replace expatriates. In spite of all that, these companies, QP and its subsidiaries, implement a “retention policy” for expatriates whereby when an expatriate position is Qatarised, the expatriate is deployed to another position in the company or one of the sister companies provided that the expatriate had positively participated in developing the national who had replaced him/her. This policy will be discussed in more detail later in the current chapter.

On the other hand, most of the respondents believed that replacement is not applicable in the current reality. A number of interviewees made the case that their companies need more employees and have enough opportunities to take more nationals without replacing expatriates because the companies are in expansion phases:

In a standard economic environment, you would replace foreign nationals with Qatars. In the situation in this country and this particular company, since it is doubling its size, it will be a long time before we are in a position of actually displacing expatriates since we have more than enough places to take up Qatars. So, that is not an issue for us at the moment (HR Manager, Company B).

\textsuperscript{14} CT stands for Corporate Training.
We are lucky so far in this regard. We are expanding, so we have the flexibility to bring in and move people around as well. So we are in a sort of favourable position at this point of time since we do not have to fire people to put Qataris into positions. In fact, I have been in this company for 12 years now and my core responsibility has been Qatarisation, and I cannot recall that we have fired anybody just purely because of Qatarisation or because his position has been Qatarised (Head of Training & Development, Company D).

From the previous quotations, it can be concluded that the tension of job insecurity is unlikely to arise in the near future since expansions in the energy sector are scheduled for the next few years until 2012. This in turn has helped the companies in this sector to implement the expatriate retention policy, which will be discussed later, as well as expanding the workforce by employing nationals whenever there is a supply or importing new expatriates when there are no nationals available or at least none that can undertake the vacancies.

It is worth noting at this juncture that there are other views that differ from the previously mentioned statements. For example, a Head of Employee Development (Company C) stated that there is no clear policy yet about whether to retain expatriates or replace them; however, the company is formalizing a new employee development system that, in theory, means that every single employee, regardless of nationality, has equal opportunities for development in this company. When implemented, the company would never move an expatriate out and replace him/her with a national. In contrast, the company would offer a new opportunity for the expatriate based on his/her experience, qualifications, and performance (Head
of Employee Development, Company C). Another interviewee from a different case, (Company D), argued that that the key to Qatarisation is not replacing expatriates; rather, the key is getting the expatriate professionals to coach, train, mentor and guide nationals. Most respondents maintained that assigning expatriates as trainers, coaches or mentors as well as redeploying those who are replaced by their national subordinates are widely used practices in the energy sector to secure expatriates’ commitment to Qatarisation. Before exploring employees’ commitment to Qatarisation, it is rational to illustrate top management’s commitment to implementing Qatarisation.

8.2 Top management commitment to Qatarisation

When designing the interviews, the issue of top management’s commitment was identified as a key variable in Qatarisation at the organisational level since the literature highlighted that lack of commitment is believed to be one of key the reasons behind previous failures to achieve previous Qatarisation, and thus, exploring how management expresses their commitment to Qatarise their workforce was one of the questions interviewees were asked to answer. The interviewees’ responses confirmed the importance of top management’s commitment in order to achieve the policy’s aims and objectives. A national HR manager stated:

The Qatarisation policy cannot succeed if there is no support from top management represented in the Managing Director and the Executive Directors (HR manager, Company A).
Another expatriate respondent, Head of Training and Development in Company D, appreciated the role of the management in accelerating Qatarisation processes and overcoming the obstacles. Indeed, he believed that the commitment of the top management is one of the key factors for the company being advanced in terms of Qatarisation:

[Company D] is one of the leading companies in the field of Qatarisation not only in the oil and gas industry but in the country as a whole as a result of the management’s commitment; expatriates’ commitment and the quality of Qataris working for [Company D]. So we are very lucky in this company that we have an enlightened management (Head of Training & Development, Company D).

This indicates that the rhetoric of Qatarisation had been internalized by managers within firms in the oil and gas industry in Qatar. But the extent to which this had had a tangible effect on actions within firms varied markedly. Although all interviewees indicated that top management had supported Qatarisation within their companies, only interviewees from Company D, were able to illustrate their management’s commitment through tangible actions taken by the management. For example, the Head of Training illustrated:

The CEO is the head of a committee named the Development Committee for Nationals and all groups and top managers are members. The committee meets twice a year and it is responsible for developing and maintaining the strategy for Qatarisation. This is not a committee that meets just to say a few words; rather, the committee meets with graduates and
trainees and asks to share their problems in order to solve them (Head of Training & Development, Company D).

Following these meetings, the HR department develops a report summarizing the problems that have been discussed in the meetings as well as illustrating trainees' perceptions of general themes in their training, such as supervisor cooperation and the length of training programs. The report concluded with recommendations to overcome the discussed obstacles.

Another interviewee, the HR Manager in Company D, gave more examples for actions taken by their management to foster Qatarisation:

In brief, the management is allocating nationals to leading positions; communicating with employees; and maintaining and retaining the employees. These things give you an indication of how much the management is committed to Qatarisation (HR Manager, Company D).

As an illustration to the above quotation, communicating with employees is represented in the biannual meeting held by the CEO and the managers with the national trainees. As regards retaining the employees, later on in the chapter there will be a discussion of how the company redeploy expatriates to new positions when their current positions have been Qatarised. In fact, Company D has the highest Qatarisation percentages in their workforce even higher than those of QP itself when those who are in established positions are counted (53% headcount; 23% in permanent positions).
In addition, a QP interviewee related the success of Qatarisation in QP to the commitment of the top management, especially the QP chairman, who also holds the position of the Ministry of Energy:

The minister has a positive role since Mr Al-Ataya fully supports the management regarding Qatari development ... [thus,] QP is far more advanced in Qatarisation than any other firm because of the experienced Qataris working in QP who are willing to Qatarise (ex-Qatari Development Manager, QP).

Whilst the examples above point to management's commitment towards Qatarisation, the commitment to allocate financial resources was often lacking in some of the visited companies. A training officer from a downstream company, Company A, gave an example of his management allocating a small budget to participate in the engineering day in Qatar University, which was only enough to get a small presentation stand in the far corner of the exhibition while the upstream companies had booked huge presentation stands in the main areas of the show hall as well as distributing gifts to the visitors; thus, they attracted the attention of most visitors while only handful of students visited his company's corner.

The above responses reveal that top management's commitment to Qatarisation varies from one company to another. This can be seen in the different policies, different levels of resources, and varied levels of communication between the workforce and the management regarding Qatarisation. For example, it was mentioned earlier that only in Company D is the top management directly and frequently communicating with the staff regarding the importance of Qatarisation
and how the policy would not negatively affect the contributing national and expatriate employees.

It can be also noted from the above examples that only Company D's management express their commitment to Qatarisation in the form of tangible actions while the remaining companies keep repeating their commitment without transforming this commitment into practices. This was made clear in the above examples especially the one regarding the variation in financial resources allocated to promoting employment opportunities in the participating company. The views of the respondents also suggest that the issue of top management’s commitment should be seen as a complex variable since the management in different companies express their commitment differently.

To conclude, the way top management’s commitment is reflected in the implementation of the Qatarisation policy in the participating companies varies. In some cases, such as Company D and QP, the management’s commitment is represented in the resources allocated to the policy and the communication undertaken to secure the implementation of it, while in other cases, such as Company A, there is no tangible evidence to prove the management’s claim that they are keen to implement Qatarisation.
8.3 Commitment of the workforce towards Qatarisation

Yet, management’s commitment is not necessarily shared throughout the lower levels. As one engineer interviewed commented:

The management is committed to Qatarisation. This can be noted through their interest in Qataris. For example, they train Qataris and sponsor them to pursue their studies as well as monitoring their progress. Despite the management’s efforts, some expatriates might not be willing to develop a national trainee to fill a higher position for some personal reasons. Unfortunately, top management does not always know about those expatriates (Civil engineer, Company D).

This interviewee believed that expatriates play a significant role in the Qatarisation process, and when they are unwilling to contribute to the process for reasons such as being satisfied with the job he/she holds or for being pleased with the lifestyle he/she has in Qatar, this unwillingness would be reflected in them delaying the development of his/her national subordinates. Similar concerns were discussed in the previous chapter where some respondents argued that one of the challenges toward Qatarisation is that training programs take longer than anticipated as a result of coaches deliberately delaying the development of national trainees. These views correspond to views expressed in the literature reviewed earlier in the current thesis, which highlighted the role of expatriates’ willingness to fostering Qatarisation, and thus, the issue of expatriates’ commitment to Qatarisation was one of the main themes in the interviews. The interviewees’ responses varied as to
whether expatriates were willing to contribute to Qatarisation or whether such a policy would demotivate them.

The general feedback was that securing expatriates' commitment to the policy was a critical issue in the past while this issue is believed to be dealt with effectively in the current Qatarisation strategy by companies offering a new job for any contributing expatriate who has been replaced by a national. However, some interviewees still believe that, in certain cases, expatriates were the main reasons behind the failure of a number of nationals to move into the targeted positions.

The following examples clarify the previous issues. An expatriate HR manager in Company B, said that when he was first interviewed for the position, he was told that that an HR managerial position is a usually Qatarised position and thus he might be replaced by a Qatari at anytime. However, he was told that if he was replaced by a national, the company was committed to finding him another job with a similar pay structure either in the company or in another company in the energy sector. He went on to say that the Qatarisation policy in realty would not affect expatriates' commitment "simply because everybody knows the numbers. There are so many jobs around here that need doing. [Therefore] it is not an issue, in Qatar particularly".

The commitment to redeploying expatriates is not unique to this company; rather, it is a common practice in the energy sector. Most interviewees stated that they
either comprehensively knew about this policy or had heard about it at least, since it is an unwritten agreement. Similar to the previously mentioned agreement regarding staff mobility in the energy sector, the staff redeployment policy emerged through the frequent meetings of the Qatarisation steering committee, which was formed by QP, as a solution to securing expatriate commitment to Qatarisation. Since it is not documented, three respondents from two different cases claimed they had not heard about such a policy. As a result of being developed and agreed upon among the companies operating in the energy sector, the redeployment policy does not receive any levies or financial support from the state. However, the policy has not been tested yet, since the participating companies have not reached the point of replacing an expatriate without having a new vacancy within the company to suit his/her qualifications and experience. As mentioned earlier, although the main intention of the Qatarisation policy is replacing expatriates with nationals, there is always a job for those expatriates who are replaced, as a result of the expansion in the operation and production, without the need to contact other firms to reemploy the replaced expatriate.

A national HR manager from Company D argued that most expatriates come to Qatar to make a living or to improve their standard of living. Hence, when the top management guarantees a new or a higher job for any expatriate contributing to Qatarisation, the expatriate would not only be satisfied but also he/she would not spare any effort to develop a national trainee. However, she maintained that “of course, there could be some cases that are different since individuals differ from
each other”. As a result, the management have repeated the same message continuously, that “no one was terminated because of his contribution to Qatarisation … [and all contributing] expatriates will be redeployed”. The key element in this message is that only expatriates who contribute to developing a Qatari will be guaranteed a job while the company is not committed to finding jobs for expatriates who do not contribute to developing Qataris. An expatriate Head of Training from the same company maintained that there might have been some level of discomfort, in the past, among expatriates who could have thought they might become redundant as a result of Qatarisation. However, these concerns have been minimized through the repeated message from the top management that the company would not make a contributing expatriate redundant and a new or a better job in the company or in an affiliated company would be offered to any expatriate who developed a national to replace him/her. The interviewee continued:

This concern would never be eliminated 100 per cent because there are different kinds of people and different nationalities in the company. But I think this commitment from our Chief Executive brought this concern down to a minimum level and people now know they will not be fired if they contribute to Qatarisation (Head of Training, Company D).

All interviewees from this case expressed a similar opinion. An expatriate officer argued that “all expatriates now know that it is good for them to train and develop nationals”. In addition, the Head of Training stated that the company has a plan to recognize outstanding coaches and mentors and it is trying to develop a reward system for them. Despite the company’s effort to secure expatriates’ participation in Qatarisation, a survey carried out by the company concluded that most
graduates felt that supervisors either were not skilled as coaches or did not have time to coach them. Supervisors in this sense could be nationals or non-nationals; however, since most of the staff are expatriates, most of the supervisors are expatriates.

In a third company, Company E, the story was different. The management in this downstream company argued that it was unlikely expatriates would be reluctant to contribute toward Qatarisation since the company was established only recently and is still expanding. As a result, it will be a long time before the company will be in the position of actually displacing expatriates since the company has more than enough places to take up Qatari. Even when an expatriate gets replaced by a national, the expatriate who positively contributes to Qatarisation will be offered a new job in the expanding energy sector.

In the fourth company studied, Company A, there were some concerns regarding expatriates’ contribution to Qatarisation. Despite the redeployment policy and the increasing number of job opportunities in the company and other companies in the energy sector because of the huge expansion, some interviewees expressed their concerns that expatriates might deliberately delay the replacement process. For example, a training officer pointed out:

If an expatriate responsible for developing a national is not encouraged to train the Qatari, the expatriate can keep the national trainee forever by putting some obstacles in front of him to make him fail. In contrast, the expatriate could make life easy for the trainee, which encourages the trainee...
not to learn anything new, and thus, the trainee stays a trainee for a very long time (Training Officer, Company A).

Therefore, the management has agreed to pay financial incentives for good coaches. In other words, since training and developing subordinates is one of the elements evaluated in the yearly Employee Performance Appraisal System (EPAS) in the company, it would be relatively easy to determine who deserved the incentive. However, the details for this reward system have not been finalized yet.

The QP case was similar to the other cases in that the management believed that the Qatarisation policy would not negatively affect expatriate motivation for two reasons. The first is that expatriates were told from the beginning that QP implements such a policy and that one day their positions might be Qatarised. The second is the implementation of the retention policy whereby any expatriates who help in Qatarising his/her position will be offered a similar or higher position in QP or one of its subsidiaries.

The responses from those five cases imply that the expatriate retention policy is a common practice; the expansion in these companies and in the energy sector offer sufficient job opportunities and financial rewards to good trainers to secure expatriate commitment to the Qatarisation policy. However, the responses also indicate that although expatriate satisfaction and motivation have not decreased in general, there might be some individuals who still feel threatened or insecure because of the Qatarisation policy.
The responses from the last company visited, Company C, differed from those of the previous cases. The main variation is that the company is not implementing an expatriate retention or redeployment policy. Although, in 2006, the company had reached over 30 per cent Qatarisation based on the headcount, which was reduced to 18 per cent Qatarisation for those in permanent positions, this was due to the company hiring more Qatars rather replacing existing expatriates. Continuing to implement the Qatarisation policy raises new challenges, according to the Head of Employee Development. He argued:

The challenge is that we want to meet Qatarisation requirements but at the same time we want everybody that works for [the company] to have equal opportunities for every position in the company. Because it is only by doing that that you create a truly unified workforce. Otherwise, you will be creating separate camps based on nationalities with a lot of bitterness, resentment and lack of motivation (Head of Employee Development, Company C).

From all the six cases examined, it can be concluded that one of the key challenges that should be considered when implementing Qatarisation is how to secure expatriate commitment. One of the strategies the companies implemented was an expatriate retention and redeployment policy; the other was hiring Qatars to fill vacancies rather than replacing expatriates.
8.4 The link between HR practices and Qatarisation

In all six case studies, the responsibility for implementing, monitoring and reporting the progress of the Qatarisation policy was taken by the HR departments. It is believed that HR practices, such as selection and recruitment, training and development, performance appraisal, rewards and incentives can enhance the Qatarisation efforts. Although participants denied there were any effects of Qatarisation policy on HR functions other than training, examples of actions and practices given by interviewees in response to other questions show some sort of relationship between Qatarisation and these HR practices. The following section will examine these practices and their relationship with the Qatarisation strategy.

8.4.1 Training

The role of training and developing programs in achieving Qatarisation is vital, according to all those interviewed. In fact, a number of the interviewees considered training as the principle way to achieve Qatarisation targets. QP’s Corporate Training Manager commented:

The training policy was amended continuously based on how the Qatarisation goes. We fix the training policy to meet the Qatarisation target. If we do not do this, we will never reach the targets. So, they are both going in the same direction (Corporate Training Manager, QP).
According to those interviewed, training is important due to the gap in education between the market requirements and the educational outputs, as has been illustrated in the chapter 7. The education gap is mainly represented in the unsatisfactory level of English language skills. In the previous chapter it was discussed why is this considered a challenge and how it is affecting the overall success of the Qatariisation policy. Thus, the main concern across the training departments in the oil and gas companies is developing nationals while expatriates receive less attention in terms of being provided with training since managements make the assumption that expatriates, who are selected and recruited, come with the right qualifications and the right skills and experience to be able to fill the position without the need for further training or education. An HR manager made this clear:

We have a stronger commitment to nationals since we expect that non-nationals come to [the company] with all the required skills, so we do not have the commitment to develop those (HR manager, Company D).

This belief is common among those interviewed because expatriates are recruited through an intensive process to ensure that they are capable of doing the job efficiently. The process starts with a local advertisement in Qatar both in Arabic and English. If there are no qualified applicants, the vacancies and specifications are sent to the international recruitment agencies abroad that advertise the job, receive the applications, interview applicants and make up a shortlist. The shortlist is then sent back to the employing company in Qatar, which sends a recruitment team composed of technical and human resources officials to conduct the
interviews with the applicants on the shortlist. An interviewee responsible for recruitment stated:

When we recruit expatriates, we recruit them based on the qualifications and experience they have, which indicate that they are ready to do the job (Head of Recruitment, Company E).

Another HR manager interviewed, from Company A, made it clear that in the selection process, it is expected that only capable expatriates are recruited. As regards employing nationals, the case is different. All companies in the energy sector not only employ fresh Qatari graduates, but also compete in attracting the biggest number of them, especially those graduates with excellent educational achievements. Although these fresh graduates do not have work experience, all participants believe that “training Qatari is a cost [their companies are] willing to take” (Head of Training & Development, Company D). As one training officer put it:

The requirements for employing nationals are lower than for employing nonnationals. For example, it is expected the company will employ inexperienced nationals and design a development programme for him/her while it is highly unlikely the company would employ an inexperienced expatriate (HR Manager, Company A).

Indeed, most of the training budgets are allocated to training and developing nationals. Responses such as “we are committed to developing nationals to qualify them for the targeted positions”, “a large proportion of the training budget is for nationals”, and “we focus on training nationals”, can be found throughout the interviews. This commitment is supported by the variety of training programs offered to nationals. For instance, all companies offer English language courses for
their national employees since, while Arabic is the mother tongue in Qatar, English is the official language in the oil and gas based industries in Qatar. Therefore, it is presumed that many nationals, especially those who graduate from the Arabic-Language-Teaching institute, need to be offered English Language courses to develop their ability for advanced communication skills in the workplace. The other common type of training is job-related courses. For instance, a purchasing officer would be enrolled in a purchasing and supply course, and a civil engineer would be sent on a construction and material course. In addition, most of the visited companies, such as Company D, Company C, Company A, Company B, and QP, offer educational sponsorship programs for their national staff to obtain an HND, usually in a technical field, or a Bachelor degree; these range from engineering to managerial subjects. Only one of the companies visited, Company C, went further in developing Qataris by offering the most outstanding member of its national staff a sponsorship for an MBA, when that is related to the position the employee holds, or other graduate degrees such as a master's degree in a subject related to the employee's job. However, the Head of Employee Development stressed that, unlike the government, the company’s scholarship programme does not only aim to provide funds for nationals; rather, it is a specifically and strategically targeted programme that sponsors nationals only in those disciplines that cannot be found in the labour market. He concluded:

In everything we do there is a balance, the balance between supporting the Qatarisation programme and serving our own interests (Head of Employee Development, Company C).
However, that does not mean that expatriates do not receive any training at all. On the contrary, expatriates across the sector are provided with training especially when new technology or a new process is implemented. Thus, when a company imports a system or new technology, the contract usually puts some responsibility on the supplier to provide training for the company’s employees. In some cases, the training will be offered to both nationals and non-nationals in order to enable them to manage their job efficiently. However, this is not the only case whereby expatriates are trained. For example, 25% of the training budget in Company D is spent on training expatriates. As the HR manager in this company put it:

As regards expatriates, we are open to enhancing their skills, since they came with a set of skills that would allow them to handle the job, but to maintain these skills we need to give them the opportunity to update their knowledge. When looking at the figures of training mandates, 75% is training for nationals and the rest for non-nationals (HR manager, Company D).

As to the differences in the training programs between expatriates and nationals, the former usually are updated with the new skills related to their job while the latter have special programs designed for them such as the aforementioned degree programs to obtain an HND or Bachelor in Engineering or educational sponsorship programme for a graduate degree, such as an MBA. In addition, every national trainee or developpee has an Individual Development Programme (IDP). Nonetheless, some companies are in the process of extending the practice of the IDP to include expatriates as well.
To sum up, in order to develop nationals and qualify them to pursue permanent positions in the participating companies as required by the Qatarisation strategy, the companies implement pre-service and in-service training. These training programmes, as illustrated later on the chapter, aim to close the gap between the industry needs and the educational outputs.

8.4.1 Pre-service training

The aim of this programme is to overcome the educational challenge facing Qatarisation. In other words, since it is generally believed among policy makers in the energy sector that the education system in Qatar is currently unable to produce sufficiently qualified candidates to join the oil and gas sector workforce, QP has initiated its own training programs and adopted an international certification to ensure that its trainees are sufficiently qualified to operate in QP and its subsidiaries.

This programme is called the “Technical Preparation Programme (TPP)” and usually focuses on high school graduates. It is a technical programme to prepare Qatari men with a foundation of skills for jobs in the main technician jobs in energy and industry. Successful candidates will be certified to work in industrial facilities assuming duties as tradesman in areas of specialisation such as processes, mechanics, electrics, instrumentation, welding and multi-skills (Qatarisation, 2006).
In 2006, QP replaced the previous system with a competency-based training scheme leading to a Technical and Further Education (TAFE) certification in accordance with the Australian National Training Authority (ANTA) standard. Although QP management is convinced that TAFE is the best way forward to improve technical preparation, a number of interviewees raised several concerns regarding the new system. The first concern was that the new system is unified for all companies whereas the previous one contained a certain amount of practical training whereby the trainee joined the future employer and took on-the-job training with them. Another concern was that QP is used to adjusting their training programs based on the feedback it receives from its subsidiaries; however, the new system does not have a clear feedback process. Third, the trainees receive an internationally recognized certification that enhances their employability, which, in turn, might increase the threat of their being poached. Another concern was regarding the quality of the outputs. Trainees used to be educated in the QP training centre; however, the responsibility of the training has been relocated to the College of North Atlantic (CNA). The validity of the QP training centre had been tested over time, but the outcomes of the new college have not been validated yet. Since CNA is responsible for training the new intake, it applies new rules and acceptance criteria, which has delayed the enrolment process and the start of the program. Finally, the system requires a longer time than the previous one. TAFE is a four-year programme while trainees used to join the companies after 24 months of training in the previous system.
However, other respondents defended the new system. TAFE proponents believed that implementing a worldwide recognized system will raise the preparation programme to an international standard. In addition, QP officials believed that the time related concern is unjustifiable since, although trainees used to join the companies after 24 months of training in the previous system, they also used to hold developee status for two years more, while in the TAFE system the graduate directly holds a position after he/she joins the company since TAFE contains practical training as well as theoretical learning. In other words, both the previous and the current system require four years of training for a person to be fully prepared to hold a permanent position in a company. Another respondent claimed that, from his experience in one of the technical departments, some expatriates used to deal “harshly” with the national trainees, who had just finished their theoretical training and joined a company for on-the-job training, just to keep them trainees as long as possible, which might make the trainee leave the company, while in the new system, as soon as the trainee finishes the four-year program, he/she will get a job title and a permanent position.

From the preceding debate, it can be noted that although the aim of the introduced improvements to the pre-service training programmes was to better equip nationals with the needed qualifications and skills as the Qatarisation strategy requires, not all HR and training practitioners were convinced that these improvements can achieve this aim. However, some participants argued that it is still early, from their point of view, to judge the system since it has just been implemented.
8.4.1ii In-service training

Similar to the aim of the pre-service training, the in-service training aims to give all fresh graduates the practical and industry-related skills needed to fill the education gap and to raise those intake's standards to meet the industry requirements. Most of the training policies among the oil and gas companies are similar in design, and usually involve an Individual Development Programme (IDP) and successor planning, but the content varies. One of the reasons for the similarity is that HR managers meet frequently and share their views and their companies' best practices. Another reason is that QP usually offers its help and advice and in some cases its own employees, such as in Company E, to its subsidiaries to help establish the systems in the subsidiary.

One of the common practices is the IDP for graduates. It lists the skills the developee should have; states what is expected from the developee, and, broadly suggests the training through which the employees should go to gain these skills, for example, join a project, assignments, work exposure, attachment to somebody, structured training (class room), or work experience (on-the-job-training). The reason for implementing this programme is the expected lack of practical experience among fresh graduates who join the labour market for the first time, since the education system in Qatar usually occupies the learner with theoretical and academic knowledge as is believed in the oil and gas sector. However, two critical concerns arise regarding the necessity of the IDP and its implementation.
As regards the necessity of the IDP, the Dean of Engineering College in Qatar doubts this assumption and argues that after reviewing some graduate training programs, he found that almost 70% of the training programs in some oil and gas companies were a repetition of what the graduate had already studied in his/her bachelor degree whether he/she took the degree in Qatar University (QU) or abroad. This could be interpreted in two ways. It can be either a type of lack of confidence on the company's side in the university graduates irrespective of the college from which they have graduated, local or international, since all graduates have been enrolled in IDP. Alternatively, it could be because of a lack of communication between the industry and the people in education, which results in companies being unaware of what skills and competencies that university graduates have.

As to the implementation of IDP, despite the emphasis HR departments put on designing IDP for the new intakes, the implementation of this practice varies, according to a number of respondents, depending on the trainee's direct supervisor. For example, it was argued earlier that when the supervisor is not committed to Qatarisation, he/she might delay the training of his/her subordinate. In the case of the IDP practice, the supervisor could avoid designing one for his/her subordinate. One of the trainees interviewed claimed that he had spent his first six months without an IDP. He continued, "In those six months, I used to handle the petty cash, which is an intermediate job, while I was employed as an accountant
and being paid as a senior staff member” (Trainee, Finance Department, Company D). Similar situations were mentioned in other cases. For example, in Company A, a trainee claimed that he had spent one and a half years without an IDP. Another trainee in QP also claimed something similar.

These cases show that even when there are well defined training and development procedures, it is essential to have the full cooperation and commitment of the workforce to implement these procedures. It also reflects the complex relationship between the different elements in the strategy, that is, workforce and management commitment, training and development programmes, and well defined systems and procedures.

Another common practice in the in-service training is the successor planning process, which indicates where a certain employee will be in three or five years time from now. Then, it is the responsibility of each department to determine the right programme for the employee based on the position he/she should hold in the future. Nonetheless, some concerns were shown regarding the implementation of the process, as an HR manager pointed out:

The plans are good, but when you look to the implementation it is not up to our expectations. The reason could be the major expansion [the company] is carrying on since it limits the resources and we might be able to do better if the company were stable. Yet, it does not excuse us from not doing it (HR Manager, Company D).
The IDP is usually made for university or college graduates while high school graduates are usually sent to QP to be enrolled in TPP or TAFE programs.

8.4.2 Recruitment

The other HR practice affected by the implementation of the Qatarisation policy is the selection and recruitment process. As regards function, all participants stated that the priority in recruitment was for nationals. Thus, the first action taken to advertise a vacancy in all of the six cases visited was to advertise in the local newspapers before contacting an international recruitment agency. Not only do nationals get a higher priority in recruitment but also the standards for recruiting nationals are lower. As was illustrated earlier in the training section, only experienced and qualified expatriates are employed in these companies while fresh national graduates are welcome to join the energy sector workforce and the companies provide them with opportunities for further development and enhancement.

As regards attracting nationals, QP is taking care to attract school graduates to join the energy sector as a whole while companies are responsible for attracting graduates to join their workforce. Most of the technicians in the OGBI are recruited through QP. The companies send their needs and requirements to QP, which targets school graduates and enrolls them in the various training programs it offers before inviting the companies to interview these trainees and choose from them.
This centralized process is believed to reduce the negative competition between the sister companies and to ensure a fair distribution of the intake among all companies based on each company's needs.

As regards graduates, it was mentioned earlier that companies in the energy sector share their best practices during frequent meetings and forums. Thus, it is not surprising that most companies implement to some extent similar methods to encourage Qatari to join them. An HR manager concluded:

   Basically, we had not found anything that we can do that no one else is doing. All other companies are doing the same thing. This is the logical thing everyone does (HR Manager, Company B).

Apart from the financial attraction represented in the salary and compensation package, which is mostly influenced or determined by QP, most respondents, especially those who are responsible for training, believe that good training programs offered by their companies are the best way to attract nationals. However, before joining a company and being trained, the attention of potential recruits is captured through a number of initiatives. In the following sections, first, the similarities in companies' approaches will be highlighted, and then, the distinctive cases will be illustrated.

All six companies use national newspapers to advertise vacancies. Indeed, this is the first method used by all companies to attract the attention of job seekers. The other common approach is participating in universities' career and open days, the
QP career fair and the national employment and career exhibition. An interviewee commented, “We are always looking for opportunities to sell the company to Qatars who are currently studying”. Although all the companies participate in these fairs, the budget allocated by each company varies, as was shown earlier.

Another widely used strategy to attract national students’ attention to work in the energy sector is visiting schools and making presentations that illustrate the job opportunities in the sector. Internships and summer training for school and university students are also a common approach used in this matter. The students are not only encouraged to gain new experience by taking their summer training or internships in the energy sector, but also they are paid for their time in the companies. The final common practice is offering sponsorships for school graduates to pursue their college or university studies provided that they work for the sponsoring company after graduation.

As regards unique practices, one of the companies, Company C, has not limited itself to recruiting within the Qatari borders and has visited those Qatari students who are doing their degrees in the UK. During these visits, the company presents itself and offers sponsorships for some of those who are studying using their own or their parents’ funding. The Head of Employee Development in the company commented:

So, we’re always looking for different angles in this competitive market in the same pool of labour and we have to find opportunities (Head of Employee Development, Company C).
Another company launched a recruitment campaign in 2006. Company D contacted Qatar University, the Education City’s universities, and the Ministry of Education in order to compile a list of all the possible graduates. Then, the company sent the graduates invitations and notified them that the company was about to recruit a number of Qataris in these disciplines (engineering, finance, and all the other vacancies, that is, approximately 20-22 vacancies). The aim of the campaign was that instead of waiting for CVs, the company would like to have a bigger variety of graduates from which to make a selection. On the recruitment day, the company made presentations to introduce itself to those who attended. Then, the department managers or representatives started interviewing those who were interested in working for the company. As a result of that campaign, the company recruited seventeen graduates on the spot. The HR manager pointed out that the feedback they received from the departments that benefited has been satisfactory, and thus, the campaign will be carried out this year also. A development supervisor added that, besides recruitment, the company offered a number of those who will graduate soon and have high grades a general average sponsorship provided that their grades stay high and do not go below a certain level.

The same company, Company D, has another unique initiative, that is, so-called “team building sessions”. In these sessions, the company’s management and representatives meet with QU lecturers and students and explain what the
company needs and what they could expect from each other. As a result of these sessions, initiatives such as engineering chair sponsorship, summer internships, and on-campus recruitment trips for the university’s outstanding students have come up.

A third company, Company B, has developed a strong relationship with Qatar Technical School as a new source of Qatars to join the company. Another company, Company A, has contacted QU and encouraged students who will graduate soon to prepare their graduation project at the company.

To sum up, the main initiatives companies implement to attract more Qatars to join the energy sector are advertising in the media, participating in career fairs, visiting schools, offering paid internships and summer training for school and university students, and providing sponsorships for school graduates to pursue their college or university studies. However, the unique practices, which are limited to one or a few companies only, are organising an employment fair by Company C for Qatars studying in the UK, and launching a recruitment campaign that offers jobs on the spot for outstanding interviewees by Company D. The creativity in finding new and unique methods to attract nationals represents the variation in companies’ commitment to Qatarisation. While one company’s management stands still and claims that “there is nothing more we can do” (Company B), other companies, such as Company D and Company C, come up each time with new ideas that enable them to attract more nationals than do their competitors.
8.4.3 Performance Appraisal

The other function, which in some cases is affected by the Qatarisation policy, is performance appraisal. In QP, expatriates are told from the beginning that one of their responsibilities and part of their job description is developing nationals. Similarly, Company A has considered “developing subordinates” as a key factor when a member of staff is evaluated against using the Employee Performance Appraisal System (EPAS). However, there is no evidence that Qatarisation is connected to appraisal in any other cases. Even in these two cases, QP and Company A, respondents raised a number of concerns.

The first concern is that the appraisal is not shaped considerably by Qatarisation; rather, it has just considered Qatarisation one of the criteria that should be included in the appraisal form. For example, Company A’s EPAS is composed of twenty criteria against which a member of staff is evaluated by his/her superior. One of these criteria is to rank the employee’s efforts in training subordinates on a scale from one to five where one is the lowest and five is the highest score. Since all the criteria are similarly weighted, even if the employee gets a bad score in the Qatarisation criterion with high scores in the remaining criteria, the overall average would be high. The second concern is that the evaluation process could be subjective. As illustrated above, the appraisal uses a traditional vertical up-down approach whereby employees are evaluated by their supervisors, and therefore, it
can be presumed that bias, such as personal relationships or perceptions, might affect the evaluator's judgment.

8.4.4 Rewards and Incentives

The third HR practice in which the effect of Qatarisation policy can be traced is the allocation of rewards and incentives. As mentioned above, most participants recognized the role of expatriates and coaches in the development of nationals. Therefore, to encourage coaches to continue to support the development of nationals and to secure their commitment to further contributions to the Qatarisation process, Company A's management is close to approving a proposal made by the company's training section, which is to offer those who are positively contributing to developing nationals financial incentives as a reward for their efforts. This is believed by Company A's respondents to be a step toward Qatarisation since these incentives would illustrate to employees that the company is keen on Qatarisation as well as demonstrating its satisfaction with its current employees. In other words, by offering these incentives, the company is communicating the message that it will not sacrifice its employees just to achieve numerical targets.
8.5 Approaches toward Qatarisation

When evaluating how different companies are implementing the Qatarisation policy, three approaches can be identified: strategic adaptation; pragmatic acceptance and implicit avoidance. Table 14 summarises the initiatives taken by the three groups and their link to HR levers. QP, Company D, and Company C are examples of firms that are more keenly adapting Qatarisation. The respondents from these three companies share similar views regarding the policy’s definition and nature. In these companies the Qatarisation policy is concerned with improving the ‘quality’ of nationals through training and development until they become qualified and competent to handle the job. In addition, the participants stress the need for the development process to be managed in a timely manner, that is, not taking too long to accomplish and not being too rushed to achieve its aims. Thus, replacing the expatriates by nationals would not sacrifice the quality of the company’s products and services.

The second difference between the companies strategically adapted Qatarisation and the other companies is the scope of commitment to Qatarisation among the management and the workforce. The commitment to the policy in these companies is represented in two ways. The first is the frequent communication between the management and the employees regarding the meaning and the progress of Qatarisation as well as the difficulties and challenges in achieving the targets. This communication helps to develop common understanding of the policy’s aims and
objectives. In addition, the communication also facilitates securing employees' commitment to Qatarisation since through communication management can assure that participating expatriates will be retained in the company even when the job they hold is Qatarised. The second way the management express their commitment to Qatarisation is by allocating generous financial resources for the recruitment and development of nationals.

The third difference between this group of companies and the remaining companies is that the link between the Qatarisation policy and the HR levers is more explicit in the companies strategically adapted Qatarisation. For example, in Company C, Company D, and QP, nationals undertake pre-service and in-service training. Common practices in these companies are identifying individual development programmes (IDP), undertaking successor planning, and offering sponsorships for nationals to pursue their studies. On the other hand, Company E, which implicitly avoids Qatarisation, does not offer in-service training nor sponsorship for further studying. The only training nationals receive is the pre-service training which is offered by QP before the employee joins one of the QP subsidiaries. Despite the fact that nationals get trained in the companies strategically adopting Qatarisation policy, there is no evidences the training programmes correspond to the policy requirements. Indeed, a participant from Company C affirms that despite the huge improvements in the education system and education outputs in recent years, the training programmes and competencies lists have not been revisited or adjusted for more than seven years.
As regards recruitment, besides the traditional ways of advertising and recruiting through careers fairs, the three pioneering companies are always looking for innovative methods to attract nationals. One such way involves visiting nationals studying abroad and marketing the employment opportunities available to them. As a result, these companies have the highest Qatarisation percentages in terms of headcount.

Company A and Company B accept the policy; nevertheless, they do less than the other three companies from the first category. Indeed, these companies differ from those that are strategically adapted Qatarisation from the very first step, the understanding of the meaning of the policy. Respondents from Company A, for instance, consider development of nationals as the aim of the policy, but no emphasis on the time needed to achieve the aims of the development was made. Company B's respondents offered a different perception of the Qatarisation policy. The respondents ignored the 'quality' aspect of the policy and only focused on the quantitative targets. This could be one of the reasons why a direct link between the training programmes and the Qatarisation targets is hard to identify.

As regards commitment to Qatarisation, there is less evidence of management commitment to the policy than that identified in the previous group of companies. For example, no respondent mentioned any sort of communication between the organisational levels regarding Qatarisation. In addition, the financial resources
allocated to Qatarisation are far less than those of their competitors. Thus, their Qatarisation percentages are not improving.

The link between HR levers and Qatarisation policy in this group of companies can be identified. Similarly to those companies strategically adapted Qatarisation, both Company A and Company B offer pre-service and in-service training as well as educational sponsorship. The way these companies try to attract nationals is only focused on the traditional methods such as advertising and career exhibitions. In addition to the training and recruitment, Company A has used both appraisal systems and reward schemes to enhance Qatarisation. In the former, the management evaluates the efforts employees make in developing nationals. In the latter, the management offers financial incentives for those positively participating in developing nationals.

Finally, Company E can be considered to be implicitly avoiding Qatarisation. Although company officials claimed that they are committed to Qatarisation targets, the recruiting practices imply the opposite. First of all, Company E's participants only think of the Qatarisation policy as a way to increase the 'quantity' of nationals in the company's workforce. With no emphasis on developing nationals, the company has not established a training unit or training programmes to develop the competencies of nationals to be able to handle their job efficiently. For example, the Head of Recruitment admitted that the company informally avoids employing new national graduates. The reason, from the company's perspective, is that there
is no training and development section in the company since it is a newly-established firm and the organisational structure has not been completed yet. Thus, he continued, if a new graduate were recruited, he/she would not have any development programme, and therefore the company would not benefit from his/her services; furthermore, the trainee’s satisfaction might be affected. This contradicts all the claims that the company’s management is committed to Qatarising its workforce. Second, Company E also has another practice that is negatively affecting Qatarisation progress in other companies in the energy sector. The company has found a way round the anti-poaching agreement, as Company E’s example illustrates earlier in this chapter. Hence, the company was able to attract a number of qualified national personnel from various companies, some of whom were from the energy sector, which in turn affects the progress of Qatarisation in those firms. These two practices, limited employment for new graduates and poaching qualified national staff from other companies, give the impression that Company E is in some way avoiding full implementation of the Qatarisation policy. The links between HR levers and Qatarisation policy in Company E is less tangible. As illustrated earlier, very few training activities are going on. In addition, the recruitment process of nationals is limited to experienced nationals, not new graduates, and focuses only on the traditional methods of attracting employees.
### Table 14: The link between HR levers and the Qatarisation policy

<table>
<thead>
<tr>
<th>The Approach</th>
<th>The Implications</th>
<th>The Nature of Qatarisation</th>
<th>The Commitment to Qatarisation</th>
<th>The Link with Training</th>
<th>The Link with Recruitment</th>
<th>The Links with other HR levers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Adaptation (Company C; Company D; QP)</td>
<td>Aims to achieve 'Quality' Qatarisation through developing nationals in an appropriate time.</td>
<td>More committed than other companies. The commitment is represented by frequent communication and allocation high financial resources.</td>
<td>The priority for nationals; offering pre-service and in-service training programmes; using IDP &amp; successor planning; offering educational sponsorships.</td>
<td>The priority for nationals; using the traditional methods for attracting nationals; continuously looking for and trying out innovative ways to attract nationals.</td>
<td>No other strong correlations between Qatarisation policies and other HR levers.</td>
<td></td>
</tr>
<tr>
<td>Pragmatic Acceptance (Company A; Company B)</td>
<td>Aims to increase the 'Quantity' of nationals in the workforce.</td>
<td>Less evidence of commitment since there is no communication and financial resources are low.</td>
<td>The priority for nationals; offering pre-service and in-service training programmes; using IDP; offering educational sponsorships.</td>
<td>The priority for nationals; using the traditional methods to attract nationals.</td>
<td>Company A uses appraisal system and reward scheme to encourage positive participation in the Qatarisation policy.</td>
<td></td>
</tr>
<tr>
<td>Implicit Avoidance (Company E)</td>
<td>Claims to seek increasing the 'Quantity' of nationals in the workforce.</td>
<td>Less evidence of commitment since the company poach the national employees of the other OGBI.</td>
<td>No training except the pre-service training offered by QP.</td>
<td>The priority is for experienced nationals while only a few new national graduates are employed.</td>
<td>No correlations between Qatarisation policies and HR levers.</td>
<td></td>
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</table>
8.6 Conclusion

In an earlier section of this chapter, it was illustrated that the nature of the Qatarisation policy differs between participating companies ranging from primarily focusing on numbers to placing quality national staff at the core of the Qatarisation process. The analysis then shifted toward the actual actions taken to prove top management’s commitment and to secure the workforce’s commitment toward Qatarisation. The findings indicate that the level of commitment toward Qatarisation among the management and the workforce varies. For example, at one extreme, frequent meetings between the management and the workforce, effective communication between the organisational levels and recognition of contributors were all efficiently implemented in one case. At the other end, vague definitions of the policy’s terms, a lack of communication and the absence of training programs for nationals were the outline of how Qatarisation is implemented in another case. The lack of awareness of the policy’s aims and objectives would inevitably affective the commitment toward the policy, therefore, it is recommended that participating companies communicate with their workforce in order to develop a common understanding of the policy aims and objectives and how these targets can be achieved. This recommendation and the remaining recommendations in this chapter will be illustrated in more details in Appendix A.

A significant part of the chapter was dedicated to examining the training and development policies in the participating organisations. It was demonstrated that in
terms of training high school graduates, a strong correlation between QP and its subsidiaries allows the latter to benefit from the sophisticated training facilities in QP. As regards university graduates, each participating company has its own policy regarding how the trainees should be developed. Therefore, it would seem rational to recommend continuing investment in training Qatari workers in order to fill the gap between educational outcomes and industry requirements.

Finally, in terms of the attitudes toward Qatarisation, the chapter has drawn attention to different approaches toward implementing Qatarisation, namely, strategic adaptation; pragmatic acceptance and implicit avoidance. It was argued that three out of the six cases examined were strategically adapted Qatarisation, while two companies had pragmatically accepted the policy and one case implicitly avoided the policy implementation.
Chapter Nine

Conclusion

The purpose of this final chapter is to address the achievement of the research aims and objectives and review the original contribution made by this research with regard to the role of the state in the management of public corporations in Qatar and the implications of political contingency for the HR function in these organizations.

This study has provided a basis for examining the applicability of the established theories and approaches of the political contingency in the public sector within the Qatari context, which can be considered an example of a mixture of the developmental state, the positive state and the regulatory state. The findings reinforce the widely acknowledged arguments that state enterprises pursue politically-determined objectives that complicate the process of strategy formulation and implementation; however, the study has pointed out the unique nature of state intervention in this hybrid form of state that has been studied.

This study, therefore, has sought to understand the state-led localisation policy by building on contributions from studies of the political contingency and state intervention in public enterprises. It has also sought to examine the specific labour market and institutional context of the GCC region and Qatar, in order to understand the complexities and dynamics of localisation. In addition, it has
connected debates around political contingency to the human resource management literature, as a means of understanding localisation strategies.

In this final chapter, the findings and the contribution to current knowledge about the role of the state in public management will be illustrated; then, the contribution to the localisation literatures will be summarised. Finally, future research opportunities as a consequence of the current research findings will be outlined.

9.1 Political contingency and public enterprises

Based on the identified gap in the existing public management literature regarding political contingency in positive or developmental states, a core aim of this research was to understand the mechanics of policy change in less liberal regulatory regimes, such as developmental or positive states.

Investigating Qatar as a case study extended the understanding of the complexity of the role of the state in the labour market. The current case study shared some of the features described in the public administration literature, but it also shed some light on a distinctive situation of complex networking and dual roles of key political actors. As an example of a state-led policy, the workforce localisation strategy was examined to explore the political contingency associated with implementing the strategy in public enterprises and its implications for the HR practices in these firms. It was argued that, despite all the contextual differences between the
regulatory state, which facilitates its intervention through indirect means such as regulation, and the positive state, which usually exercises direct intervention such as public ownership, a feature common to both is that the government has intervened in the public sector to achieve macro-policy targets. However, the nature and the extent of the interventions vary. The examination of the Qatari case has provided new evidence of the role of complex networks, the exercise of an ‘arm-twisting’ relationship, and the importance of target setting and of the monitoring process. It has illustrated how these tensions are dealt with differently than in other countries.

The empirical examination of the current study focused on the role of Qatari authorities in imposing the politically-determined Qatarisation policy. The evaluation of the implementation of the policy in the OGBI in Qatar showed that political contingency is present in pursuing such a policy in the sector. It confirmed that the state used its ownership of the public corporations to oblige them to accept the Qatarisation policy. With regard to the nature of the policy, it was considered a macro-economic policy since participating companies could not experience any direct benefit of the policy in their performance; instead, the policy aimed to benefit the Qatari economy in terms of reducing unemployment and capturing foreign remittances. This confirmed the views explored in the second chapter that public managers differ from those of private firms in terms of pursuing politically-determined strategies and targets (Batstone et al. 1984; Ferner 1985).
That said, the Qatari case was initially chosen to represent the 'positive state' which is one of the types of regulatory models Majone (1995) has described: positive state and regulatory state. A positive state that also shares some of the features of Ashton et al.'s (2000) model of the developmental state. For example, the Qatari authorities have direct interference in the labour market, which is one of the features of both the positive state and the developmental state. The Qatari authorities also have to facilitate their intervention through public ownership, which is another feature of the positive state. However, instead of using budgetary instruments, such as borrowing and spending, the Qatari government influences the public sector through rule making and legislation, both of which are characteristic of the regulatory state. This case, therefore, despite it leans more toward the less liberal system of the positive state, it proves that a rigid categorisation between positive state and regulatory state might be misleading since each regime could share some the features of the other regime. In sum, this study contributes to filling in the previously identified gap in the literature regarding examining the political contingency concept in less liberal regulatory regimes.

Similar to what used to be the situation in the UK (Kirkpatrick et al. 2005), the intervention of the Qatari authorities has expanded to cover target-setting and to impose a monitoring process. Unlike the situation in the UK, where the performance and profit targets were sometimes achievable, the Qatari authorities have set up a very high localisation target that even government officials believe to be unrealistic. This led a number of participants to argue that 'Qatarisation' is only
a 'show' or a 'game' and the government is not serious about the determined targets. What supports this argument is the inconsistency in defining the Qatarisation targets, and the absence of any incentives or penalties for meeting or failing to meet the policy targets. It can also be argued that this vagueness in the Qatarisation policy is intentional on the part of the authority just to allow the participating companies room for manoeuvre. In other words, instead of confronting the companies with a persistent and politically-determined policy, the authorities oblige the companies to join a loose policy to which they are tightly bound. This is another key difference between the Qatari context, which has similarities with positive and developmental states, and the situation in the UK, which represented the regulatory state. The difference lies in the ambiguity of the aim of the policy in Qatar while in more advanced countries, the state-led policies were focused to achieve certain aims. In the UK, for example, the emphasis was on "achieving revolutionary change, dismantling existing structures and moving toward a minimalist or 'night watchman state'" (Kirkpatrick et al. 2005: 15).

The third distinctive feature of the political contingency in Qatar is that, unlike the common financial restrictions tool used by the different governments in the UK (Pendleton 1997), the Qatari government influenced the strategy formation process in public enterprises through manipulating these organisations' management. This can be understood in the light of one of the views of operationalising regulation, which considers it as "all mechanisms of social control – including unintentional and non-state processes" (Baldwin et al. 1998: 4). In other words, the state is
influencing the market not only through the regular command and control method, but also through networks and actors (Martinez Lucio and MacKenzie (2004).

To put this in the Qatari context, the state maintains the implementation of the Qatarisation policy in the public firms by appointing people ‘loyal’ to QP, who also have good access to the political elites through their networks and social connections, to most key positions in the OGBI. This was apparent when the respondents from the top management category clearly stated that whenever they needed to justify their situation they talked directly to the Minister of the Energy, who is responsible for monitoring Qatarisation in the OGBI. The use of networks in this and similar situations has benefited both parties, that is, the state and the management teams of public corporations. On the one hand, it has helped the state to introduce the targets and the quota systems without any significant resistance from the public management. On the other hand, it has allowed the public management the opportunity to contact the decision maker directly, and in some cases, influence him to relax some of the requirements or the consequences. For example, as illustrated earlier in the thesis, Company E was granted an exemption for its unskilled labour not to be counted in the overall Qatarisation percentages and quotas. In addition, there were no penalties for any of the companies that had never met the Qatarisation targets. The networks were useful in another case as well. It was illustrated in Chapter 8 that, during a meeting, management in the OGBI reached an unofficial agreement to limit employee mobility within the sector. As a result, poaching within the OGBI was reduced
significantly, except in some cases illustrated in Chapter 8, such as in the case of Company E.

The other instrument the state applied to pursue its politically-determined policy in the OGBI is through the multiple functions of the head of the OGBI. Mr Al Attiyah, the Minister of Energy, dominated a number of crucial positions in the OGBI, such as chairman and general manager of certain companies, besides his membership in the government. Consequently, whenever conflicting interests arose, the interests of the state took precedence over the interests of the individual organisations. This can be considered one of the elements leading to an 'arm-twisting' relationship between the state and state enterprises that Batstone et al. (1984) identified.

As a result of this relationship between the state and public corporations, the sorts of challenges arising from implementation of the state-led Qatarisation policy differ from those associated with modernisation and commercialisation policies, which were politically driven in the UK. In the UK, the challenges were mainly over the strategy formation process. The state offered incentives and applied financial restrictions to influence public firms' strategies; on the other hand, public management engaged in a negotiation process with the government over company-related benefits. In Qatar, however, there is less evidence that this sort of challenges was involved. Instead, public management claimed that they were committed to Qatarisation and were willing to implement it whenever possible;
however, they argued it was difficult to achieve the policy targets due to a number of 'external' challenges that were out of the companies' control. The participants believed that broader labour market conditions were a key factor in hindering the achievement of localisation goals. Despite the state's continual search for appropriate rules of action to enhance Qatariisation in the OGBI, the policy faced a number of challenges. The second empirical chapter, Chapter 7, has shown that there are two major external aspects that affect strategic planning and policy formulation regarding localising the workforce at the macro-level: the growth and structure of the population and the education system.

The population size has had a direct effect on the Qatariisation policy, since the small size of the indigenous human capital has resulted in an extreme dependence on non-nationals. The low average age of the population, the high male/female ratio, and the low participation of Qatari nationals in the labour force, especially in the non-government sector, all seem to be correlated to the fact that there is only a small indigenous population, and therefore, a significant non-national population. Therefore, it is clear that it would not be possible to implement a social and economic development plan without foreign labour, given the small base of the indigenous population. Thus, reliance upon the non-national population seems unavoidable, at least at the current stage of development.

As regards the education system, it has a direct and negative influence on the efficiency and effectiveness of such a process. The current system is blamed for
not being able to provide the different sectors of the economy, particularly the OGBI, with a qualified national workforce in terms of an 'adequate' level of general or technical skills. As a result, the overall formulation of the Qatari human capital might not be well utilised in the country.

Surprisingly, one of the key demands of the interviewees, especially those from the OGBI, was more state intervention in the labour market to correct the imbalances causing the aforementioned external challenges. Most participants believed that the state was able to coordinate the different government authorities, such as education institutes, labour authorities, and public sector employers, to match the educational outputs with the industry requirements and to reduce the competition to attract nationals among the various employers in the public domain. This contradicts the general notion in the literature that public management seeks greater control and less state intervention in their domain. One explanation for this situation could be the strong loyalty of public management, who are usually appointed by the state, to the state's aims and vision.

To sum up, this first contribution of the current research to the existing debate of political contingency in the public sector, is to show that a less advanced regulatory regime, such as the one in Qatar, proves to be similar in some aspects to what used to be the situation in more liberal regulatory systems, such as the UK, while differing from them in other aspects. It is similar in terms of using public ownership as a means to pursue macro-level policies while it differs in how public ownership
is utilised. It was argued that the key instrument the Qatari authorities employed was controlling the key administrative and executive position in the OGBI by appointing loyal people to these posts and maintaining formal and informal networks both among them and between them and the state.

9.2 Enhancing localisation through HR practices

The other contribution of the current study is extending the knowledge regarding HRM in general, and more specifically, how workforce localisation policies are implemented in different contexts and how this affects the HR function. As to the implications of the current study for the HRM field, the finding highlighted the importance of understanding how 'external' factors shape HRM decisions. Although the classic HRM models, such as the 'matching models' (Fombrun et al. 1984) and the 'Harvard framework' (Beer et al. 1984) and the later contributions, such as Pettigrew's contribution, have all recognized the role of the external environment in shaping a business strategy, the main concern of these models was focusing on the HRM levers and their consistency. In other words, less emphasis was placed on the role of the state in the labour market in the mainstream HR literature. Therefore, the current study makes a considerable contribution to linking the notion of political contingency to HRM policies and choices by arguing that HRM in Qatar is configured differently to elsewhere as a result of the state interference in the labour market.
As to the contribution of the present study to HRM literature on the implementation of localization, the study has revealed the limitations of the prescriptive literature for understanding the complexities of localisation within specific labour market and institutional contexts. When there is a supply shortage in the national labour market and when the available nationals are unqualified and unprepared actively to fill the positions held by expatriates, localisation processes may be destined to fail (Gamble 2000). The validity of the prescriptive literatures is questionable as well. Since those researches were conducted in the MNCs in China, its generalisability in other contexts might be limited.

When it comes to the implementation of the Qatarisation policy on the micro-level, the participating companies differ in their attitudes to the policy. Three approaches can be recognised: strategic adaptation, pragmatic acceptance and implicit avoidance. A number of companies, namely, QP, Company C, and Company D, had strategically adapted the Qatarisation process to achieve the 50 per cent target. Both management and employees in these companies shared a similar understanding of the policy aims and objectives, focusing on the ‘Quality’ Qatarisation. Moreover, a greater degree of commitment to the policy than that of other companies could be found across the different organisational levels established through continuous communication and sufficient financial resources. Added to that, the plans and HR practices, such as recruitment and training, were continuously monitored and amended. As for recruitment, these companies had not limited themselves to the traditional forms of attracting national talents; instead,
innovative methods were used in these companies to attract nationals. With respect to training, establishing individual training programmes and successor planning were common tools to achieve quality Qatarisation. The way in which these companies engaged in Qatarisation allowed them to achieve the highest Qatarisation percentages among the participating companies. As illustrated in the literature, communicating the policy’s aims and objectives and then linking them to HR practices can lead to successful localisation (Fryxell et al. 2004, Wong and Law 1999, Law et al. 2004, Warner 2004).

Two out of the six cases examined, namely, Company A and Company B, seemed to show less commitment to the policy. Despite their ‘official’ commitment to the Qatarisation policy, there was no communication between the different organisational levels regarding the policy, and only meagre financial resources were allocated to attracting nationals to their workforce. Moreover, the insufficient communication resulted in a lack of awareness among the workforce in these companies of the nature and aims of the Qatarisation strategy. Conflicting definitions, some focusing on numbers, some focusing on training, were provided by the interviewees in these cases. That having been established, in these two companies, a link between HR levers and Qatarisation policy could be identified. Both companies considered the training a key activity to achieving Qatarisation through developing nationals and qualifying them to replace expatriates. These companies, however, had employed only the traditional recruitment method of advertising vacancies to attract nationals.
The third approach to Qatarisation was implicit avoidance. Among the six visited cases, Company E did the least to achieve the Qatarisation targets. First, the Qatarisation policy in Company E was concerned only with increasing the number of nationals in the workforce rather than focusing on developing them. Therefore, no training facilities or training programmes were available to nationals in Company E. As for the recruitment practices, the company avoided employing new national graduates, and at the same time, it breached the agreement with the OGBI and poached qualified nationals from the sector. Moreover, the financial resources allocated to attracting nationals and developing them were much lower than those in the remaining participating companies.

To sum up, this second contribution of the current research to the existing HRM and localization literatures, is to emphasise the importance of considering the external environment when examining HRM policies and practices since these can be configured differently in consequence of external influences. In addition, the current study has demonstrated that the challenges and the implications of the workforce localization policy vary according to external influences as well.

9.3 Future research agendas

There have been two principal strands to the present study in the OGBI. The first has been the state intervention in public enterprises strategy formation and
implementation. The second has been the way in which implementing a state-led policy affect HR practices. In addition to providing new insights into both these areas, the findings have established an agenda for future research. The study has pointed to important differences between state enterprises and private firms. State enterprises have shown greater sensitivity to state targets than have private firms. Despite the fact that neither public firms nor private enterprises have achieved their localisation targets, a higher national/expatriate ratio has been achieved in the state corporations. Therefore, there is a need for a more systematic investigation of the logic of management action in the private sector in reaction to the politically determined localisation strategy.

Since the present study has focused only on the OGBI, further research should examine a similar process in other sectors. Investigation of other public, private and mixed sectors in Qatar might provide stimulating findings especially when compared with the OGBI. In turn, such comparisons, and hence further interpretations, might provide a good basis for assessing the similarities and differences in aspects of the implementation of the Qatarisation process. Moreover, future research might highlight some of the main challenges facing such a process in these sectors and industries.

In addition, future research could use quantitative methods to test some of the findings of the current study in order to produce statistically generalised findings. For example, assumptions such as segregation in the pay structure between
upstream and downstream companies negatively affecting the Qatarisation process, long training programmes hindering Qatarisation efforts, and uncommitted expatriates slowing down the replacement process, can all be empirically tested to produce generalisable findings.

Since the case study of the current research was Qatar, an example of a developmental state, further research examining a similar process in other developmental states, for instance Malaysia and Singapore (Ashton et al 2000) or the other GCC countries such as UAE and Saudi Arabia, would extend our understanding of how the external environment influences HRM policies in this type of regulatory regime. This would provide a basis for comparisons, and hence further interpretations of the notion of political contingency in less liberal regulatory regimes.

9.4 A concluding note

The intensive case study undertaken at the OGBI has illustrated the processes by which the state intervenes in public firms’ strategy and target formation, as well as the means by which these organisations implement the Qatarisation strategy. The current research has identified the obstacles to Qatarisation and the tensions resulting from the state intervention. Indeed, the present study has revealed a number of obstacles to localisation that were not widely acknowledged within the literature. For instance, tensions and challenges, which include high expectations
of career progression, the length of the training and developing programs, reserved positions for the other international shareholders, and a lack of awareness regarding employment opportunities, have not been recognised in the prescriptive literature on localisation. Another example of the benefits of the current study is the identification of the diverse approaches toward Qatarisation within the participating companies. The rich data collected from the interviews have helped to highlight the differences in management reaction to the policy and the implication of the policy on the HR practices in the participating companies. Moreover, the intensive research approach made it possible to recognise informal means and techniques used to avoid Qatarisation or to act against the rules, such as poaching national employees from the OGBI. Derived from the aforementioned findings, two sets of policy implications at the macro- and the micro-level are proposed and presented in Appendix A.

Based on the contributions of the present study, it can be argued that the situation in Qatar is not just another case of political contingency; rather, it is a unique case, which has proved to be enlightening especially in expanding our knowledge of the role of the state in a certain type of regulatory regime, such as the developmental state.
Appendix A: Recommendations

1. Recommendations at the macro-level

As the current study reveals, the major challenges to localising the workforce in Qatar are the small size of the indigenous population and the unsatisfactory level of the educational outputs. Accordingly, since the policy under investigation is political in nature, the following policy implications can be suggested as strategies to enhance the process of Qatarisation at the macro-level.

1.1 Establishing a national body for education and training

Currently, there are a number of government bodies (that is, Ministry of Education, Supreme Council of Education, Higher Education Authority, and the Qatar Foundation) responsible for developing education strategies and policy. As shown in Chapter Five, the links between these different bodies are weak. Therefore, creating a single authority would help avoid contradictions in the proposed policies by the different education authorities.

In addition, the new authority’s responsibilities should be extended to cover the determination of training strategies and policies and to monitor the implementation of these strategies. This proposed institution would set the standards for on-the-job, work-based and specific firm training as well as the level of investment in training by employers. The institution might also be responsible for ensuring that
the skills of the labour force are upgraded to meet the demands of existing and new industries.

Since the core function of the suggested institution is ensuring that education and training systems deliver appropriately trained personnel to meet the requirements of the economy, then this institution could play a significant role in ensuring the coherence of government actions across all policy areas, which would help in sustaining economic development through the supply of appropriate skills through the education and training systems.

In addition to education and training strategy formation, the proposed authority could play an active role in establishing co-operational links between the industry and the educational institutions. Chapter Five has illustrated that the education system in Qatar was developed before the process of industrialisation was established, and therefore, it is commonly believed that the system is not operating in accordance with oil and gas based industry’s requirements. Hence, creating communication channels and strengthening the coordination between the two actors would help the industry to utilize effectively the graduates of the education system. Improving linkages with the labour market, and making education more “employment relevant” might require making curriculum content more relevant to the demands of modern employment, for example, improving the maths, science, IT, English, and communication skills and competencies.
Finally, the authority should also be responsible for granting subsidies to employers who invest in training nationals. The experiences of neighbouring countries, such as Saudi Arabia and Oman, prove that training subsidies encourage employers to increase the amount spent on training national employees since only in return for this investment will the employer receive the financial support. When the training costs are not subsidised, the return on investment of training might not be feasible.

In sum, the proposed authority’s responsibilities can include the following: first of all, setting up education and training policies; secondly, monitoring the implementation of these policies, the standards for the education and training systems outputs, and the amount invested by employers for training; thirdly, facilitating the coordination between the education system and industry; and, finally, subsidising the costs employers undertake for training nationals.

1.2 Reviewing Qatarisation targets

Rather than having an ambitiously stated policy that is not actually implemented, it is better to have a more realistic one that can be monitored and adjusted as needed. This study has shown that not all Qataris have the skills to achieve a uniform share as high as 50 per cent in the public sector and OGBI. Moreover, if all government agencies tried simultaneously to achieve that rate, they would face the hard constraint of the limited output from the education system. Thus actions at the
decentralized level need to take into account the macro constraints. Rather than having a uniform Qatarisation target for the whole sector, three alternative methods could be used to set the Qatarisation targets.

The first approach would be for individual agencies and companies to assess the profile of their workforce and make plans for a realistic phasing in of more Qataris on a rolling, possibly three- to five-year, basis. These individual targets and the plans to achieve them could be reviewed by a government body to sustain the political influence in the implementation of the Qatarisation policy.

The second alternative would be to redefine Qatarisation as a flow instead of a stock. In other words, instead of stating that 50 per cent of employees should be Qataris, that should be restated as 50 per cent of the new hires should be Qataris. This approach would reduce the pressure on participating companies to replace their current experienced expatriate staff, which in turn, would help to increase the feeling of security among the staff and secure their commitment to the policy.

The third approach to set the Qatarisation target would be to use smaller achievable gradual targets on a yearly basis rather than setting one unrealistic target. For example, instead of 50 per cent in five years, the target could be a 5 per cent yearly increase of Qatarisation in the participating companies. This approach would put more emphasis on the manpower planning function in the participating
companies to match the expansion of the company's workforce with the required percentage of Qatarisation.

1.3 Allocating the responsibilities of Qatarisation and national development to one body

The responsibilities of the implementation of Qatarisation and national development policies should be grouped under one umbrella, for example, the Ministry of Labour. In this way, the agencies involved in labour policies for nationals and expatriates could operate in a more coordinated fashion and increase their administrative capacity for supporting the role of the state in its labour function. If adequately designed and properly implemented, the functions of the new Ministry of Labour could include: preparing and maintaining an active database for all unemployed Qataris; offering a placement service for all sectors; consolidating the administrative employment records of nationals and expatriates collected from all agencies involved in labour issues; ensuring that the supply of labour is sufficient to meet the existing and anticipated demand for any future industrial expansion; issuing supplementary guidelines and clarifications on how to implement the Qatarisation policy, and, preparing and presenting to the government an Annual Labour Report that would assess the progress of Qatarisation, monitor the quality of all employment and training services, and measure labour market-related outcomes from all relevant institutions, such as training agencies, universities, and career centres.
1.4 Better utilisation of the available national in the labour market

Since the small indigenous population is not sufficient to operate the Qatari economy fully, it is vital to utilize all the available nationals in the labour market effectively. Therefore, the issue of unemployment among nationals, which stood at 4.2 per cent in 2004, should be tackled as well as the issue of those nationals who were retrenched from the civil service. Utilizing these two categories and re-entering them in the labour market would increase the supply of nationals in the labour market, which in turn, might help the Qatarisation efforts.

2. Recommendations at the micro-level

2.1 Developing a common understanding of the policy aims and objectives

The results of the current study indicate that, in a number of cases, respondents did not have the same understanding of the aims of the Qatarisation policy, its targets, and its scope. For example, in Company B, Company A, and Company E, each respondent provided a different definition of the policy. In addition, it was not clear for most of the respondents from these cases whether Qatarisation is concerned with replacing expatriates with national staff or only increasing the participation of Qataris in the workforce. This ambiguity in the meaning of the policy might hinder the full commitment of the staff toward the policy. Therefore, it is recommended that communication channels be created between the different
levels of the organisation to convey the aims of the policy and show how the organisation is intending to implement it. This is, however, not to imply that there is no communication at all regarding Qatarisation in all of the visited cases. On the contrary, Company D is one of examples that used some sort of communications to gain employees’ commitment toward Qatarisation. It is believed that expatriates’ concerns regarding job security were reduced as a result of direct communication between the management and the staff regarding the scope of the Qatarisation policy and that any employee that positively participates in the Qatarisation efforts would keep his job or be given a similar one.

2.2 Continuing investment in training Qatari workers

In order for the industry to fill the gap between educational outcomes and industry requirements as well as developing its workers’ skills, it is vital to carry out intensive complementary training programmes. According to the findings of the study, such a process has proved its effectiveness in generating and developing Qatari workers’ general and job-related skills. Indeed, the OGBI is thought to increase the training exercises for several reasons. The first is that the industry’s requirements are changing at an accelerated pace particularly in the area of technical skills. The second reason is that even with efficient general and specific education and training, there is no assurance that workers will perform competently without any on-the-job training. This is mainly because educational qualifications alone are not an adequate measure of skills especially within the industrial sector.
In addition, company-related technical skills cannot be generated and formed by the education system. Therefore, the industrial sector has a major responsibility for developing such skills through training because only the industry is able to identify and develop such skills.

Nevertheless, the OGBI needs to re-examine its training policies in terms of its related practices to ensure the effectiveness of such a process in developing Qatari nationals' skills. As stated by the Dean of the Engineering college, Qatar University, when the Company D graduate training programme was reviewed by the college, 70 per cent of the programme was found to be a repetition of what an engineering student might have studied at the university. Hence, the re-examination should aim to eliminate the unnecessary parts of the training programmes to reduce time and costs.
Appendix B: Interview Schedules

(1) The Meaning and Implementation of the Qatarisation policy:

- What does Qatarisation mean?
  - What is the definition of Qatarisation?
  - What are Qatarisation aims and objectives?
  - What is Qatarisation's purpose?
  - What is the strategy's time-frame?
  - Are the Qatarisation targets realistic?
  - Are the targets achievable in the time-frame?
  - What are the elements and factors that comprise the Qatarisation strategy?
  - Does the strategy intend to replace expatriates with nationals?
  - Can the aim be achieved only by increasing the participation of nationals in the workforce (no replacement required)?

- How does the government intervene?
  - What is the nature of the relationship between your company and QP?
  - What is the nature of the relationship between your company and the government more generally?
  - What is the nature of the cooperation between you and QP regarding the Qatarisation plan?
  - What is the nature of the cooperation between you and the government institutes regarding the Qatarisation efforts?
  - Who sets the Qatarisation targets?
  - Who develops the Qatarisation plans?
  - Does the State or QP have a role in the planning process and setting targets and objectives?
  - Who monitors them?
  - How are the Qatarisation plans monitored?
  - Whom do you report the Qatarisation process to?
• What are the outcomes of the monitoring process?
• Are there incentives for participating in the policy?
• Does the government provide any subsidies and levies to foster the Qatarisation process?
• Can you avoid participating in the policy?
• Are there punishments or penalties for not achieving the targets?
• What is the role of the steering committee formed by QP?
• What are the committee responsibilities?
• How does the committee work?
• What are the outcomes of the committee?
• Who sets the pay structure?
• Can the company change the pay structure by itself or should QP approve the changes?

• How do you implement the Qatarisation strategy?
  • Why do you participate in the Qatarisation plan?
  • What will the company gain from increasing the participation of Qataris in its workforce?
  • Are there any disadvantages in implementing the Qatarisation policy?
  • What are the costs of Qatarisation?
  • What are the tensions arising from implementing the Qatarisation strategy?
  • What are the barriers to Qatarisation?
  • What problems have you encountered?
  • Was there evidence of top management commitment to Qatarisation?
  • How does management express its commitment to the policy?
  • What are the measures for successful Qatarisation?
  • Do the expansions taking place in the sector affect the Qatarisation effort?

• What is the relationship between the Qatarisation policy and the HR policies?
  • How do you attract Qataris?
What did you do to increase Qatari females' participation in the workforce?

Are there difficulties in retaining Qatari employees?

How do you retain national employees?

What do you do to limit poaching?

Who does compete with you on attracting nationals?

Are other government institutes competing with you in attracting nationals?

How is the training policy shaped by the Qatarisation process?

Are there differences between the training policy for Qataris and non-Qataris?

Who designs the training programmes?

To what extent could the new policies sustain the commitment of nationals and expatriates?

Have the commitment and satisfaction of expatriates declined because of the implementation of the policy?

Have you made any effort to explore your employees' perception of Qatarisation? Was there any assessment of employee reactions to the implementation of the Qatarisation programme?

(2) The previous Qatarisation attempts:

- Have you participated in the previous Qatarisation plans?
- Why did the previous attempt not achieve its targets?
- What is different about this plan?

(3) General concerns about Qatarisation strategy:

- Are Qataris competent enough to do the job?
- Do non-nationals fully co-operate with the Qatarisation programme?
- Do you believe Qatarisation can be sustained in the company?
- Do you offer incentives to expatriate to voluntarily train Qatari employee and leave his place to him/her?
• Do you redeploy expatriate who are replaced by Qataris?

(4) General concerns about HR practices:
• How are employees promoted to higher positions?
• Are the higher positions filled from the internal or the external labour market?
• What is the performance appraisal method implemented?
• How is the reward system designed?

(5) Extra questions for the government policymakers:
• What are the benefits of the policy for Qatari economy and society?
• Why do you focus on the public enterprises?
• Why is the OGBI so important in pursuing Qatarisation?
• Is there unemployment in Qatar?
• What is the unemployment figure?
• Is there overemployment and underutilisation in the public sector?
• How do you intend to tackle this problem?
• What is the size of the national workforce retrenched from the civil service?
• How do you intend to redeploy them?
• Why do you aim for unrealistic Qatarisation target?
• How do you monitor the implementation of Qatarisation in public enterprises?

(6) Extra questions for the education policymakers:
• What is the relationship between education and Qatarisation?
• What do you do to enhance Qatarisation?
• How can you help in sustaining Qatarisation in the future?
• How are the different authorities responsible for the education strategy formation in Qatar coordinated (i.e. Ministry of Education; Education
Supreme Council; Higher Education Institute; Qatari Foundation; Education city; Qatar University)?

• What are the tensions between these different institutes?
• Do you survey the labour market needs?
• Do your outputs match the industries' requirements?
• What to you do to improve the education outputs?
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