

Human Resource Management Practices in China & UAE – A Comparison

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Abstract. With the development of globalization and the high demands of the dynamically changing environment, HR managers must meet the required needs for guiding effective employment, deployment, and development of an organization's human resources in the different countries. This paper specifically examines the HRM practices in China and the UAE by reviewing various HRM practices including recruitment & selection, and training. The main aim of the research is to compare HRM practices adopted by organizations in China and the UAE in order to identify the differences, similarities and the future trends.

Introduction

As human resource management (HRM) plays an indispensable role, HR managers must meet the demands of the dynamically changing business environment, maintain, and motivate human resources with the aim of increasing the competitive advantage of organizations.

Human resource management is essential to organizations in several areas, ranging from strategic planning to company image.

Reference [1] defines HRM as “the planning, organizing, directing and controlling of the procurement, development, compensation, integration, maintenance, and separation of human resources to the end that individual, organizational, and societal objectives are accomplished”.

HRM practices refers to organizational activities directed at managing the pool of human resources and ensuring that the resources are employed towards the fulfillment of organizational goals. These practices include recruitment, selection, and hiring of the workforce. Once individuals are hired, they need to be incorporated into the company's framework through training and socialization. Appraising the progress of these employees and motivating them via compensation are also key components of HRM [2].

The management culture of an organization might be best assessed through its HRM practices. With rising international competition, just the strong and well-organized firms survive; the management system of organizations is typically based on the socio-cultural environment of a country and the internal environment of an organization as in the cases of organizations in China and the UAE.

HRM practices may vary from one organization to another and from one country to the other. Several attempts have been made from time to time by different scholars to identify the types of HRM practices in various sectors.

Generally, recruitment and selection, training and development, performance appraisal, and rewards are considered the four key HR activities that mainly comprise the HRM system [3],[4] therefore, departing from these four parts, we will shed the light on 2 main HRM practices in UAE and China. Most studies on the development of HRM practices in China [5], [6] or the Middle East [7], [8] tended to focus on understanding how the Chinese or Middle Eastern practices compare with those in the West, while there is no literature available on the differences in HRM practices between China and the Middle East.

Considering the above situation we decided that there is an intense need for a comprehensive research to compare the human resource practices adopted by organizations in China and the UAE.

HRM practices in China

Although HRM issues in China have been examined from different perspectives, there is a need for additional studies as HRM in China is still in a stage of emergence [9].

China has long had a paternalistic management model, in the 1950s, it developed the 'iron rice bowl' (*tie fan wan*), lifetime employment system, at that time, employees received increasing pay and benefits (including welfare and housing) according to their tenure, regardless of their performance level, and job security was guaranteed, a residual of which may still be found in the state-owned enterprise (SOE) sector today. This has been largely replaced by a more market-related individual and collective contract system [10], [11].

Beginning in the 1980s, as part of economic liberalization policies, the Chinese government initiated and legitimized substantial economic and social reforms. As a consequence, China represents an opportunity for researchers to examine the contingent effect of external environmental change on firm-level choice of human resource management (HRM) practices [12].

For China's policy makers and management practitioners, foreign direct investment (FDI) was, from the beginning, a major conduit of new approaches, initially via joint ventures (JVs) and then, more completely, through wholly foreign-invested enterprises (FIEs). This has spurred substantial research interest into whether imported ideas prevail over local ones, whether hybridization occurs and if so, on what basis and under what conditions [13]. Reference [14] illustrates that the market reforms in the early 1980s, admission into the World Trade Organization, together with the presence of FIEs, has changed the competitive landscape. Under pressure to compete globally, China accelerated its transition to a more market-oriented economy. HR practices have been moving away from a highly centralized allocation process to a more market-driven and performance-based system. The HRM practices are influenced by environmental, institutional, and organizational conditions.

The current trend towards greater convergence with Western HRM systems is observable in many aspects. Major signs of change include more sophisticated and competency-based recruitment and selection processes, increasing emphasis on training and development, market-based compensation linking financial reward to performance, awareness of career development, and the renewed emphasis on corporate culture [15].

On the other hand according to [16] in HRM practices, the overlap between formal relationships and informal relationships (*Guanxi*) is pervasive in Chinese organizations; the line between work and personal life is rather blurred; *Guanxi* and (human favor) *Renqing* often intervene in recruitment and selection, promotion and reward systems, performance appraisal systems, and training and development.

In China, the recruitment channels are diverse, including job fair, job centre, employment agency, headhunter, online recruitment, advertisements in the media and word of mouth [17]. Generally, Chinese state-owned enterprises (SOE) tend to adopt internal recruitment rather than external, in particular for senior positions. SOE usually have their own ample human resource reservoir; this internal recruitment can help balance internal relationships in organizations especially when the vacancy is a senior position. On the other hand foreign companies in China recruit most of their employees from certain employment agency supervised by the government labor department [18].

Reference [19] notices that many firms in China do not have autonomy in recruiting or dismissing employees. In other words, the government control over personnel recruitment and termination is common in Chinese firms and still hinders a firm's autonomy in hiring and firing employees. Reference [16], points out that in recruitment, whether a person has a personal relationship with the recruiter counts much more than whether he/she is qualified for the job. From the inner aspect, relatives, friends and those who are hometown fellows or former classmates of the employer are readily targeted in hiring, especially for private enterprises, as those people are regarded more reliable and trustworthy than strangers; from the other aspect, employers have to accept the entry of some candidates in order to sustain vital social *Guanxi* for the advantage of the whole enterprise.

In general, most organizations in China recognize the importance of training and devote a large amount of resources to training.

China has evolved human resources and management training and development systems at both micro and macro levels. There were, for example, many ‘in-house’ management training programs set up in large corporations in China, whether they were former SOEs, joint-ventures or wholly foreign owned firms [20]. Training and development in Chinese enterprises usually received relatively more attention in non-SOEs rather than in SOEs. SOEs tend to focus more on technical skill training but lack management development content, while non-SOEs have more emphasis on both working relationships and skill improvement [21]. The training practices provided by multinationals are considered by some as potentially inappropriate in China because of cultural differences from elsewhere [22], [23]. Reference [24] explores international training and development policies and practices in Chinese multinational enterprises (MNEs), the research shows that Chinese MNEs provide only limited training to expatriates and other nationals, and lack a systematic international management development system. They adopt usually an ethnocentric approach to international training and development, and provide different levels of international training and management development for (Host-country nationals) HCNs and (Parent-country nationals) PCNs.

Lastly, Chinese (Artificial intelligence) AI companies and their implications in business are playing a leading role globally during the latest AI development surge.

HRM practices in UAE

The United Arab Emirates (UAE) emerged into the global marketplace in the last few decades of the twentieth century. Rapid economic development enabled the UAE to transition in less than half a century from a mostly rural agricultural society to an urbanized society with a lifestyle on par with other modernized nations of the world [24], [25]. During the last decade HRM departments in (Gulf Cooperation council) GCC countries in general and the UAE in particular had several problems with becoming professionally structured and accepted as valuable in the organizations, in both public and private sectors. The small and medium size organizations in the UAE's private sector for example, have no clear policies and procedures regarding HRM issues such as recruitment, promotion, compensation, training and development. Pay is not only weak compared to the public sector, but also a considerable number of organizations in the private sector either delay or do not pay employees' salaries at all [26]. The labor force in the UAE is made up of more than 2.5 million employees of whom 86.5 per cent are male and 13.5 per cent are female. The labor market in the UAE is based on a sponsorship system, the *Kafala* system. Each employee must have a sponsor or *kafeel* [27]. In the private sector, each worker must have a local sponsor, while in the public sector; the government department employing the worker is the *kafeel*. There is a governmental priority to ensure that all nationals are employed and trained to meet the needs of the local labor market. In addition, an objective is a reduction in foreigners in the UAE labor force. The UAE National Human Resources Development and Employment Authority (TANMIA) has a mission to provide all UAE nationals with employment, training and development opportunities. The combined priorities of full national employment and a reduction in the reliance on foreign labor constitute the Emiratization policy.

A decision is made to recruit locally if there is a possibility of available expertise in the country, e.g. administrative staff would usually be hired locally. Recruitment adverts are placed in the local newspapers, e.g. The Gulf News and The National. Contact is also made with TANMIA to check on the availability of nationals for the particular vacancy. If an applicant is available locally then face-to-face interviews take place at the company site [28]. Reference [29] defines Emiratisation as the process aimed at increasing the participation of UAE nationals in the employment market through various macro and micro level instruments, ranging from national level policies and laws to organizational and individual level tools and methods. Accordingly, the factors responsible for the success or failure of Emiratisation efforts are also likely to be spread across various levels. Reference [30] noted that Emiratisation is not only recruiting UAE nationals to replace expatriates, rather it is a major process that requires training for nationals to acquire the skills and competencies for the assigned work, to ensure a successful Emiratisation process. Moreover according to [31], larger organizations are likely to extend the HR department so resources can be dedicated to Emiratisation to cover aspects such as recruitment, policy, procedures, performance appraisal and training. Such

expanded departments could also facilitate initiatives to overcome resistance to change among expatriate employees and actively support linkages to external bodies, such as TANMIA. The UAE government realized that for a strong economy, the education of the workforce should be fully matched with the needs of the labor market before the beginning of the nationalization programs; many organizations needed to attract foreign workers to perform the jobs that nationals were not able to perform effectively. Therefore government provides training that improves the competencies and skills of the national workforce, to create better employability of the labor force in both the public and private sector. The Middle East and North Africa (MENA) region is one of the largest consumers of corporate training in the world [31].

According to [32], some government-controlled businesses and governmental agencies follow many accepted best practices in managerial and executive development, including thorough assessments using competency models and 360 feedback, individual development plans, education, on-going mentoring or coaching, and rotational assignments in both domestic and international positions. The progress of participants is monitored carefully as the program progresses, and their career trajectory is a source of much interest. The program itself may be subject to external review by an independent accrediting organization. Moreover the above authors mention that the nationals working in the public sector particularly benefit from generous support for training and development. Emiratis are often hired into positions and then supported in their education, training and development needs to meet the necessary qualifications, obtaining full or partial tuition payments or release time to participate in programs deemed to contribute to their career development.

A study by [33] on HRM practices in a telecommunication company quartered in the UAE, shows the HR department provides the all-inclusive training activities which support Emiratisation policy. As a direct initiative of the HR department, the company has established an Academy, which is ranked as the leading training center for leadership skills, business, telecommunication, governmental development, and information technology. Moreover the company has partnered with numerous local colleges and universities to provide training to its staff. The organization has created several developmental projects that target a wide range of careers starting from the beginning of employment through to the executive level. The core objective of its career development section centers on building the next generation of corporate personalities in the company.

Reference [34] sheds light on the cultural challenge of using Western- style training methods. The research is based on a study of a sample group of 70 Emirati participants who have recently joined a major bank in the UAE. According to the literature, collaborative and competitive behaviors were seen as having the most positive impact on sales and business performance; accommodating behaviors as neutral; and compromising and avoiding behaviors were regarded as the most negative. Consequently, the participants' preference for compromising and avoiding styles had a significant negative influence on the expected training outcomes. As obvious in the UAE, cultural preferences can present a substantial risk for using Western- style training programs. In other words these training programs need to be modified before application in the Arab region.

According to [35] some employers in the UAE take on interns from leading universities to train them on the job and eventually offer them full-time roles. Moreover, several organizations have a graduate training program targeted at vocational training for fresh graduates before they become part of mainstream operations.

In October 2017 the UAE introduced a ministry for artificial intelligence as part of a cabinet reshuffle. The UAE government launched 'UAE Strategy for Artificial Intelligence (AI)'. This marks the post-mobile government phase which will rely on various future services, sectors and infrastructure projects. The strategy is first of its kind in the Arab region.

Discussion

China has a rich and ancient heritage with a background of Confucian values of harmony and collectivism; in the early 1980s, China introduced market reforms to transit the economy from socialism to a more market-oriented economy. While the UAE is a relatively new nation-state that

was formed in 1971, with a centrally-planned free-market capitalist economy, and even though it has the most diversified economy in the GCC, the economy is still extremely reliant on oil.

Currently expats working or studying in China account for less than 1% of the total population whereas in the UAE local citizens are the minority in terms of population (around 20%), and compete with high numbers of expatriate employees for jobs, in other words, people from all over the world live and work in a multicultural work environment, as a result organizations in the UAE are much more affected by the Western-style HRM practices than those in China.

Methods of recruitment and selection in China and the UAE are similar in terms of variety and diversity, with the difference that *Guanxi* in China plays an important role in HRM practices, while in the UAE in some cases there is a general tendency to favor the local citizens in order to meet the requirements of the Emiratization process. In China vast use of ‘in-house’ management training programs set up in large organizations whether they were belonging to the private or the public sector. The training practices provided by multinational organizations still need to be more concentrated on the cultural differences in order to be more appropriate for the Chinese business environment.

On the other hand, the UAE National Human Resources Development and Employment Authority (TANMIA) play an important role in providing training and development opportunities to UAE national students and graduates of Emirates universities in order to reduce the reliance on the foreign labor for example (*Maharat*) training program.

Conclusion

This paper specifically examines the HRM practices in China and the UAE by reviewing various HRM practices including recruitment & selection, and training.

The results indicate that the socio-cultural environment of China has a bigger impact on the management system of the organizations working there than those in the UAE due to the Chinese background of Confucian values of harmony and collectivism. Work environments in the UAE are multicultural since people from all over the world live and work and for that the UAE is much more affected by the Western-style HRM practices than those in China.

Lastly, HRM practices adopted by organizations in China and the UAE will go more and more toward adopting cyber methods and Artificial intelligence as both countries are leading in this field.

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