Do Egyptian and Foreign owned organisations adopt similar HRM practices in an Egyptian Context?

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Abstract

In this paper we present the findings of a study which collected data on a range of HRM practices in 81 Egyptian and Foreign owned organisations operating in Egypt; 58 of the organisations surveyed were Egyptian owned and 23 foreign owned. Different points such as determinants of human resource management practices, Human resources management practices and approaches in MNC foreign operations were discussed. Different elements of the Egyptian context such as: Socio-cultural context, Islam and economic and legal context and recent development were discussed.

We examine whether the practices being implemented by the sample organizations reflect the national context and whether the Egyptian and foreign owned organisations are implementing similar practices and approaches. We conclude that the practices are reflective of the national context and that the Egyptian and foreign owned organisations are implementing similar practices. These findings lend support to the thesis that HRM practices are context specific and that in the area of HRM MNCs adopt an adaptive approach.

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1. Introduction

In this paper we report on the findings of a survey of HRM approaches and practices in 81 organisations operating in Egypt, 58 of the organisations surveyed were Egyptian owned and 23 foreign owned. We examine whether the HRM approaches and practices of the organisations surveyed reflect the national context and whether the Egyptian and foreign owned organisations are implementing similar approaches and practices.

2. Determinants of HRM Practices

Budhwar (2000) asserts that the literature suggests that HRM practice is context specific and that national HRM practice is determined by both culture free and culture bound factors. Studies have been undertaken to ascertain the effect of both contingent and non-contingent factors. Among the non-contingent factors, factors whose effect is perhaps less tangible than those of the contingent factors, are national culture, the national business system, legislation and a range of other institutional factors including the role of the state.

There is also debate about whether it is cultural or institutional factors or both, that have the greatest influence in National systems (Quintanilla and Ferner, 2003 and Sparrow, Brewster and Harris, 2004). Researchers have tended to emphasise one or the other.

Institutionalists (e.g. Hall and Soskice, 2001; Lane, 1995 and Whitley, 1999) argue that national factors such as economics, governance, financial and legal systems and trade unions, which together form the national business system, are the source of the main differences in HRM between nations. Firms cannot be immune from the national

institutional context, and it is likely to influence the strategies adopted. Others have emphasised the influence of national culture, a concept which encompasses norms, values and their implications for beliefs, expectations, orientations and behaviour and which affect HRM practices. Many studies have sought to use this variable as the major explanatory variable (for example Hofstede, 1993 and Huang, 2000).

Budhwar and Sparrow (2002) assert that the last two decades of the 20th century witnessed the emergence of a stream of research showing the influence of national culture on HRM policies and practices. Bjorkman (2004) also refers to studies that have been designed to scrutinise the influence of national culture upon HRM practices and points out that the cultural dimensions of Hofstede (1980) have been used to hypothesise how HRM practices may vary across national borders.

Nevertheless, as Budhwar and Sparrow (2002) also point out it is difficult to deconstruct the various cultural and institutional influences upon managerial behaviour. Tayeb (1988) suggested that while the influence of national culture on work related attitudes and organisation are considerable there are limits to a total focus upon culture and that multivariate causative models were necessary. In seeking to establish the influence of cultural variables on a range of HRM policies and practices in Taiwan Sparrow and Wu (1998) concluded that the vast majority of HRM policies and practices were culture linked. However, they also concluded that there were a range of Taiwanese HRM policies and practices that were culture free and which may be explained by the national business system or best practice convergence hypotheses.

In his study of some HRM practices in both foreign and locally owned companies in Taiwan, Huang (2000) generally adopts a cultural perspective. He also acknowledges the

influence of the local regulatory regime in Taiwan as one of the factors that may explain what he concludes appears to be a remarkable blending of oriental and occidental practices.

In this study of HRM practices and approaches in Egypt we adopt a context specific approach which acknowledges the potential influence of both cultural and institutional factors. We draw upon the socio-cultural context, the influence of Islam, Vocational Education and Training (VET), and elements of the economic and legal contexts in seeking to understand the practices and approaches adopted.

3. HRM practices and approaches in MNC foreign operations

The flow of Foreign Direct Investment continues and among the issues that concern researchers are the strategies that Multinational Corporations (MNCs) use to control and manage their various operations including human resource management strategies.

Taylor, Beechler and Napier (1996) distinguished between adaptive, exportive and integrative strategic approaches and Perlmutter (1969) distinguished between polycentric, ethnocentric and geocentric approaches. The adaptive and polycentric approaches imply a degree of differentiation between subsidiaries with policies and practices being adapted to fit with local socio cultural, institutional and legal contexts. The other approaches imply much greater standardisation of human resource management (HRM) policies and practices throughout the whole organisation, the one (ethnocentric and exportive) based on what appears to work in the MNCs home market and the other a more integrative and global approach.

Adler and Ghadar (1990) and Schuler, Dowling and De Cieri (1993) identified the dilemma confronted by all MNCs as one that concerns the dual needs to achieve internal

fit and integration of HRM policies and practices between the various units at the same time as needing to secure external fit with local environments and ways of doing things, differentiation. Dowling, Welch and Schuler (1999) referred to this as MNCs being faced with a "think global" and "act local" paradox.

Researchers have sought to identify the major influences upon the strategic choices made by MNC management in seeking to resolve this local adaptation versus MNC standardization dilemma. Adler and Ghadar (1990) pointed up the relevance of the stage of internationalisation, and Taylor *et al.* (1996) identified the competitive strategy adopted by the MNC. The decisions made by the MNC parent will be influenced by a range of other factors likely to include the HQ mindset or international orientation, Schuler, Dowling and De Cieri (1993), and top management's beliefs, Taylor *et al.* (1996), for example about the value of home country practices and also about the need to integrate and control the activities of the subsidiaries. The HQ mindset and orientation are likely to be influenced by the cultural and institutional environment of the home country. For example Ngo, Turban, Lay and Lui (1998) postulate that companies from countries with high uncertainty avoidance will be more likely to seek to transfer home country practices to their overseas subsidiaries and that companies from high power distance countries will be more reluctant to transfer or cede control of policies and practices. They suggest that a number of studies of Japanese MNCs, (high uncertainty avoidance and moderately high power distance), have demonstrated that they prefer to transfer home country practices and pay little attention to local conditions (Hiramoto, 1995; Kopp, 1994 and Rosenzweig and Nohria, 1994). However, Ngo, Turban, Lau and

Lui (1998) also note that where the cultural distance is small the Japanese companies appear to be more willing to pursue an adaptive approach.

Industry and country characteristics and the international experience of the MNC have also been identified as relevant, Schuler *et al.* (1993). While Taylor *et al.* (1996) referred to the degree of cultural and legal distance between the parent company's country and that in which the affiliate is located as a factor.

Bjorkman (2004) reviewed a number of studies concerned with the MNC transfer of HRM practices to their subsidiaries in Asia Pacific. The evidence suggested a number of factors that seemed to increase the level of MNC transfer of standardised practices which included; the equity share of the MNC, top management's perception of the importance of HRM, the nationality of the MNC, whether the MNC subsidiary had been established as a Greenfield operation and also the number of expatriates. Other studies have examined attempts by MNCs from the USA and Japan to export attitudes and HRM policies and practices to subsidiaries in other countries (Ferner, 2003; Muller, 1999 and Oliver and Wilkinson, 1992).

Researchers have also sought to identify the extent and nature of the forces encouraging the local adaptation of MNC HRM policies and practices, often referred to as host country influences. Host country influences are mostly external to the MNC and have been found to variously include local culture, including the degree of cultural distance from that of the parent, legal, social, economic, and political systems and institutions including the role of the state, and the embeddedness of the subsidiary in that local environment influenced by both age and size (Beechler and Yang, 1994; Dowling *et al.*, 1999; Ferner, Quintanilla and Varul, 2001 and Rosenzweig and Nohria 1994).

There has been increasing interest in the question of the relative strength of the influences for local adaptation versus those for standardisation. An increasing number of studies have sought to address this issue through seeking to compare the practices adopted by local and foreign owned firms within a particular national context (Bae, Chen and Lawler, 1998; Bjorkman and Lu, 2001; Braun and Warner, 2002; Goodall and Warner, 1999; Hsu and Leat, 2000; Huang, 2000; Lawler, Atmiyanandana and Zaidi, 1994; Ngo *et al.*, 1998 and Wu, 2004). An attraction of this approach, as pointed out by Ngo *et al.* (1998) is that it controls for national contexts. We adopt this latter approach in this study of organisations operating in Egypt.

What seems clear from much of the research is that both processes and outcomes are complex, with the resultant HRM policies and practices within any particular subsidiary being the product of interaction between country of origin and host country influences as well as the other exogenous variables such as sector (Quintanilla and Ferner, 2003). It also seems clear that we should not expect uniformity within a particular subsidiary in that in any one we may find policies and practices in some areas of HRM to be reflective of host country influences whereas others may be more closely aligned with influences from the country of origin.

4. Egyptian Context

The study will focus on different elements of the Egyptian context such as: Socio-cultural context, Islam and economic and legal context and recent development.

4.1. Socio-cultural context

There has been relatively little research examining culture's impacts neither upon management practices in Middle Eastern countries (Parnell and Hatem, 1999) nor upon

work related values in Arab countries in general (Yousef, 2001). Parnell and Hatem (1999) point out that the Egyptian culture is a blend of Arab and Middle Eastern influences and suggest that the influence of Islam may be significant in explaining dominant values and attitudes, behavioural expectations and behaviour.

In his original research Hofstede (1980) did not specifically examine work related values in Egypt; however, he does present findings relating to Arab societies in general. Hofstede (1980) classified Arab speaking countries as demonstrating high power distance, moderately strong uncertainty avoidance, low individualism and moderate masculinity. This profile of the socio-cultural environment is consistent with that identified by Kanungo and Jaeger (1990) as being characteristic of developing countries that identify a further characteristic of developing countries which concerns beliefs about human potential. They suggest that in developing countries human capabilities are viewed as being relatively fixed and limited.

Support for the appropriateness of Hofstede's (1980) findings and their implications have been provided by different authors (for example; Al-Faleh, 1987; Nydell, 1996 and Parnell and Hatem, 1999). These work related values have implications for appropriate organizational forms and HRM practices which we draw upon and interpret in our discussion of the results of this study.

4.2. Islam

While other religions are present in Egypt, Islam is the dominant religion and a number of authors have referred to and examined the impact of Islam (for ex; Ali, 1996; Hickson and Pugh, 1995; Parnell and Hatem, 1999; Yousef, 2001 and Sadler-Smith, El-Kot and Leat, 2003). Islam is a comprehensive religion covering social, political and military

precepts as well as the piety of the soul and the moral aspects of individual behaviour. Hickson and Pugh (1995) refer to it as providing an ethical framework for business and administration. There are reasons therefore to suppose that this religion will impact both the work related values and expectations of employees as well as the behaviour and approach of management.

The Islamic Work Ethic (IWE) emphasizes and encourages hard work, engagement in economic activity is perceived as an obligation. It stresses honesty and justice, an equitable and fair distribution of wealth in society, and it encourages the acquisition of skills and technology. The IWE also emphasizes cooperation in work and consultation, the latter being seen as a way of overcoming obstacles or avoiding mistakes. Social relations at work are also encouraged, it is important to have good relationships at work with both equals and superiors partly for the satisfaction this brings of itself and partly because links inside and outside work can be vital to survival and success. Yousef (2001) also suggests that those who support the IWE are more committed to their organizations and more satisfied with their jobs. Another characteristic of Islam is an assumption that the future is best left to Allah, what Hickson and Pugh (1995) refer to as a latent fatalism, a feeling that as long as you live by the religious rules all will be well. Kanungo and Jaeger (1990) also suggest that people in developing countries have a strong sense of fatalism and that the criteria of success and achievement in developing countries tend to be different from those in developed countries with religious beliefs and moralism, rather than entrepreneurship or material prosperity, playing a much greater role. The Islamic Work Ethic stresses values and behaviour that are generally consistent with and complement Hofstede's (1980) findings.

4.3. Economic and legal context and recent developments

The Egyptian economy has been transformed, the share of the private sector in GDP has grown from 61% in the early 1990s to 72% in 2003-4 and real GDP per capita grew by approximately 30% over the same period (Monthly Economic Digest, Feb.2005). Governments have encouraged inward FDI by creating a liberal market economy, undertaking a programme of privatisation and by providing liberal investment regulations and incentives for companies to invest in Egypt. It is the largest single market in the region and has a rapidly growing population, from 54 million in 1991-2 to 69 million in 2003-4 (Monthly Economic Digest, Feb.2005).

The success achieved in attracting inward FDI has had consequences for the management of human resources and the behaviour of people in the workplace. Parnell and Hatem (1999) argued that Egypt had changed in recent years with the enhanced exposure of Egyptian people to the management approach and practices, values and beliefs of inwardly investing corporations. Improving and measuring the organisations' effectiveness had become a major concern for many Egyptian organisations as they seek to increase productivity, reduce costs and to compete globally.

Nydell (1996) also suggests that Arab countries have been subjected to various pressures from the outside world; which have affected the way people behave in their work place. In particular, the influence of Western technologies and approaches to work, which she argued necessitated the adoption of Western values and social practices. One of the implications of the work of Kanungo and Jaeger (1990) is that as countries develop economically their socio-cultural profile may become more individualist and possibly

more masculine. Rahmati (2000) argued that work related values such as are associated with Hofstede's (1980) dimensions of individualism or masculinity might have changed since the 1970s and El-Kot and Leat (2002) indicated tentative support for higher scores on both the individualism and masculinity dimensions and a lower, though still high, score on the power distance dimension compared with Hofstede's original findings. Atiyyah (1993) has also pointed out that more and more Arab managers had been to the west to be educated and to attend management conferences and training programmes aimed at enabling them to apply Western management methods and techniques in their companies.

An ILO survey of Human resource development in Egypt (1998) confirmed the challenge from exposure to international competition and the adoption of new technologies. And identified human resource development as a critical factor in determining the ability of Egyptian firms to effectively confront external competition and make best use of these new technologies. At the time of the survey firms facing import and export competition were experiencing difficulties in recruiting qualified personnel but nevertheless expressed a preference for recruiting already skilled workers rather than train their own, this was the case even in the larger organisations.

A report by the European Training Foundation (2001) summarising the responses to a questionnaire identified as problem areas: unemployment due to the impact of privatisation, a shortage of the necessary skills in the context of new technologies and the skill requirements of incoming investors, the need to compete internationally and weaknesses in the Vocational Education and Training system.

The Egyptian labour market is regulated by the unified Labour Law No. 12 for 2003, which includes regulations regarding: the content of employment contracts which must include details concerning the job description and the contract period; restrictions upon probationary periods, which must not exceed 3 months, and fixed term contracts; the conditions under which employees may be dismissed; maximum hours and days of work per week; minimum paid holiday entitlements; minimum annual paid sick leave entitlements, minimum paid maternity leave; minimum annual percentage increments; and compulsory profit sharing.

Article 69 of the Labor Law, lists the restricted grounds under which an employee may be dismissed and an employee may not be dismissed until the matter is brought before a committee with judicial powers at the Ministry of Manpower and Migration. Where employees are wrongfully dismissed the award to the employee is likely to be at least two months pay per year of service.

5. The Study

5.1. Research Questions

1. *Do the HRM practices of organisations surveyed in Egypt reflect the national context?*
2. *Do Egyptian and foreign owned organisations implement similar HRM practices?*

5.2. Population and Sample

The population is all organizations working in Egypt. The organizations taking part in the study were chosen on the basis of being known to the researchers and being willing to take part. As a convenience sample, the results are not generalisable, however, they add

to the very limited body of knowledge regarding HRM practices in modern day Egypt. It is still very difficult to collect data in Egypt and other forms of sampling would be unlikely to produce responses. The sample comprised 81 (*N*=81) organizations; 58 Egyptian owned organizations and 23 foreign owned, these latter were comprised of organizations with their origins in a number of different countries, the USA, UK, Japan, France and Germany. Unfortunately the numbers of responses in each nationality group were too small to make separate analysis meaningful.

5.3. Procedures

A questionnaire was used as a data collection method and it was distributed (April, 2004) to human resource managers and/or human resource specialists working in the human resources department of the organizations concerned. No time constraints were imposed for the return of the questionnaires and they were all collected within one month of being distributed to the respondents in their workplace.

5. 4. The Measure

We used the same instrument as Huang (2000) which focuses on relatively basic HR functions, job descriptions, recruitment and selection, training and development, payment structures and decisions and performance appraisal, functions which Budwhar and Sparrow (2002) identify as having similar meanings across cultures. It is acknowledged by the researchers that there are other instruments that could have been used. Respondents were asked to read the statements and express their opinions on a continuum (1-5) by checking the rating scale indicating the type of practice usually followed by their organization. The instrument comprises 11 items, item 1 measures the explicitness (1) or implicitness (5) of job descriptions; item 2 measures recruitment from external (1) or

internal (5) sources; item 3 measures selection in term of whether skills (1) or organizational culture (5) are given emphasis; items 4, and 5, measure training and development; item 4 measures whether job specific (1) or general (5) training is emphasized, item 5 whether an individual (1) or group (5) focus is taken to training; item 6 is concerned with the acquisition of needed skills and whether the emphasis is upon buying them in (1) or "making"(5) them within; item 7 measures career paths and whether they are designed to favour functional specialization (1) or total experience (5); items 8 and 9 measures compensation decisions, 8 concerns the wage structure and whether it is based upon job evaluation (1) or skills based (5), 9 is concerned with pay increases and whether these are based on performance (1) or seniority(5); item 10 measures whether low(1) or high (5) employment security is offered, and item 11 measures assessment criteria used in performance appraisal and whether the focus is upon outcomes (1) or behaviour/process(5)**.** (See the appendix for the questions).

6. Results and discussion

{Table 1 here}

Table 1 shows the sample characteristics in terms of organizations' size (small, medium and large), type of organizations (manufacturing and service), and type of ownership (Egyptian and multinational).

{Table 2 here}

Table 2 shows the means, standard deviations for the HRM practices of the sample organizations. We separated the sample organizations into two groups according to whether they were Egyptian owned or foreign owned (multinational). In the current

study, to check the normality, histograms were plotted. Inspection of the histograms indicated that the variables that were used in the current study were found to be approximately normally distributed. Therefore, we applied a two tailed *t*-test to test for significance of variance in the mean responses of the two groups.

Initially, one is struck by the similarity of practice between the two groups as represented by the mean responses to the questionnaire and for all practices the differences identified are ones of degree rather then of direction.

The *t*-test outcomes indicate that only in respect of two practices are the differences by ownership group significant at the 95% confidence level, these are in respect of: the criteria used for pay increases where the MNC group exhibit a greater preference for increases being based on performance than seniority, and the criteria used for performance appraisal where the MNC group exhibit less emphasis upon outcome based appraisal.

In the following discussion of these results we address the question of whether the practices and approaches used by the sample organizations are reflective of the Egyptian context. We highlight the differences between the Egyptian and foreign owned organizations where these differences have been found to be significant.

6.1. Job Descriptions

The results from the survey indicate support among the sample for explicit job descriptions. This is consistent with the desire to avoid uncertainty and ambiguity indicated by Hofstede's (1980) results for uncertainty avoidance in Arab countries and with the Labour Law which specifies that the contract of employment should specify

details of the job description. Our findings provide less support for Hickson and Pugh (1995) who asserted that job responsibilities are less precisely defined in Arab countries compared with more structured western societies arguing that this enables the exercise of discretion by management in a personal manner.

6.2. Recruitment and selection

The survey results indicate a preference for filling vacancies from within and that job skills are more important in selection decisions than fit with organizational culture. A preference for using the internal labour market when it is necessary to fill vacancies is consistent with both the cultural profile identified by Hofstede (1980) and the influence of Islam. The low individualism, strong desire to avoid uncertainty, and emphasis which the IWE places upon good relationships and friendship might all lead one to predict that organizations would prefer to fill vacancies from within.

However, the precedence given to job skills over fit with organizational culture in employee selection is less consistent with the cultural profile and influence of Islam. Given the importance of relationships over the task, friendship and the moderately strong desire to avoid ambiguity and uncertainty we would expect fit with organizational culture to be an important criterion for making selection decisions. The preference that people demonstrate for staying with an organisation for a long time and the benefits to employers of employee loyalty and commitment adds to the importance of new employees fitting in and being happy with the organizational culture. The legislative constraints upon atypical contracts and dismissals would also seem to add to the importance of employees fitting in with the organizational culture.

However, there are reasons for thinking that in recent years the basis of recruitment and selection might have changed. There is a shortage of labour skilled in the new occupations and technologies and the ILO (1998) identified an employer preference for recruiting needed skills from outside rather than developing them within. Together these suggest that recruitment and selection might now be making more use of the external market and that skills might have become more important as the base for selection.

6.3. Training and Development

The survey results indicate preferences for; training to be job specific, the focus of training to be on the group rather than upon the individual, the internal development of needed skills rather than buying them in from outside, and specialized career paths.

The cultural profile for Arab countries, Hofstede (1980) was similar to that identified by Kanunga and Jaeger (1990) as typical for developing countries. Kanunga and Jaeger asserted that one of the characteristic beliefs in developing countries is that human capabilities are relatively fixed and limited and in consequence career planning and progression with supportive training within organisations tends to be extremely limited.

Yet the implications of the cultural profile of Hofstede (1980) suggest that employees are likely to welcome longevity of employment with the same employer, in the same job and as part of the same work group. The influence of Islam suggests that employees are likely to be receptive to the acquisition of new skills even though this may appear to be at odds with the strong desire to avoid uncertainty and ambiguity. The low individualism of Arab countries would support a team rather than an individual focus to any training and development that is undertaken.

In this context we might not expect employers to offer employees career progression with supportive training, even though the employees may be receptive and it would appear to be consistent with this for employers to prefer to buy needed skills in rather than develop them themselves. Where career progression and training and development are part of the employment package the belief that employees capabilities and potential are relatively fixed would lend little support to the notion that training would be generally developmental or that career paths would be designed to favour total experience. It would seem much more likely that the training provided would be job specific and career paths specialized.

The ILO (1998) report identified human resource development as a priority if Egypt was to fulfill its potential in attracting inward investment and if Egyptian organizations were to successfully compete internationally. They also note that there was a preference among employers for recruiting new skills rather than for developing them. The European Training Foundation report suggests that there are skills shortages in the new occupations and with the new technologies and that there were weaknesses in the VET system The VET system needed to be more demand driven and there was a need to involve the private sector more.

The results regarding buying in the needed skills or developing them within which seem at odds with the cultural context may well be a reflection of the skills shortages in the external market and the lack of success which the VET system has had in producing qualified people in the skills areas required. It is also possible that these results reflect the ongoing process of development during which belief in the relatively fixed nature of employee potential has changed.

6.4. Compensation

Our results indicate that wage structures tend to be based on job evaluation rather than skills based and pay increases are related to performance rather than seniority.

The cultural profile of the low individualism, strong desire to avoid uncertainty moderate masculinity and strong power distance implies that appropriate compensation systems should emphasise hierarchy and seniority, group rather than individual behaviour, the importance of relationships, and longevity of employment. The influence of Islam is generally supportive of this in that while hard work is perceived to be a source of financial independence this is accompanied by a strong ethical and moral stance and a belief in an equitable distribution of wealth in society. Moralism rather than materialism is likely to be the basis for measuring individual achievement.

In this context wage structures are likely to emphasise the position of the job in the hierarchy and this may well also be reflective of longevity of employment or seniority where promotion is also based on these factors. Pay increases are also likely to reflect seniority or be relationship based rather than on any aspect of individual performance. If pay is linked to performance it would be more consistent if it was the performance of the work group that was rewarded rather than that of the individual.

However, if the cultural profile has changed since the original work of Hofstede (1980) as suggested by El-Kot and Leat (2002) and Rahmati (2000) in the direction of greater masculinity and individualism then it might be appropriate for materialism and individual reward to play a stronger role in reward management. The influence of Western management practices and recent exhortations for Egyptian organizations to pay much more attention to improving productivity and increasing efficiency in order to be

competitive (Nydell, 1996 and Parnell and Hatem, 1999) may also have encouraged employers to introduce payment systems in which the measurement and reward of performance plays a greater role.

The practice of using performance as a basis for pay increases is one of the two practices where the *t*-test outcomes indicate that the difference in the mean responses of the two ownership groups is significant and as the above discussion might lead us to expect it is the multinational group that has the strongest preference for the use of performance. Nevertheless as noted earlier the difference is one of degree than direction with both ownership groups expressing the preference for using performance as the base for pay increases.

6. 5. Employment security

The survey results indicate that Egyptian organizations offer high employment security. This is consistent with both the cultural profile and the legal context which point to a concern with employment stability and security. The importance to employees of the work group, the organization they work for and their relationships combined with the strong desire to avoid uncertainty mean that employees seek employment security. Employees are likely to be loyal and committed to the organization in return for such security of employment. In offering such security of employment employers are in a position to gain the benefits of a loyal and committed workforce. Additionally employers are very much constrained by the legal environment from a widespread use of atypical contracts and dismissals are difficult.

6.6. Performance Appraisal

The survey results indicate a preference for outcomes rather than process or behaviour as the criteria of performance appraisal. Awareness of the socio-cultural context would encourage the conclusion that performance appraisal was an inappropriate activity in Egyptian organisations, even from a developmental perspective, unless it was group based and concerned with behaviours and relationships rather than task outcomes. However, we have noted that Egyptian organizations have been exposed to western influences and management practices. They have also been exhorted to pay much more attention to the evaluation of performance as a means of improving productivity, reducing costs achieving the greater efficiencies and effectiveness necessary to competing effectively with incoming investors and in international markets. In this latter context performance appraisal is a more meaningful activity and it is understandable that more attention is given to outcomes than behaviour.

This is the second area of practice where the difference in the mean responses of the two ownership groups was found to be significant. However, in this instance it is the Egyptian owned organizations which demonstrate the stronger preference for outcome based appraisal and this may be indicative of the pressures upon them to transform their practices in order to be competitive in global markets. There may be other explanations, however, it is important in this context that both groups favour outcome based appraisal.

7. Findings

The results of this survey have identified a range of HRM practices and approaches in a sample of Egyptian owned and Multinational firms operating in Egypt. Both groups of organization are implementing similar practices and approaches. These practices can be

seen to reflect the Egyptian context and the findings lend support to those arguing that there are a mix of contextual influences, or determinants, upon national patterns of HRM practice and approach (Sparrow and Wu, 1998; Tayeb, 1988Budhwar, 2000; Budhwar and Sparrow, 2002 and Huang, 2000).

Most of the practices are consistent with the socio-cultural context as identified by Hofstede (1980) for Arab countries and Kanunga and Jaeger (1995) for developing countries and in this sense may be identified as culture bound. However, there are others which are not and which might therefore be seen as being culture free. The emphasis upon job skills rather than organizational culture in selection, the preference for developing needed skills within the organisation, the use of performance as the basis for pay increases and the use of outcome criteria in performance appraisal seem to be more adequately explained by the labour market, legal and economic context. It may also be that work related values are changing as time elapses since the original work by Hofstede (1980) and as the economy is opened up as has been suggested by El-Kot and Leat (2002) and Nydell (1996).

There is little support in this data for the argument that inward investing foreign owned organisations have exported home country or standardised practices, rather there is support for the view that foreign owned organisations have adapted to the host country context and that they are implementing practices consistent with that context and in this case with the practices of host country organisations.

8. Conclusions and Further research

In this study we have identified the orientations of a range of Egyptian and Foreign owned organisations in Egypt on a range of HRM practices. The range of HRM practices

included in the instrument were not exhaustive and there is scope for further research incorporating these and other practices, perhaps most notable by omission are practices relating to the conduct of employee relations, employee participation and managerial styles where MNCs may be most likely to adopt polycentric and country specific approaches.

Our research sought to assess whether the practices being implemented in our sample organisations reflected the current Egyptian context and we have concluded that they do and that there is a mix of contextual determinants at work. We have acknowledged that work related values may be changing along with the impact of internationalisation and inward investment and given the age of the cultural data currently available there is a need for further research on dominant work related values in Egypt.

We also sought to compare the responses of a group of Egyptian owned organisations with a group of foreign origin. This latter group comprised organisations from a number of different countries but the numbers of respondents from individual countries were not sufficient to facilitate meaningful analysis by country of origin. Therefore there is reason to pursue this research further and to seek sample sizes that will enable analysis of whether the adaptive approach exhibited in this study differs by country of origin. As noted earlier there are reasons for thinking that nationality, the home country culture and cultural distance between home and host country may each have an influence upon the strategic approach adopted by MNCs towards their foreign subsidiaries (Bjorkman, 2004; Ngo *et al.*, 1998 and Taylor *et al.*, 1996).

Category	Frequency	Percent
Type of organisations		
☐ Manufacturing	55	67.9%
☐ Service	26	32.1%
Size of organisations		
☐ Small (employees under 500)	37	45.7%
☐ Medium (employees from 500 to 1000)	18	22.2%
☐ Large (employees over 1000)	26	32.1%
Nationality:		
☐ Egyptian	58	71.6%
☐ Multinationals	23	28.4%

Table 1 shows the sample Characteristics.

HRM practices	Egyptian (N=58)	Multinational (N=23)	t	p
	M SD	M SD		
1. job description	2.74	2.78	0.12	0.80
	(1.38)	(1.41)		
2. Filling of job vacancies	3.05	3.34	1.03	0.78
	(1.16)	(1.15)		
3. Selection Criterion	2.55	2.30	0.94	0.47
	(1.07)	(1.18)		
4. Training content	2.32	2.34	0.07	0.12
	(1.08)	(1.33)		
5. Training and development focus	3.39	3.56	0.53	0.80
	(1.26)	(1.30)		
6. Acquisition of needed skills and talents	3.24	3.00	1.79	0.10
	(1.09)	(1.53)		
7. Career path	2.72	2.73	1.40	0.98
	(1.33)	(1.35)		
8. Wage-structure decisions	2.77	2.39	1.23	0.10
	(1.17)	(1.46)		
9. Criterion of pay increase	2.17	1.86	1.02	0.00
	(1.17)	(1.25)		
10. Employment security	3.91	4.04	0.38	0.97
	(1.35)	(1.36)		
11. Criterion of Performance appraisal	2.58	2.91	1.20	0.05
	(.99)	(1.20)		

 Table 2 shows the means, standard deviations and the t test outcomes for the HRM practices by nationality of ownership (Egyptian and multinational organizations in Egypt).

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Appendix

Questions used in the study:

1. How explicitly are job descriptions defined?
2. Are job vacancies filled mostly from internal or external sources?
3. Which criterion receives greater emphasis in employee selection?
4. Which aspects of training are emphasized?
5. To what extent are training and development initiatives individually focused or team/group oriented?
6. How are needed talents or skills obtained?
7. To what extent are career paths designed to favour functional specialization?
8. By what method is the wage structure decided?
9. What do pay increases mostly depend on?
10. What degree of employment security is offered to employees?
11. What assessment criterion is used in the performance appraisal system?