Managing Expats and Their Effectiveness: A Comparative Study

ABSTRACT

Objective: This paper investigates how expatriates and UAE citizens understand the effectiveness of expats' performance and significance in the workplace. In addition, it explores the difficulty of managing expats to achieve operational excellence.

Methodology: A questionnaire was sent to over 1000 subjects whose feedback was analysed using descriptive statistics. A t-test has been used for the inferential part whenever requirements allowed it; in case this was not possible, a Mann-Whitney U test was used.

Findings: The results of the conducted statistical analysis suggest that expats think it is difficult to be managed in the UAE compared to the locals who find it relatively easy to manage them.
Furthermore, expats believe their effectiveness as a distinct competency to organizations is much higher compared to UAE citizens.

**Value Added:** The results of the conducted statistical analysis point some important conclusions about the way that expats and local Emiratis view differently in managing expats and effectiveness of expats.

**Recommendations:** A further research of this study can be done by examining various types of firms and organizations, by distinguishing them based on their provided services. Comparison among the 7 emirates could also be examined. Comparison between the views of different nationalities of the expats would be very interesting. Other parameters to be examined include age, educational level, nationality (or country of origin), and marital status of the participants.

**Key words:** Operational excellence; multicultures; managing workforce; increasing efficiency; expats; locals

**JEL codes:** C02: Mathematical Methods; C012: Hypothesis Testing: General

### Introduction

In the contemporary world, maintaining excellence is a major necessity and not an option. To be able to achieve success, organizations need to achieve operational excellence because this provides a major competitive advantage to all organizations. Implementing best practices is one of the major concerns for many organizations all around the world and how to achieve operational excellence is a major concern (Duggan, 2013; Al Darmaki & Ezziane, 2018; Euchi, Bouzidi, & Bouzidi, 2019).

The main problem that forms the basis for this study is that the private sectors in the UAE are evolving at a very high pace as the current environment is highly dynamic in nature (Dahi & Ezziane, 2015). Businesses can experience huge losses or profits in a matter of days as the employee turnover is relatively high. In addition, the requirements of organizations are also changing very rapidly. All these factors put a strain on operational excellence at any organization.
As new employees are continuously being added to companies, their management is an underlying issue. Management of these employees is becoming even more difficult because the average age of employees in an organization is reducing greatly and many younger workers are continuously being added to workforce. Another factor in the UAE is that most of the workforce is from other countries. Hence, many employees belong to different countries and thus their management is increasingly difficult (McCreery, Phillips, & Francesco, 2013; Przytula, 2018; Kipnis et al., 2019).

With all this in mind, the problem is how to manage the varied workforce while at the same time ensure that operational excellence is maintained in the organizations. Maintaining operational excellence is of vital importance for organizations in the UAE and it needs to be dealt with fairness and professionalism (Al Darmaki & Ezziane, 2018).

It is evident that managing employees from different countries is becoming increasingly difficult for companies in the UAE and achieving operational excellence in this scenario is even more difficult. One possible solution is to use this distinctive aspect of the UAE to be an advantage. In other words, nowhere in the world can you find such a large percentage of foreign employees where the working population from other countries is greater than the host country. In the UAE, it is estimated that more than 80% of the working force are foreigners (De Bel-Air, 2015).

The current global conditions advocate the improvement of workers’ skills and capabilities (Papadopoulos & Xenaki, 2017). Operational excellence could be achieved using a variety of methods such as improving the existing process, introducing new processes, implementing a best practices framework, implementing Total Quality Management principles (TQM) and by using various other models defined in the literature. In addition to this, in order to accommodate a large expatriate population in a firm, socialization and supporting the newcomers with a social framework is increasingly important (Malik, Cooper-Thomas, & Jelena, 2014; Okpara, 2016; Farooq et al., 2019).
In this work, a comparative study is conducted to illustrate the opinions of locals and expats about managing expats as well as their effectiveness in achieving organizational goals. This study makes use of energies from different cultures to achieve operational excellence (Barbieri, Zani, & Sonn, 2014; De Dreu et al., 2017; Varshney & Varshney, 2017; Presbitero & Attar, 2018; Richardson, 2019; Sawagvudcharee, 2019). In order to understand the primary idea, consider the current scenario in the world and especially in the UAE in which most of the people working in UAE organizations are expatriates coming originally from different countries.

The aim is to use the experience and value of these people to achieve operational excellence by developing a best practices framework. Our approach is to utilize the competencies of this large number of expatriate workers in order to formulate a best practices framework (DuPont, 2005). This paper includes the following sections: literature review, theoretical background and hypothesis development, statistical analysis, conclusions and suggestions, and further research.

**Literature Review**

There are various key factors that lead to operational excellence in firms (Deloitte, 2014; Wassem et al., 2019). The best practices, which led to operational excellence, include the following:

- Alignment to the goals and principles;
- Focused group activities;
- Reduction in the work that is in progress;
- Quickly switching to different relevant technologies;
- Kaizen of operations (continuous improvement);
- Discipline in the workforce;
- Manufacturing and production with zero monitoring required;
- Maintenance of machines and equipment;
- Assured delivery of quality;
• Supplier development for better productivity;
• Waste elimination;
• Employee empowerment;
• Employee training and skills development;
• Scheduling production tasks;
• Control of efficiency of processes;
• Better use of information systems;
• Conservation of energy and materials;
• Use of leading technology.

All these aspects that are specified by Deloitte are highly relevant to organizations. It can be seen that most of these processes are linked with improving production capabilities and improving employees in terms of skills and knowledge and empowering them. Inter-cultural communication also holds primary importance in an organization and it is very important that the leader be highly adept in managing people from different cultures. It is required that a leader has conceptual knowledge of various cultures as well as to having significant knowledge of power distribution and status in a particular culture (Shenkar, 2001; Tihanyi, Griffith, & Russel, 2005, 2014; Houmanfar et al., 2015; Gover, Halinski, & Duxbury, 2016; Mansouri & Vergani, 2018; Rezaei et al., 2018; Elia, Petruzzelli, & Piscitello, 2019).

The culture of a company is important in achieving operational excellence. Alignment of goals and principles, better organization, focused group activities, discipline in the workforce, assured delivery of quality, employee empowerment, employee training and skills development and use of leading technology are greatly related to the culture of an organization (Okpara & Kabongo, 2011; Gröschke & Schäfer, 2012; Maderer, Holtbugge, & Schuster, 2014; Glinkowska, 2016). Therefore, it can be stated that culture of an organization plays a very important role in achieving operational excellence in a firm.

Global talent management is also one technique that firms could adopt in order to use cross-cultural factors in their favor (Primecz, Romani & Sackmann, 2011; Meyer, 2014; Jyoti & Kour, 2017). For example, different competencies
of people from different countries can be highly useful for a firm in gaining significant advantage in the market (competitive advantage). Since all firms in a market are likely to have many things in common, one major effect on a firm's competency can be produced by employing people from different cultures and using their knowledge, skills and experience for the benefit of the firm to improve the underlying business process and gain overall competitive advantage (Scullion & David, 2010; Zgodavova, Hudec, & Palfy, 2017; Aytug et al., 2018).

Role of employees in achieving operational excellence

When talking about people, it is often assumed that excellence is a built-in trait of those who repeatedly demonstrate excellence. In organizations, especially the bigger ones, excellence is achieved by a number of smaller acts of excellence, which are in turn delivered by the employees. It should be no surprise that the employees working in a firm are mostly responsible for delivering excellence in a firm; one might counter this fact by stating that excellence is mainly achieved by implementing a best practices framework such as TQM, Six Sigma or other such framework of operational excellence. However, one fact that remains unspoken is that, excellence is delivered when the people in the organization implement best practices carefully.

Hills & Atkins (2013) conducted a study in the context of the UAE and compared it with views in the western world. It was reported that individuals from a different culture are under pressure to adapt to the underlying culture of the country that the person is employed in. Individuals are increasingly likely to adopt the dominant culture and values as per the local customs and therefore it is expected that they will not find much difficulty adjusting to the local environment.

Often it was assumed that organization culture was very hard to change but recent developments have shown that the process of continuous learning can improve organization culture; organizations can put learning at the
core of their methodology and adopt the culture to accommodate the same. This can be particularly beneficial for organizations, which are in the current sphere and where most of the things are dynamic in nature (Yang & Rhee, 2017; Zhang, Jex, Peng, & Wang, 2017; Yang, Zhang, & Yang, 2018).

The cross-culture factor

Consider for example, the employees working in an oil company in the UAE. In such company, there would be employees from Asian countries such as India and Pakistan and at the same time, there would be employees from western countries such as USA, UK etc. These countries have altogether different cultures and therefore mixing them together is a challenge for organizations because most of the people have to adjust themselves to the requirements of the organizations. In addition, the firm faces the difficulty of managing these employees. The fact that most of these employees belong to different countries and cultures could be used to benefit organizations in the UAE. Distinct competencies that these employees possess can be used for the benefit of organizations in operational excellence (Kessler, Cao, O’Shea, & Wang, 2014; Oyemomi et al., 2019).

Theoretical background and hypothesis development

Previous studies examined in the literature review pointed out an important question that this paper is going to address. Essentially, it examines the way local Emiratis and expats view the expats’ experience in relation to the operational excellence and the competency of the organizations they work at, and the difficulty in managing the expats. Hence, the research question that is formed in correspondence to the above research target is: Are the opinions of the locals and the expats’ experience and their effect on the Operational Excellence and Competency of the firms the same?
As a result, the following research hypotheses are formed:

Research hypothesis 1
The views of expats and locals differ as to the difficulty of managing expats in the UAE.

Research hypothesis 2
The views of expats and locals differ as to the effectiveness of leaders and managers in managing expats employees in the UAE.

Research hypothesis 3
The views of expats and locals differ as to the effectiveness of expats’ experience and skills in operational excellence.

Research hypothesis 4
The views of expats and locals differ as to the effectiveness of expats, as a distinct competency to organizations.

The investigation for the acceptance or rejection of each research hypothesis was performed using a series of statistical methods, which are presented below. All these methods are derived from the field of both descriptive and inferential statistics.

The methods of descriptive statistics that are used are frequency tables and statistical measures of central tendency and dispersion. The descriptive statistical methods were used aiming at collecting, organizing and analyzing the data gathered in the context of conducting this research (Benos, 1997).

The method of inferential statistics that is used is the independent t-test, if the requirements for this test are valid, or, the Mann-Whitney U test, in case the requirements for the t-test are not satisfied. The statistical hypotheses in case the independent t-test is used are:

\[ H_0: \mu_{\text{locals}} = \mu_{\text{expats}} \]
\[ H_1: \mu_{\text{locals}} \neq \mu_{\text{expats}} \]

In case of the Mann-Whitney U test, the hypotheses are:
H₀: Opinions of locals and expats do not differ as to the importance of human resources in making positive contribution in the organization.

H₁: Opinions of locals and expats do differ as to the importance of human resources in making positive contribution in the organization.

This specific technique is used to compare the means of more than one population when different samples are used. In the present study, the choice of the technique is performed because of the use of two different samples (locals and expats). The acceptance (non-rejection) of the null proposal (H₀) is implemented when the p-value of the test is higher than the level of statistical significance and implies that there are no statistically significant differences between mean values of the different populations. In case of rejection of the null hypothesis, the estimation of confidence intervals for the difference of averages will show between which groups there are statistically significant differences (Keselman, 1998).

It is worth mentioning that the practice of independent t-test requires normality of the data, the test of which is implemented with the use of Kolmogorov-Smirnov or Shapiro-Wilk test.

In case of the rejection of normality, a non-parametric test will be used instead of the independent t-test, namely, the Mann-Whitney U test.

Finally, it must be mentioned that all of the above statistical methods were implemented by statistical package SPSS (Statistical Package for Social Sciences) and Excel, while the level of statistical significance used is 1%.

The sampling method used in the present work is that of simple random sampling. This methodology was chosen because it combines simplicity and accuracy (Kyriazopoulos & Samanta, 2011). The total population of the survey refers to all employees in the UAE, while the sample size of 1000 participants was determined in a way to achieve both the validity of the central limit theorem and to limit the statistical error to below 4% (3.2%) at a confidence level of 95%.

The sampling procedure was as follows: People were contacted randomly through electronic mail and invited to participate in the survey. This study
has been fortunate enough to gather 1000 fully completed questionnaires. The participants were either male or female of various ethnicities working in different companies in the UAE.

The research tool used in the present investigation was constructed especially for this purpose. The questionnaire consists of 5 closed questions.

### Statistical analysis

Figure 1 below describes the sample regarding the basic characteristic of the participants to be local or expats. Specifically, out of 1000 participants:
- 545 (54.50%) are expats and 455 (45.50%) are locals.

![Figure 1. Do you belong to a different country?](source)

Source: own elaboration.

The present section presents the results of the conducted statistical analysis as refers to the answers of the participants for each question. Firstly, the frequency tables of the answers of the 1000 participants are displayed. These tables express the attitude of the sample regarding the
rating of each of the questions. Secondly, the results of the tests regarding the comparison between the answers of local Emiratis and expats to the questions are displayed.

The difficulty of managing expats in the UAE is illustrated in table 1. 84 (8.4%) respond “highly difficult”, 341 (34.1%) respond “difficult”, 217 (21.7%) respond “neutral”, 319 (23.9%) respond “easy” and 39 (3.9%) respond “very easy”.

Table 1. Rate the Difficulty of Managing Expats in the UAE

<table>
<thead>
<tr>
<th>Difficulty</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>highly difficult</td>
<td>84</td>
<td>8.4</td>
<td>8.4</td>
<td>8.4</td>
</tr>
<tr>
<td>difficult</td>
<td>341</td>
<td>34.1</td>
<td>34.1</td>
<td>42.5</td>
</tr>
<tr>
<td>neutral</td>
<td>217</td>
<td>21.7</td>
<td>21.7</td>
<td>64.2</td>
</tr>
<tr>
<td>easy</td>
<td>319</td>
<td>31.9</td>
<td>31.9</td>
<td>96.1</td>
</tr>
<tr>
<td>very easy</td>
<td>39</td>
<td>3.9</td>
<td>3.9</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>1000</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: own elaboration.

Analyzing the effectiveness of expats represents a distinct competency to organizations, table 2 shows that 324 (32.4%) respond “very effective”, 401 (40.1%) respond “effective”, 216 (21.6%) respond “neutral”, 40 (4.0%) respond “ineffective” and 19 (1.9%) respond “highly ineffective”. It is illustrated that the absolute majority of the sample 725 (72.5%) rates the effectiveness of expats, as a distinct competency to organizations as at least effective.

Table 2. Rate the Effectiveness of Expats, as a Distinct Competency to Organizations

<table>
<thead>
<tr>
<th>Effectiveness</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>very effective</td>
<td>324</td>
<td>32.4</td>
<td>32.4</td>
<td>32.4</td>
</tr>
<tr>
<td>effective</td>
<td>401</td>
<td>40.1</td>
<td>40.1</td>
<td>72.5</td>
</tr>
<tr>
<td>neutral</td>
<td>216</td>
<td>21.6</td>
<td>21.6</td>
<td>94.1</td>
</tr>
<tr>
<td>ineffective</td>
<td>40</td>
<td>4.0</td>
<td>4.0</td>
<td>98.1</td>
</tr>
<tr>
<td>highly ineffective</td>
<td>19</td>
<td>1.9</td>
<td>1.9</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>1000</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: own elaboration.
When analyzing the effectiveness of expats’ experience and skills in operational excellence as depicted in table 3, 321 (32.1%) respond “very effective”, 361 (36.1%) respond “effective”, 260 (26.0%) respond “neutral”, 39 (3.9%) respond “ineffective” and 19 (1.9%) respond “highly ineffective”. It is observed that the absolute majority of the sample 682 (68.2%) rates the effectiveness of expats’ experience and skills in operational excellence at least effective.

Table 3. Rate the Effectiveness of Expats’ Experience and Skills in Operational Excellence

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>very effective</td>
<td>321</td>
<td>32.1</td>
<td>32.1</td>
</tr>
<tr>
<td>effective</td>
<td>361</td>
<td>36.1</td>
<td>36.1</td>
</tr>
<tr>
<td>neutral</td>
<td>260</td>
<td>26.0</td>
<td>26.0</td>
</tr>
<tr>
<td>ineffective</td>
<td>39</td>
<td>3.9</td>
<td>3.9</td>
</tr>
<tr>
<td>highly ineffective</td>
<td>19</td>
<td>1.9</td>
<td>1.9</td>
</tr>
<tr>
<td>Total</td>
<td>1000</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: own elaboration.

To understand the effectiveness of leaders and managers in managing expats participants in the UAE, responses are extracted in table 4 which show that 225 (22.5%) respond “very effective”, 440 (44.0%) respond “effective”, 119 (11.9%) respond “neutral”, 138 (13.8%) respond “ineffective” and 78 (7.8%) respond “highly ineffective”. Furthermore, the absolute majority of the sample 665 (66.5%) rates the effectiveness of leaders and managers in managing expats participants in the UAE at least effective.
Table 4. Rate the Effectiveness of Leaders and Managers in Managing Expat Employees in the UAE

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>very effective</td>
<td>225</td>
<td>22.5</td>
<td>22.5</td>
<td>22.5</td>
</tr>
<tr>
<td>effective</td>
<td>440</td>
<td>44.0</td>
<td>44.0</td>
<td>66.5</td>
</tr>
<tr>
<td>neutral</td>
<td>119</td>
<td>11.9</td>
<td>11.9</td>
<td>78.4</td>
</tr>
<tr>
<td>ineffective</td>
<td>138</td>
<td>13.8</td>
<td>13.8</td>
<td>92.2</td>
</tr>
<tr>
<td>highly ineffective</td>
<td>78</td>
<td>7.8</td>
<td>7.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>1000</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: own elaboration.

Table 5 presents the mean and the standard deviation of the variables that express the importance that the sample recognizes on the 4 features of the questionnaire. These features are presented in descending order of importance:

- Difficulty of managing expats in the UAE (2.89 ± 1.068);
- Effectiveness of leaders and managers in managing expats participants (2.40± 1.198);
- Effectiveness of expats’ experience and skill in operational excellence (2.07 ± 0.950);
- Effectiveness of expats, as a distinct competency to organizations (2.03 ± 0.933).

Table 5. Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate the difficulty of managing expats in the UAE</td>
<td>1000</td>
<td>2.89</td>
<td>1.068</td>
</tr>
<tr>
<td>Rate the effectiveness of leaders and managers in managing expats employees in the UAE</td>
<td>1000</td>
<td>2.40</td>
<td>1.198</td>
</tr>
<tr>
<td>Rate the effectiveness of expats’ experience and skills in operational excellence</td>
<td>1000</td>
<td>2.07</td>
<td>.950</td>
</tr>
</tbody>
</table>
According to both Kolmogorov-Smirnov and Shapiro-Wilk tests of normality, the hypothesis of normality of data is rejected ($p<0.01$) for all the variables for both expats and locals.

Hence, an independent t-test for comparing the means for each group cannot be used for either of the questions; the Mann-Whitney U test will be used instead. Table 6 shows the results of the Mann-Whitney U test.

<table>
<thead>
<tr>
<th>Rate the difficulty of managing expats in the UAE</th>
<th>Rate the effectiveness of expats, as a distinct competency to organizations</th>
<th>Rate the effectiveness of expats' experience and skills in operational excellence</th>
<th>Rate the effectiveness of leaders and managers in managing expats employees in the UAE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mann-Whitney U</td>
<td>95799.000</td>
<td>106936.500</td>
<td>115233.000</td>
</tr>
<tr>
<td>Wilcoxon W</td>
<td>244584.000</td>
<td>255721.500</td>
<td>264018.000</td>
</tr>
<tr>
<td>$Z$</td>
<td>-6.472</td>
<td>-3.971</td>
<td>-2.026</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.043</td>
</tr>
</tbody>
</table>

At a level of significance $\alpha=0.01$, statistically significant differences in the answers for the questions: “Rate the difficulty of managing expats in the UAE” and “Rate the effectiveness of expats, as a distinct competency to organizations” were observed. In addition, at a level of significance $\alpha=0.05$, statistically significant difference was observed for the question: “Rate the effectiveness of expats’ experience and skills in operational excellence”.

Source: own elaboration.
References


