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Localization of Human Resources in the State of Qatar:
Perspectives of Expatriate Managers

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Keywords: Localization, expatriates, Qatar, Qatarization, Human Resources

Quantitative
Introduction

The localization process is a pressing issue for Gulf Cooperation Council countries (GCCCs) (Harry 2007; Rees, Mamman and Braik 2007; Forstenlechner and Rutledge 2010). It is recognized among researchers that the localization of human resources is one of the largest challenges to the region, and if it is not implemented efficiently, it will bear resounding political, economic and social consequences (Al-Lamki 2008; Harry 2007; Forstenlechner and Rutledge 2010; Bhanugopan and Fish 2011; Williams, Bhanugopan and Fish 2011). The “Arab Spring” was in part caused by youth unemployment, a factor that continues to plague even the oil and gas-rich Gulf Arab States.

Expatriates are pivotal in the localization process (Rogers 1999; Wong and Law 1999; Selmer 2004). The attitudes and beliefs of expatriates are essential in understanding the implementation of localization process and identifying potential barriers. Expatriates have an instrumental effect on localization due to the fact that they are often responsible for the implementation of policy (often through quotas) and for training nationals to a level suitable to fill expatriate positions (Rees et al. 2007; Adam and Awwadova 2011).

This paper endeavors to provide insight into the perception of localization from an expatriate perspective and reviews the localization efforts internationally, then more specifically in the State of Qatar. Virtually no research has been directed at unveiling the localization of human resources in the State of Qatar. This study represents one of the first efforts to explore the factors affecting localization from expatriates’ perspectives.
Localization: An overview

Localization has occurred internationally in a variety of different regions and for different reasons. It has traditionally been a result of the recognition by indigenous leaders that a reliance on expatriate skills can lead to political and social instability (Rees, Mamman and Braik, 2007; Forstenlechner 2008). Localization has occurred in Asia, Africa and Melanesia. Leaders have employed a number of different tactics around the replacement of expatriates with nationals (Mellahi and Wood, 1991). Rees et al. (2007) note accurately that these tactics, usually prompted by a mixture of policy and government quotas, rely to a large extent on human resource practices for successful implementation. Recruitment, education, career planning and reward systems are fundamental human resource practices in successful implementation of localization (Sheehan, 2005). It is important to note that as important as these policies and plans are, instrumental to their success is the motivation of the expatriates implementing them.

Programs in Africa, Malaysia and Oceania were directed almost exclusively at the public sector (Reese et al. 2007). This has not been the case in China, where recent localization efforts have been cognizant of both the public and private sector, and consequently, localization plans have focused on both of these areas.

Most of the recent literature on localization revolves around China (Chen and Wilson 2003; Selmer 2003, 2004; Wilson and Chen 2006; Kuhlmann and Hutchings 2009; Long et al. 2009, 2010; Wong and Law, 2009). Localization in China has its roots in its rapid economic expansion in the post–World War Two era, and more specifically, with more recent economic events. Seen as a burgeoning market and an
attractive location for multinationals, China has enjoyed a rapid expansion in capitalist interest.

The reasons for localization can very generally be categorized as social and economic drivers. Social reasons, as introduced earlier, mainly being threats to political and social stability. From an economic perspective, the use of expatriate and subsequently localization provides a number of benefits over expatriate employees. These include lower associated employment costs (Frazee 1998; Selmer 2004; Collins and Scullion 2006), increased access to the local marketplace, cultural knowledge (such as ‘guanxi’ in China or ‘wasta’ in the Middle East) and lower turnover due to expatriate failure (Selmer, 2003; Bhanugopan and Fish 2007; Friedman et al., 2009; Long et al., 2009, 2010), as well as increased legitimacy from the perspectives of nationals (Forstenlechner and Mellahi 2010). The expatriate familiarity with the corporate culture is another benefit often leveraged by multinationals (Selmer, 2004; Bhanugopan and Fish 2007), potentially at the expense of nationals.

The role of expatriates in the process of localization cannot be overstated. The localization of human resources requires at least some degree of participation and cooperation from expatriates (Fryxell, Butler and Choi 2004; Rees et al., 2007). By its very nature, localization requires the participation of expatriates in order to train, mentor and develop national talent to aid in the displacement of expatriates in favor of qualified and motivated nationals (Selmer 2004; Rees et al. 2007). Ironically, this can often mean displacing one’s own employment with that of a national, making one’s position obsolete (Fryxell et al. 2004; Rees et al. 2007).

The pivotal role of expatriate employees and managers in successful localization has been widely recognized (Selmer 2004; Bhanugopan and Fish 2007;
Rees 2007; Al-Ali 2008). Peterson (2004) notes the differences between inpatriates and expatriates as being that “fewer have been schooled in business education they are perhaps less proficient in English and such inpatriates may have a different reward structure orientation” (p. 57). Knowledge transfer, then, is usually an important part of the expatriate’s value. One purpose of expatriates is to provide world-class standards to domestic operations, exposure to international expertise and training (Peterson, 2003). Bhanugopan and Fish (2007) note that the challenges are extensive for expatriates. Not only are they affected by the stress of adapting to a new culture, new living conditions and a new work environment, but they are also tasked with their key job responsibilities. In addition, expatriate managers need to train their replacements to a level of ability where they can take over the expatriate’s position (Selmer 2004; Bhanugopan and Fish 2007).

Additional challenges to localization may also exist in the views held by expatriates. Some may be comfortable in their roles and be reluctant to leave or train a national, as they enjoy a better position in their expatriate position than they would in their home country (Selmer 2004; Bhanugopan and Fish 2007). As Selmer points out in his study, “Expatriate’s Hesitation and the Localization of Western Business Operations in China” (2003), there are barriers to localization that may emanate from expatriate’s unwillingness or inability to facilitate the process.

The claims made by nationals that there is no support for localization requires further investigation. There is some irony in the fact that in order to perform one’s job, one must train one’s replacement. Conversely, the belief that nationals are not equipped to perform at the same level as expatriates is evident as a barrier in localization programs (Wong and Law 1999; Reese et al. 2007). Indeed, while there may be merit to this view, the responsibility falls on the expatriate to act as mentor.
and coach to the national in order to bring him or her up to international standards (Selmer, 2004). However, as has been recognized by Forstenlechner (2008) and others, the differences in localization between GCCCs and other localization efforts may have an impact on the effectiveness of organizational actions. The level of motivation and of employee commitment may play a pivotal role in GCCC localization efforts. If national employees are not engaged, they will be less responsive to mentoring and coaching.

It is widely recognized that localization initiatives achieve greater success when expatriates are supportive of the process and willing and able to work with nationals toward the goal of localization (Selmer 2004; Wong and Law 2009). It is becoming generally recognized in the GCCCs that leadership, including expatriate leadership, is essential in achieving localization goals.

Certainly, there may be reasons for expatriates to be unsupportive of the localization process. As identified by Bhanugopan and Fish (2007), Selmer (2007), Birdseye and Hill (1995) and Fryxell et al. (2004), these reasons may include having a negative view of localization, loss of employment or career advancement opportunities and employment uncertainty. Each of these factors contributes to varying degrees of reticence among expatriates. Selmer’s (2004) work in China identified three barriers to localization: unwillingness to leave one’s present position, inability to train nationals due to lack of training or communication skills and finally the belief that localization does not serve the best interests of the company and may result in negative consequences.

For various reasons, some expatriates may perceive localization as a negative phenomenon and unrealistic. As identified by Al-Waqfi and Forstenlechner (2010), the negative stereotyping of nationals may play a role in this. However, there are other
possibilities as well. Indeed, nationals may lack some of the necessary skills required (Jones 2008).

While localization has been successful in the public sector (Mellahi 2007; Forstenlechner 2010), the private and semi-private sectors have been less responsive across the Gulf (Harry 2007; Forstenlechner 2008). As noted by Fryxell et al. (2004, p. 270), the private sector may not be as responsive to government quotas, as market forces dictate organizational performance and responses to localization. Private sector employees may also respond negatively by guarding their jobs and information or only looking at localization as a form of taxation if there is a belief that localization may be negative for the organization (Rees et al. 2007).

Selmer’s (2004) study was based on two barriers to localization: (1) expatriate unwillingness to train or support national replacements and (2) expatriates’ belief that they lacked the necessary information, communication, or training skills, or were faced with such deadlines and workload that they were unable to mentor and train their replacements. This paper posits that (1) localization has not been achieved with any degree of efficiency and (2) the perception of expatriates is that localization is unrealistic due to lower skill levels of expatriates and low motivation of nationals.

**Localization in the Arab world**

Localization in the Arab world has primarily been limited to the Gulf States and has not received wide academic attention (Harry 2007; Forstenlechner 2008). While the circumstances of localization in the Gulf are somewhat different from other areas, the
nature of the issue is no less pressing. It is well recognized among political leaders that dependence on expatriate skills and expertise pose a potential threat to the political and social fabric of the region (Harry, 2007; Kapiszewski 2004; Looney 2004; Reese et al. 2007; Forstenlechner, 2008). When confronted with the socioeconomic realities of the region, the reasons for this become clear: large young populations often with the majority under the age of 25; rising unemployment among nationals (with the noted exception of Qatar); and large numbers of expatriate workers all combine to contribute to the volatility of the situation. Localization efforts, which first occurred in Saudi Arabia in the form of Saudization, have spread to each of the Gulf States (in Kuwaitization, Qatarization, Emiratization, Bahrainization and Omanization).

Despite the policies, quotas and incentives in place, localization in the Middle East can largely be considered a failure. Growing national unemployment, especially among youth, in the face of increasing numbers of expatriates indicates that localization programs are largely ineffective (Kapiszewski 2004; Looney 2004; Budhwar and Mallahi 2006; Harry 2007; Reese et al. 2007; Forstenlechner 2008/10 Achoui 2009; Al Waqfi and Forstenlechner 2010; Forstenlechner and Rutledge 2010; Forstenlechner, Lettice and Ozbilgin 2011).

While there has been research into the localization phenomenon in the GCCC (Budhwar and Mallahi 2006; Harry 2007; Reese et al. 2007 Forstenlechner 2008/10 Achoui 2009; Al Waqfi and Forstenlechner 2010; Forstenlechner et al. 2011; Williams et al. 2011), this research has rarely focused on the perceptions of expatriates (with the noted exceptions of Rees 2007 and Al Waqfi and Forstenlechner, 2010). For example, Harry (2007) discussed the implications of the localization challenge and issued a stern warning to the region. Furthermore, Achoui’s (2009)
research was on Human Resource Management practices in Saudi Arabia. Rees et al.’s (2007) case study was based on Emiritization efforts in the UAE and discussed some of the challenges with Emiritization in practice. Forstenlechner (2008/2010), one of the more industrious publishers on localization in the Middle East and the UAE in particular, has focused on HRM practices, the social contract and expatriate stereotypes of Emiratis. More recently, Forstenlechner collaborated with Lettice and Ozbilgin (2011) to review the effectiveness of quotas in the UAE using a relational method developed by Ozbilgin in 2005. However, a gap exists in the literature and research: None of the literature to date focuses solely on the perceptions and attitudes of expatriates.

**Localization in Qatar**

Qatar is a small nation perched in the Arabian Gulf; despite its ambitious development plans and skyrocketing GDP, however, it has remained undiscovered in scholarly literature. With a total population of 1.7 million, only 250,000 are national Qataris (Qatar Statistics, 2010). Indeed, of all the Gulf nations (Saudi Arabia, Kuwait, Qatar, Bahrain, the UAE and Oman), Qatar has the highest imbalance of nationals to expatriates. However, Qatar also boasts the highest per capita income in the world, perhaps in part due to the small national population. Blessed with access to the North Field, the third largest liquid natural gas (LNG) field in the world, Qatar has managed to usurp Luxembourg’s position as the highest per capita income globally. Qatar has also remained relatively untouched during the worldwide recession, boasting near double-digit growth even in the darkest years of the economic downturn to date.

Despite Qatar’s strong economic performance, it faces challenges similar to its neighbors in terms of its human capital. As indicated above, the population imbalance
and overwhelming reliance on expatriate and migrant workers in Qatar poses significant social, cultural and economic challenges (Harry 2007; Pech 2009). Like all of the Gulf States, Qatar has embarked on a policy of localization. The program, Qatarization, is aimed at increasing the numbers of nationals in the workforce, particularly in key positions in important areas such as banking and oil and gas.

Based on quantitative evidence from Qatar Statistics (2010), localization efforts have been very successful since the program’s inception over a decade ago. Unemployment among nationals has fallen to extremely low levels (0.4% in 2009) (Qatar Statistics, 2010). In addition, female workforce participation has been extremely strong and perhaps unprecedented in the GCCCs. While both of these items indicate significant increases in localization, it is proposed that true localization can be described as workforce participation of nationals that occurs without reference to their political and cultural context. As Rees et al. (2007) demonstrated in their case study, localization in the Gulf must leverage more than quotas as a gauge. Employee engagement, job satisfaction, productivity and other measures of true workforce participation are necessary to determine the value of localization outside of the current context.

**The present study**

Localization in the Middle East is generally considered under-researched. With the exception of Al-Lamki’s (2008) study in Oman, the barriers to localization in the Arab world have not been the topic of any published quantitative academic research to date. This is likely due to the noted difficulties in gathering quantitative data in the Middle East, and further exacerbated by the challenges in gathering quantitative data in developing countries (Ahlstrom et al. 2004). The present research
seeks to build on Al-Lamki’s earlier work in Oman nearly a decade ago and Selmer’s work in China in 2003, 2004 and 2007. The purpose of this study was to determine the pattern of localization in Qatar, and to identify the demographic factors that influence expatriates’ attitudes toward localization. With a population of 1.7 million and a national population of 300,000, Qatar has a seriously unbalanced reliance on expatriates. Localization in other regions, such as China for example, occurs in a very different demographic environment where nationals far outnumber expatriates. The Gulf Region has the reverse challenge: A low number of nationals coupled with a large number of expatriates. While the importance of expatriates in achieving localization has been recognized (Selmer 2004; Reese et al. 2007), rarely are expatriates’ attitudes toward localization considered. This paper seeks to examine the perspectives of expatriates toward localization, whether these attitudes and beliefs affect localization and their relationship with demographics. While the body of research on localization has been limited, so has the breadth of research on localization, as many studies only look at a single source (Law et al. 2004; Selmer 2004; Reese et al. 2007).

The objectives of this study are to identify the factors underlying expatriates’ views on localization from a quantitative perspective. Selmer’s (2004) earlier work was focused on two barriers to localization: expatriates’ unwillingness to facilitate localization, and their inability to do so. This paper seeks to build on the earlier work and explore the underlying factors relating to localization from an expatriate perspective. The study explores the relationship between demographic and organizational variables and localization.

This research seeks to build on human capital theory and the premise that the financial performance of Gulf Countries has outpaced the development of human
capital. The perception of many expatriates is that home country nationals are not well equipped to successfully implement localization (Reese et al., 2007). This paper proposes that expatriates do not perceive nationals as competent or skilled enough to accomplish this. It also proposes that the more educated and more skilled expatriates are, the less likely they are to view nationals as competent replacements. While this has been suggested by others in the GCC region and has been proposed as a barrier to localization (Godwin 2006; Harry 2007; Reese et al. 2007; Achoui 2008; Forstenlechner 2008, 2010), the present research study seeks to determine (1) whether expatriates are supportive or unsupportive of localization, (2) what factors affect localization from an expatriate perspective and (3) what, if any, relationship exists between the latent variables and demographic factors.

**Research method**

**Participants and sampling design**

Participants were selected from companies and educational institutions in Qatar. The research instrument was in English due to the fact that in such a multicultural environment (expatriates are North Americans, Europeans, South Americans and Asians, as well as Arabs), English is the lingua franca of business in Qatar.

A small pilot study was conducted that included 20 expatriates to determine whether there were any issues with the language in the survey. After minor revision, the questionnaire was distributed to approximately 200 expatriates in Qatar via email. An email was sent out that included a link to a Vovici software site that housed the online survey. Recipients were asked to complete the survey and to solicit responses from 10 expatriate colleagues. This resulted in 245 responses. Of these, approximately 50 were missing responses to some of the questions and a reminder was sent out. This resulted in an additional 30 complete responses. The final sample size was 204
expatriates. Although it is not possible to determine the actual response rate due to the anonymity of the procedure, the number of completed surveys was 51 percent and the number of abandoned ones was 49 per cent.

**Research instrument**

The research instrument in this study was based on Selmer’s (2004) work in China. Although the environment in China may differ in its cultural dimensions from the GCCCs in general, and Qatar specifically, the measure was deemed appropriate to identify the barriers to localization from an expatriate perspective for a number of reasons. First, expatriates are predominantly the messengers of localization at the front line; second, the generic nature of the study (looking at the unwillingness or inability of expatriates to support localization efforts) identified two necessary components of successful localization; willingness and teaching skills. Therefore, the survey instrument was deemed to have generic enough measures as to be relatively void of cultural bias.

The research instrument consisted of four sections: section 1 (7 questions) asked about socio-biographical information; section 2 (3 questions) requested information on the characteristics of employees’ organizations; section 3 (18 questions) asked for general viewpoints on localization; and section 4 (45 questions) was based on two dimensions, specifically (i) expatriate unwillingness to train or support national replacements and (ii) expatriates’ belief that they lacked the necessary communication or training skills, or were faced with such deadlines and workload that they were unable to mentor and train their replacements. The measures thus identified whether expatriates (1) were unwilling to replace nationals due to their own interests in job security, etc. or (2) held beliefs that indicated that nationalization was unrealistic due to nationals’ skill levels or work values. Clearly, expatriate
perceptions and abilities are pivotal in successful localization. Sections 3 and 4 of the survey used a five-point Likert-based format: (1) disagree strongly, (2) somewhat disagree, (3) neither agree nor disagree, (4) agree and (5) agree strongly.

**Data analysis plan**
The data analysis plan was based on a multi-step approach incorporating tests of reliability, factor analysis and regression techniques. Statistical analysis was performed using the Statistical Package for the Social Sciences (SPSS) software package. The first step in the process was to determine reliability. The second stage was to identify and group questions based on their correlations. This was done using factor analysis. The third stage was to identify the demographic and organizational variables factors affecting localization using regression analysis.

**Demographics**
A number of demographic factors were determined, specifically Gender, Age, Education, Position and Length of Stay. Of the 204 expatriate respondents, 87 (42.6%) were female and 117 (57.4%) were male. The age of respondents varied: 28.9% were between the ages of 20 and 30; 32.7% were between 31 and 40; 22.9% were between 41 and 50; and 15% were above the age of 51. Another variable, Education, revealed that 7.3% had achieved high school as their highest level of education; 17% had completed technical college; 8.8% had a university/college diploma; 33.7% had a bachelor’s degree; 26% had a master’s degree; and 6.3% had a doctoral degree. Regarding Position Level, 8.8% had entry-level positions; 37% held professional or technical positions; 28.8% were middle managers or supervisors; 21% were senior managers and 3.9% had a position identified as “other”. Finally, under the criterion of Length of Stay, 1.5% of respondents had been in Qatar less than a year;
27.8% had been in Qatar for 1–3 years; 28.3% for 4–5 years; and 42% for over 5 years.

Demographic information was also gathered regarding respondents industry and organization type. In terms of organizational size, 2.4% of respondents worked for an organization that had 10 or fewer employees; 10.7% belonged to an organization of between 11 and 50 employees; 12.7% between 51 and 100 employees; 12.7% between 101 and 250 employees; 46.8% between 251 and 1000 employees; and 18% between 1001 and 5000 employees. Only 8.8% worked for an organization that employed more than 5000 employees. The categories of industry type were: Health Care, Services, Education and Training, Information Media, Oil and Gas and Telecommunications. It was found that 13.7% were employed in Health Care, 14.6% in Services, 44.9% in Education and Training, .5% in Information Media, 16% in Oil and Gas, 3.4% in Telecommunications and 6.3% in ‘Other’.

Tests of reliability
The data analysis plan consisted of a multi-step approach. First, to ensure reliability of the data, a reliability analysis was conducted using SPSS.20. Data were migrated from Vovici software to Excel, where incomplete responses were removed, and the data were sorted and coded. They were then migrated again into SPSS. Data were subject to analysis using a number of reliability tests, for example, Cronbach’s alpha.

Factor analysis
The initial step in data analysis was to determine the factors underlying localization. Factors were determined using latent root orientation (eigenvalue), total variance and varimax (orthogonal) and the rotated component matrix was determined using SPSS 20.0. In order to group variables into similar factors and avoid overlap among them, factor analysis was employed and nine factors were determined. Hair et al (2006) also
identified that factor loadings of 0.50 or greater as significant. Table 1 presents the perceptions of participants on nine factors of localization: Factor 1: Work Environment (containing 11 variables), Factor 2: Succession Planning, (containing 12 variables), Factor 3: Workplace Satisfaction (containing 6 Variables), Factor 4, Training Strategies, Factor 5: Unwillingness (7 variables), Factor 6: Disinterest (5 variables), Factor 7: Concerns over Job Security (4 variables), Factor 8: Pessimism (2 variables) and Factor 9: Uncertainty (4 variables).

The Kaiser-Meyer Olkin (KMO) test resulted in values of 0.873. This was used to determine the appropriateness of using factor analysis for this study. Based on the recommendations of Hair et al. (2006), factor loadings above 0.5 were used, notwithstanding the alternative opinions of Gardner, (2001) and Nunnally and Bernstein (2007). Overall, total variance among the factors was 78.12%, while overall scale composite reliability was 0.78.

**Defining the latent factors**

Factor 1: *Work Environment*. Sample: “My time as an expatriate here includes designing a plan for having a potential successor ready to take over my job” \((\alpha=0.905)\) and the highest factor loading of 0.779. Work Environment had the highest overall factor loadings, indicating that this factor had the highest explanatory power. This factor indicates a strong relationship between Work Environment and localization.

Factor 2: *Succession Planning*. Sample: “My company has an expatriate-local successor plan” \((\alpha=0.849)\). Succession planning carried a high factor loading of 0.783. With the second highest explanatory power, Succession Planning indicated that succession planning is positively related to localization. This factor loading grouped attitudes around training factors and successfully implementing localization.
Factor 3: *Workplace Satisfaction*. Sample: “I like this place and want to stay” ($\alpha = 0.662$) and the highest factor loading of 0.912. A high factor rating in regards to Workplace Satisfaction indicated that expatriates were happy in their current positions. Satisfaction with current postings indicated that expatriates would be less likely to see localization as positive or necessary.

Factor 4: *Training Strategies*. Sample: “I have undergone training on how to train my Qatari staff” ($\alpha = 0.606$) and the highest factor rating of 0.854. A high factor rating with Training Strategies indicated that expatriates were equipped to trained nationals. Further, expatriates perceived training favourably and were willing to implement localization.

Factor 5: *Unwillingness*. Sample: “I have a job to do and little time to train a local successor” ($\alpha = 0.513$) and a factor rating of 0.749. This had a high factor loading related to negative perceptions of localization. Factor 5 indicated that expatriates saw localization as potentially harmful and as having a negative organizational impact.

Factor 6: *Disinterest*. Sample: “My job is to get the job done, not enable locals to get the job done” ($\alpha = 0.34$) and a high factor rating of 0.720. With a high factor loading, respondents felt that localization was not as important as their regular work. Lack of support, or low commitment to localization in this factor, indicated that localization was met neither positively nor with pessimism, but was rather viewed with indifference.

Factor 7: *Concerns over Job Security*. Sample: “I am afraid that after I leave here, I will be made redundant” ($\alpha = 0.260$ and a high factor rating of 0.759). This category with a high factor rating indicates that respondents were apprehensive about their current positions. Further, concerns over what would happen to them and their employment after their positions were localized were generally quite high. This factor
indicated that respondents were unlikely to support localization due to job and career concerns.

Factor 8: Pessimism. Sample: “In my company, localization is only and ideal, there are no localization plans” ($\alpha =0.470$) and a high factor rating of 0.642. Only two questions carried a high factor loading under this category. Pessimism indicated that localization was unlikely to actually take place, and was more of an obligation to national policy.

Factor 9: Uncertainty. Sample: “The number of expatriates is increasing, not decreasing” ($\alpha =0.281$) and a high factor rating of 0.665. High factor loadings indicated a sense of uncertainty about current positions and trends around localization.

Table 1 Factor Structure of Localization Variables

<table>
<thead>
<tr>
<th>Factors</th>
<th>Variables</th>
<th>Factor Loading</th>
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18
### Track 4: Management: People, Knowledge and Organizations

#### Factor 1: Work Environment

<table>
<thead>
<tr>
<th></th>
<th>Statement</th>
<th>Factor 2: Succession Planning</th>
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<tbody>
<tr>
<td>1</td>
<td>It has been made very clear to me; my job includes localizing my position.</td>
<td>We are not localizing any time soon.</td>
</tr>
<tr>
<td>2</td>
<td>My time as an expatriate here includes designing a plan for having a potential successor ready to take over my job.</td>
<td>A stated purpose of my company is to develop local managers to take over expatriate positions.</td>
</tr>
<tr>
<td>3</td>
<td>My success in achieving localization targets determines my monetary bonus.</td>
<td>My company has no intention to localize the management of the Qatari operations.</td>
</tr>
<tr>
<td>4</td>
<td>I receive a bonus incentive to work towards localization.</td>
<td>Localization is a corporate business goal in my company.</td>
</tr>
<tr>
<td>5</td>
<td>My pay depends on how many local managers I have developed.</td>
<td>My job description includes making myself superfluous.</td>
</tr>
<tr>
<td>6</td>
<td>A bonus is payable after the localization of my position has been completed.</td>
<td>My company has stated the time required to replace the expected number of expatriates by local managers.</td>
</tr>
<tr>
<td>7</td>
<td>The assessment of my performance includes achieved targets for localization.</td>
<td>My company has an annual target quota of expatriates that should be replaced by local managers.</td>
</tr>
<tr>
<td>8</td>
<td>I am assessed to what extent I have trained subordinates to take over my job.</td>
<td>We have identified which type of positions to localize.</td>
</tr>
<tr>
<td>9</td>
<td>My efforts to localize are part of my performance assessment.</td>
<td>We have determined the ratio of expatriates to local managers to be achieved according to</td>
</tr>
<tr>
<td>10</td>
<td>Successful localization of my position is a performance goal in my contract.</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>I see my job as a mentor of my designated local successor.</td>
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#### Factor 2: Succession Planning

<table>
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<tr>
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<th>Statement</th>
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<tbody>
<tr>
<td>1</td>
<td>We are not localizing any time soon.</td>
</tr>
<tr>
<td>2</td>
<td>A stated purpose of my company is to develop local managers to take over expatriate positions.</td>
</tr>
<tr>
<td>3</td>
<td>My company has no intention to localize the management of the Qatari operations.</td>
</tr>
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<td>4</td>
<td>Localization is a corporate business goal in my company.</td>
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<td>5</td>
<td>My job description includes making myself superfluous.</td>
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</tr>
<tr>
<td>8</td>
<td>We have identified which type of positions to localize.</td>
</tr>
<tr>
<td>9</td>
<td>We have determined the ratio of expatriates to local managers to be achieved according to</td>
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our schedule.
10. My company has concrete plans how to implement localization.
11. My company has an expatriate-local successor plan.
12. Localization will facilitate attracting and retaining local talent.

<table>
<thead>
<tr>
<th>Factor 3: Workplace Satisfaction</th>
</tr>
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</table>
| 1. I like this place and want to stay.  
2. I like my job here and want to keep it.  
3. I want to stay here as long as possible.  
4. If I could leave tomorrow, I’d be gone for sure.  
5. This is a very comfortable place to live.  
6. I have put down long-term roots here. |
| .912  
.800  
.882  
-.706  
.809  
.775 |

<table>
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<tr>
<th>Factor 4: Training Strategies</th>
</tr>
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</table>
| 1. I have received training to become a good teacher to my local subordinates in Qatar.  
2. There was no training on how to coach my Qatari staff.  
3. I have been trained how to mentor my closest local subordinates in Qatar.  
4. I was trained how to train local staff members in Qatar.  
5. I underwent training how to develop my local staff in Qatar. |
| .629  
-.567  
.784  
.854  
.829 |

<table>
<thead>
<tr>
<th>Factor 5: Unwillingness</th>
</tr>
</thead>
</table>
| 1. I have a job to do and I have little time to train a local successor.  
2. It is said that expatriates are sent to Qatar as trainers, but in reality they are sent to do a job.  
3. Localization is a recipe for disaster.  
4. It is unrealistic to think that we can localize our business here any time soon.  
5. Localization is necessary to enhance |
| .448  
.463  
.733  
-.517  
.749 |
KMO 0.873, Bartlett test (Chi-square) 3104.07, total variance explained 78.12%.
Notes: N = 204, Extraction method: Principal component analysis (PCA), Rotation method: varimax scale composite reliability (SCR) y=.78
Regression analysis

In order to identify the relationship between the nine latent factors and demographic variables, a standard regression analysis was performed. The variables (Age, Gender, Position Level, Length of Stay and Education; see Table 2A and Table 2B) were measured against the nine latent factors of Work Environment, Succession Planning, Workplace Satisfaction, Training Strategies, Unwillingness, Disinterest, Job Security, Pessimism and Uncertainty.

The Tables 2 and 3 below illustrate the results. Factor 1, Work Environment, $\beta$ value 0–.195, demonstrated a negative relationship with Education. A negative relationship between Factor 3, Workplace Satisfaction, and the variable Length of Stay was also identified ($\beta=0.033$).

Factor 6, Disinterest, also demonstrated a negative correlation with age ($\beta - 0.183$). The analysis also identified a positive correlation between Factor 8, Pessimism, and Position Level ($\beta -0.14$). Finally, the results of the multiple regression demonstrated a number of positive correlations between latent Factor 9, Uncertainty, and three variables: Education ($\beta-0.16$), Gender ($\beta-0.16$), and Length of Stay ($\beta-0.20$).

Discussion

The purpose of this study was to determine the underlying factors affecting expatriates’ views of localization and develop a model of the various demographic factors affecting expatriates’ perspectives. The study demonstrated that, using factor analysis, nine latent factors emerged: Work Environment, Succession Planning, Workplace Satisfaction, Training Strategies, Unwillingness, Disinterest, Job Security, Pessimism and Uncertainty.

Selmer’s (2004) research was an exploratory study intended to determine whether expatriates’ ‘inability’ or ‘unwillingness’ were barriers to localization. The
findings of this study indicated that expatriates were unwilling to promote localization. As Selmer noted in his study, there were a number of possible explanations for this: Expatriates may have seen localization as unnecessary, enjoyed their current positions, or saw localization as unfeasible. Selmer (2004) also noted that the unwillingness could be due to expatriates’ concern about the welfare of their companies rather than out of any self-interest. Concerns about the suitability and ability of nationals in the Gulf have been raised by many others (Godwin 2006; Harry 2007; Reese et al. 2007; Achoui 2008; Forstenlechner 2008). However, these previous studies were primarily qualitative in nature; those of Achoui (2008), Godwin (2006) and Harry (2007) were anecdotal in nature, while Forstenlechner (2008) and Reese et al. (2007) utilized case studies. The current quantitative study identified nine significant factors that were perceived by the expatriates relating to localization.

There is limited literature on the relationship between the role of education levels of expatriates and localization. In fact, a search for peer-reviewed articles on the education of expatriates and localization failed to produce any results. Using regression analysis, it was determined that Factor 1, Work Environment, was positively correlated with the demographic variable of Education. As the education level rises, the more likely expatriates will be to see localization as a priority and a natural step. Their roles as educators and trainers are clearer and they appear more prone to perceiving their positions as temporary. Although more highly educated expatriates likely enjoy higher-paying positions, it is also likely that they have more opportunities and are able to relocate with relative ease. The less educated find suitable career opportunities with more difficulty, and therefore such employees may be less willing expatriates to train home country replacements.
The results showed that there is a positive relationship between Factor 3, Workplace Satisfaction, and the variable Length of Stay. As Selmer (2004) noted, the more comfortable an expatriate becomes in his post, the less likely he is to support localizing his position. Workplace Satisfaction can be viewed as a potential barrier to localization. The higher degree of satisfaction, the less likely the expatriate will be to look for other options. Employees with a longer length of stay in the host country will be less likely to voluntarily remove themselves from their positions for nationals.

As noted above, the latent factor Disinterest demonstrated a negative correlation with age. Thus, negative attitudes concerning localization were not age specific and appeared to be distributed among expatriates regardless of their age.

The results showed a positive correlation between Factor 8, Pessimism, and Position Level. This is interesting, as it may indicate a lack of ‘buy in’ for localization among expatriates, who may in fact be the decision makers in an organization. This supports Selmer (2004), who identified management buy in as a hurdle to localization, and was subsequently supported by Forstenlechner (2008, 2010), Forstenlechner et al. (2011) and Reese (2007). One possible explanation for this could be that position level is more directly related to organizational commitment and duration within the company, while higher education allows for greater mobility and career choices. Another more likely explanation is that those in higher positions within the company have access to more information on national performance or localization, which may promote a negative view of localization. Professionals in management and higher positions would have more knowledge about the company’s ability to implement localization, and its subsequent effects. Access to data (or lack thereof) would also be better, leading managers to have a more pessimistic view if localization was not proceeding, or was not a company priority. This would support the work of Reese et
al. (2007) in the UAE, who found that management support was a major challenge in localization.

The positive correlations between Factor 9, Uncertainty, and three variables—Education, Gender and Length of Stay—provide additional insight into expatriates’ perspectives. Localization efforts in the Gulf, specifically due to the small number of home country nationals, tend to target management positions. Qatar with a national population of 300,000 and a workforce of roughly 100,000, currently hosts 1.4 million expatriates and migrant workers. This situation, coupled with increasing education levels among nationals and localization initiatives (Williams et al. 2010), has created an environment focused more on highly skilled positions for nationalization. For this reason, expatriates with higher education levels will be more likely to find their positions nationalized. As Selmer (2004) points out, however, localization only works if nationals are equipped with the same skills and competency levels as expatriates.

The demographic variable Gender may also play a critical role in localization. Traditionally, most positions in management are held by males (Metcalfe, 2007). Females hold traditional positions in education and service industries that are seen as less desirable by nationals and are less prone to localization efforts. In addition, females generally enjoy relatively less mobility in Arab culture (Forstenlechner 2010).

Finally, Length of Stay was the demographic variable with a high correlation with Uncertainty. Individuals with a longer length of stay will have been exposed to more localization, and subsequently, see a higher rate of localization than shorter-term expatriates. In addition, longer-term expatriates may, by definition, have become more accustomed to their surroundings and more comfortable in their present positions. This, when juxtaposed with perceived higher localization rates, may lead to
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a higher degree of uncertainty and pose a barrier to localization efforts. In addition, concerns about procedural justice, an issue raised by Forstenlechner (2010), may also add to uncertainty. Although not specifically addressed in this study, Fernandes and Awamleh (2006) identified the issue of promotion not being based on performance for nationals thus carrying serious challenges concerning organizational justice and further leading to uncertainty.
<table>
<thead>
<tr>
<th>Model</th>
<th>Work Environment</th>
<th>Succession Planning</th>
<th>Workplace Satisfaction</th>
<th>Training Strategies</th>
<th>Unwillingness</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std Err</td>
<td>β</td>
<td>T</td>
<td>B</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.302</td>
<td>.388</td>
<td>.778</td>
<td>.16</td>
<td>.40</td>
</tr>
<tr>
<td>Education</td>
<td>-</td>
<td>.051</td>
<td>-</td>
<td>.02</td>
<td>.05</td>
</tr>
<tr>
<td></td>
<td>.141*</td>
<td>*</td>
<td>.19</td>
<td>.277</td>
<td>1</td>
</tr>
<tr>
<td>Age</td>
<td>-.102</td>
<td>.069</td>
<td>.10</td>
<td>.06</td>
<td>.07</td>
</tr>
<tr>
<td>Gender</td>
<td>-.098</td>
<td>.140</td>
<td>.04</td>
<td>-.705</td>
<td>9</td>
</tr>
<tr>
<td>Position Level</td>
<td>.116</td>
<td>.067</td>
<td>.12</td>
<td>.5</td>
<td>.05</td>
</tr>
<tr>
<td>Length of Stay</td>
<td>.116</td>
<td>.067</td>
<td>.12</td>
<td>.5</td>
<td>.05</td>
</tr>
</tbody>
</table>

* p< 0.01, **p< 0.05
Table 2 B Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>Disinterest</th>
<th>Job Security</th>
<th>Pessimism</th>
<th>Uncertainty</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std Err</td>
<td>$\beta$</td>
<td>$T$</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>Std Err</td>
<td>$\beta$</td>
<td>$t$</td>
</tr>
<tr>
<td>(Constant)</td>
<td>.454</td>
<td>.391</td>
<td>1.160</td>
<td>.097</td>
</tr>
<tr>
<td>Education</td>
<td>-.124</td>
<td>.141</td>
<td>-.881</td>
<td>.016</td>
</tr>
<tr>
<td>Age</td>
<td>-.049</td>
<td>.051</td>
<td>-.956</td>
<td>-.065</td>
</tr>
<tr>
<td>Gender</td>
<td>.176*</td>
<td>.069*</td>
<td>-.035</td>
<td>-.499</td>
</tr>
<tr>
<td>Position</td>
<td>.021</td>
<td>.068</td>
<td>.315</td>
<td>-.004</td>
</tr>
<tr>
<td>Length of Stay</td>
<td>0.143*</td>
<td>2.08*</td>
<td>1.081</td>
<td></td>
</tr>
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<td>---------------</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>0.116</td>
<td>0.080</td>
<td>0.101</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.452</td>
<td>0.86</td>
<td>0.82</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.074</td>
<td>1.048</td>
<td>-0.026</td>
<td></td>
</tr>
<tr>
<td></td>
<td>-0.022</td>
<td>-0.321</td>
<td>0.23*</td>
<td></td>
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<tr>
<td></td>
<td>0.07*</td>
<td>0.20*</td>
<td>3.01*</td>
<td></td>
</tr>
</tbody>
</table>

* p< 0.01, **p< 0.05
Limitations and areas for further research

As with any academic work, the present research has its limitations. The first and most obvious of these is the limited sample size. There is a high degree of difficulty in obtaining high numbers of respondents in developing countries in general and the Middle East in particular. Nonetheless, a larger sample size would strengthen the statistical results.

A second but similar limitation is the fact that research was conducted in Qatar alone. The sample was limited to expatriates in Qatar, and did not include expatriates in the greater Gulf region, or further abroad. As noted above, Qatar is a small country experiencing rapid change and an influx of expatriates. A broader study including Bahrain, Saudi Arabia and other Gulf States would have helped to limit the risk of homogeneity.

A final limitation is that of common method bias. According to Podsakoff, MacKenzie and Lee (2003), common method bias is “one of the main sources of measurement error” and much attention has been focused on limiting it (Cote and Buckley 1987; Spector 2006; Richardson et al. 2009). Common method variance may come from a number of different errors and ultimately lead to misleading conclusions. This study, like others, was at risk of common method bias. However, steps were taken to mitigate such bias as much as possible. First, questionnaires were distributed online, thus minimizing influences such as halo effects, social desirability, acquiescence, leniency effects, etc. This also allowed respondents to answer questions anonymously, further limiting bias. In addition, as identified by Law, Song, Wong and Chen (2009), common method bias was a major risk for other studies on localization, including Law et al. (2004 and Selmer (2004), as these researchers collected data from a single source. This study endeavored to ensure a sample as
broad as possible and a number of organizations were represented. Although it is extremely difficult to limit all potential biases, further efforts were made to reduce ambiguity through a pilot study.
Implications for theory and practice

This study builds on the current literature on International localization such as Bhanugopan and Fish (2007), Wong and Law (1999), Law et al. (2009) in a number of ways. First, this study focused on a number of different organizations, thus reducing the potential for common method bias. Second, it sought to determine the barriers from an expatriate perspective, which differs from the majority of works on localization. This perspective was similar in nature to the work of Reese et al. (2007) and of course Selmer (2004). The findings from this study reinforce Selmer’s exploratory study in China, where he found that there was an unwillingness to promote localization among expatriates. This is also similar to Reese et al.’s findings in the UAE. This study built upon the original work and identified demographic factors that influenced a lack of support among expatriates. In terms of localization studies in the Middle East, this study added to the notable work of Reese et al. (2007) and provided a quantitative sampling that supported the case study. It also supported Achoui’s (2009) anecdotal work on human resource development in the Gulf countries and Forstenlechner’s (2008/10) significant qualitative contributions.

In terms of managerial implications, this paper supported Forstenlechner’s work (2008, 2010) on localization, most notably in reference to human resource practices. Clearly, if management sees nationals as unable to contribute, or does not view localization as a priority, localization will be hard pressed to succeed. As Forstenlechner and Rutledge (2010) correctly point out, the need to enhance the skills of nationals is also necessary. From a practical perspective, education, training and the social contract must be designed to enhance nationals’ competencies, and this must be underpinned by HRM practices.
Conclusion

This paper has reviewed the general literature on localization. The results of the quantitative study support the findings of earlier research conducted in China and the Middle East (Selmer 2004; Reese et al. 2007; Forstenlechner 2008, 2010), but also provides additional insight into the perceptions of expatriates.

The pivotal role of expatriates in implementing localization means that commitment to the process is essential. This study has identified several barriers to localization, and identified the relationship between expatriates’ perspectives on succession planning and nine latent factors.

In order to arrive at a satisfactory equilibrium, balancing needs, population size and expatriates, a number of factors must be realized. Expatriate views on localization reflect perceived inadequacies among national skill levels and serve as a barrier. The education levels and competencies of nationals will need to be continuously improved (Al-Waqfi and Forstenlechner 2010; Forstenlechner and Rutledge 2010). In addition, promotion of nationals regardless of skill or competency will raise the level of uncertainty among expatriates and promulgate resistance. Issues concerning procedural justice and its effects on performance require attention (Fernandes and Awamleh, 2006).

Continuing forward, localization must also be seen as a priority for practitioners. While localization initiatives are relatively widespread, emphasis and training on localization will continue to require attention. Localization initiatives will need to be genuinely implemented and allocated appropriate resources. Perhaps one of the most fundamental resources is time.
References


