ATTRACTING AND RETAINING TALENT: EXPLORING HUMAN RESOURCES DEVELOPMENT TRENDS IN UAE BANKING SECTOR

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Abstract

UAE has experienced an economic expansion in the last few decades. One of the major consequences of the UAE's expansion can be seen in the shortage of skilled labour. The skill shortage can have a negative impact on the future growth of the country. The situation of skill shortage is evident in many of the western countries. This paper focuses on examining the literature related to the attraction, retention and the overall development of the human resources. The second section of this research focuses on the debates and issues related to shortage of skills and labour. The third section of this research focuses on exploring the HR areas with the help of a survey. The findings indicate that the issues such as selection - attraction are being addressed by the employers of UAE. There is however, lower level of allocations in the areas such as - job design, skill development, team building, careers management, and training and development. The study concludes that some of the areas in which lower level of resources have been allocated include the following - job design, skill development, team building, career management and training and development. This is one of the major concerns for organizations operating in UAE.

Keywords: Human capital, recruitment of employees, selection of employees, skill shortage, Resource based view of the firm

INTRODUCTION

The nature of employment relationship has significantly changed in the 21st century. The production base of the developed and developing economies has evolved from a manufacturing to a service- focused approach. This has contributed in the shift in the nature of work along with increasing the competitiveness (Barney, 1991).

As a result of change in the focus toward employees, the human resource function in the organization, take a dynamic and central role in managing the people, for developing a competitive advantage (Cappelli, 2005).In a dynamically growing labour market, it is essential to focus on the policy development so as to attract, retain and develop the crucial human resources (Holland, et al., 2002).

In case of the UAE's banking industry, the human resource is of utmost importance. Only skilled and efficient people can manage the financial risks and complexities involved in the banking sector. The human resource department of the banks is responsible for finding the potential people for the jobs. The role of Human resource is particularly important at the time of change in the overall nature of the labour market. The skill shortage is one of the major problems in UAE (Thechopras, 2015). In this emerging dynamic world of work, it is crucial for organizations to remain competitive by developing the human resource development strategies (Critchley, 2004). This particular paper explores the issues related to human resource development (HRD) associated with the attraction and retention of the human resource so as to gain a sustained competitive advantage (Farouk, et al., 2016).

LITERATURE REVIEW

Attraction and Retention – A Theoretical Perspective

The attraction and retention of the potential people in an organization is one of the significant aspects of Human Resource Development or Human resource management. A review of the past studies indicate that there are two major perspectives that provide a theoretical framework for analysing the strategic approach that is linked with the overall long- term development of the human resource of an organization.(Singh, et al., 2012). The first approach is the human capital theory according to which, organizations should invest in the employees who are its major asset so as to gain a sustained competitive advantage (Kumudha & Harsha, 2016).

This particular strategic aspect is associated with the long- term enhancement and development of the resource base of the organization with the help of skill development, training, career management, retention and progression (Hejase, et al., 2016).

The second approach is the resource based view (RBV). RBV focuses on retaining and developing the human resources so that they can become rare and valuable such that they help in gaining a competitive advantage for the organization can be enhanced. These two approaches have been adopted by many scholars for building the competitive advantage.

The focus on human resource development and management can be associated with the strategy that helps in attracting and retaining the potential human resources. In this way, the focus on HRD for building the competitive advantage has significantly increased. There are a number of organizations that are seeking for a strategic and diverse approach for managing and investing in their people so as to ensure that all its human resources are developed and trained. Managing the learning and knowledge in an organization is a complex task. The HRD field is identified as one of the critical aspects of strategic management of the human resources. In such a competitive and dynamic environment, it is essential for organizations to strategically allocate the resources in the training and development of employees. In addition, organizations should also ensure that employees from each level of the organization are trained and developed for achieving the long-term goals and objectives (Sangeetha Vinod, 2014).

The UAE Hegemony

In order to operate in a new, dynamic and competitive economic environment, organizations have to adapt to a new paradigm in a number of ways. There is a need of new psychological contract, under which the employee benefits will be redefined unlike the traditional 'relational' contract that was associated with the long- term employment relationship. The management of the organization must pay a careful attention to cultural and the structural conditions within an organization by including proactive and diverse strategies. There is a need in UAE to shift from a traditional approach to a modern approach of Human resource development. The organizations in UAE are following the rigid hierarchical patterns, which results in the fragmentation of the training and development along with narrowing the focus only on the managerial control and the occupational skills. According to the research conducted by Deloitte's 2015 (Global Human Capital Trends report) it is indicated that the organizations of UAE are facing some major challenges in terms of the reinventing human resource, retention of the employees, skill shortage, etc. There is a critical need to address the human resource challenges faced by the organizations (Maceda, 2018).

There are the generational changes and the demographic changes that have a major impact on the workforce of the organizations in UAE. The half of the workforce is now made up of Millennials. The leading organizations of UAE are now addressing their needs with the help of leadership paths, flexibility and sense of mission and purpose (Holland, et al., 2002).

The Human resource stands at the centre of the changes taking place in the business world. It is necessary for the organizations of UAE to transform their HR policies so as to respond effectively to the changes occurring in the business world (Iles, et al., 2012).The most probable characteristic of UAE is the high level of dependence of the UAE organizations on the

dual labour market and the expatriates. The nationals of the country prefer to get a government job. (Randeree, 2009).

Another major challenge that is faced by the HR in the UAE is the challenge of talent shortage. The organizations are facing the hard times in attracting and retaining the potential talent in the organizations. There are huge numbers of professionals who are looking for the job in the country, but still, the organizations have to be dependent on the expatriates. The talent shortage in the country is resulting in challenges in attracting and recruiting the potential talent for the organizations. The human resource in UAE must be considered equally important as an asset of the organization. The human resource development trends of UAE indicate that there is a lack of an advanced approach that can be used for managing the talent of the organization. The organizations in UAE are following a traditional approach for attracting and recruiting the employees and managing the human resource of the organization. This is one of the major concerns that need to be resolved such that the organizations in UAE can attract and retain the potential talent (Hejase, et al., 2016).

METHODOLOGY

The survey

In this study, the survey was conducted in the Human Resource Institute of UAE in the year 2018. The members of the institute were contacted with the help of e mails and they were then invited to visit a website for completing the survey if they wished. A web- based survey was utilized for this study. Also, respondents were assured that their responses will only be the part of the cumulative data set. In total, 152 respondents completed and submitted the survey. The overall response rate of the respondents of completing the survey was 22.5 per cent and the rate of submitting the complete survey was 11 percent. There can bea number of reasons behind the non-completion of the surveys.

Sampling method

In order to select the respondents for the survey, the random sampling method was used to select the participant. The random sampling method provides the equal opportunity to each member of population. The main advantages of random sampling include greater accuracy of results, reduced sampling bias, and ease of use (Daniel & Sam, 2011).

Sample characteristics

The 152 respondents who provided the complete survey were the sample size of this study. The characteristics of the sample represent a fair cross- section. In addition, there was also a good

mix of the age of the respondents. 28% of the respondents were from the age group of 30-39 years, 34% of the respondents were from the age group of 40-47 years. 35 % of the respondents were males and 65% of the respondents were females. In addition, there was a good spread of respondents on the basis of the industry groups such as manufacturing, health, education and the community services. The sample of this study however, has fewer respondents from the area of retail and the property services. These groups are however, represented in the current study sample (Daniel & Sam, 2011).

RESULTS AND DISCUSSION

Preliminary Analysis

The overall analysis of the research indicates that there are some major contradictions in terms of focus of the organizations. In terms of describing the primary role as HR manager, the respondents identified the strategic HRM along with the training and development. This reflects on the need of attracting more and more talent along with retaining the talent. The major emerging issues in the area of HRM were identified for the last five years and the future five years.

Table 1: Primary emphasis of the HR position

	N = 152
Wage / salary administration	1
Human resource information systems	1
Industrial relations	2
Occupational health and safety	2
Remuneration / performance management	3
Employee relations	7
Recruitment and selection	7
Training and development	11
HRM strategic development	21
A broad range of human resource issues	45

Table 2: Emerging areas of importance in the HRM field in the last 5 year

	N = 152
Connecting performance management systems to Organisational strategy	84
Strategic integration of HRM policies	83
Change management	80
Management of employee relations	75
Measuring the contribution of HRM to company performance	75
Managing flexible work patterns	65
Becoming an employer of choice	60
Devolution of HRM responsibilities to the line	57
Performance based remuneration	55
Worker participation and team work	51
Defining productivity outcomes of training and development	47
Quality issues	38

Table 3: Emerging areas of importance in the HRM field in the next 5 years

	N = 152
Connecting performance management systems to Organisational strategy	89
Strategic integration of HRM policies	89
Change management	86
Management of employee relations	84
Measuring the contribution of HRM to company performance	81
Managing flexible work patterns	76
Becoming an employer of choice	72
Devolution of HRM responsibilities to the line	66
Performance based remuneration	65
Worker participation and team work	60
Defining productivity outcomes of training and development	59
Quality issues	49

The analysis indicates that the major issue was becoming an 'employer of choice'. Further, the training and development, teamwork and participation were the other issues that were identified with the help of statistical analysis. Further, one of the most outsourced functions identified was the training and development of the employees in the last two years with recruitment (48%) and selection (34%). On the basis of the key aspects that are discussed above, it can be indicated that the organizations of UAE are not responding effectively to the need of dynamic labour market.

HRM Policy Development

An analysis of the cluster aspects of the workplace systems, policies and practices into two categories – attraction and retention indicates that the initial interface between the people and the organization were the attraction, recruitment and selection.

Table 4: Current HRM policy development areas

	N= 152
Recruitment	76
Performance appraisal	75
Performance appraisal (Non-managers)	69
Selections	67
OHS	57
Work/life balance	55
Training	54
Family friendly policies	49
Values/ethics	48
Grievance procedures	47
Training efforts devoted to skill enhancement	47
Workforce planning	44
Employee discipline	43
Equal Employment Opportunities	43
Development	42
Performance related pay (managers)	41
Termination management	41

Table 4...

Team building	40
Career management	39
Diversity (e.g. Age, ethnicity)	38
Skill development	37
Job analysis	33
Performance related pay (non-managers)	32
Job design	30
Job evaluation	29
Award / union coverage	26
Joint consultation/participation	24
Employee share ownership	13
Skill-based pay	10
Monitoring surveillance	9

Cappelli (2005) also focused on the importance of the areas that have been discussed above. In addition, the values and ethics are also the important sources for attracting the employees (Macken, 2004 as cited in Holland et al, 2002).

The findings of the survey indicate that the highest response for the new programs and policies in last 5 years was in the area of attracting the interest of the employees – recruitment (76%). 67% of the respondents identified selection is identified as the area of new developments. This is because the focus on person-organization fit is increasing. The area of values and ethics there are fewer numbers (48%) of policies in comparison of recruitment (76%) and selection (67%).

Table 5: Major HR programs or systems that have been initiated with
the help of external consultants in the last 2 years

	N= 152
Training and development	48
Recruitment and selection	34
HR information systems	29
Change management	22
Employee relations	18
Pay administration	15

Significant amount of organizations are addressing the area of recruitment and selection but these areas need to be considered closely in terms of linking the image of the organization with the decision of employees to join or not to join the organization. This is because the new employees are more discerning in terms of with whom they want to work.

The next set of practices and policies that is considered in the study is associated with the HRD and retention of the employees. Team building, job analysis and job design contribute in the day to day job experience. The results of statistical analysis indicated that a low attention is given to areas such as Team building, job analysis and job design. The policy development levels are reported at 33% for team building, 30% for the job design and 40% for the team building. The reasons behind these numbers may include the traditional hegemony of investing in the human capital or the change resistance by the employers of the organization.

Another major factor associated with the retention of skilled workers is related with the training and development of the workers. Edgar (2005) have identified in their study that training and development are of paramount importance among all the HRM aspects. The results of this particular study indicate that organizations are focusing on the training and development in the current dynamic world but, the level of investments in this area should be more.(Edgar & Geare, 2005). It was also found in the study that 54% of the respondents found the general training as one of the major developments. 42% of the respondents stated development as the priority area. 39% of the respondents reported that career management should be the key focus and according to 37% of the respondents skill development should be the major areas of policy development.

The low investment of UAE's industry on the critical areas reflect the traditional approach of UAE industry to be dependent on the poaching and immigration for solving the issue of skill shortage. In addition, there is an organizational resistance in terms of investments in the development of the career of employees.

Another major area that is being addressed by the employers includes the performance appraisal. The new developments in the HR policies and practices are reported for managers (75%) and non- managers (69%). This suggests that the organizations are seeing performance appraisal as an important area.

Another aspect that is related with the retention strategy was the share ownership issue. The share ownership is offered to the employees as rewards. Only 13% of the respondents considered the area of share ownership as the area of major developments.

The results from the statistical analysis conducted in this research indicate that the initiatives related to work life balance are developed in 55% of the organizations. 49% of the respondents indicated that the family friendly policies are the major area of development. In the

area of diversity recognition, only 38% of the respondents indicated that there are some HR initiatives in this particular area. The results of the study also indicated that there are developments in the area of diversity management and policy initiatives, but these areas need to be developed further in future. Researchers such as Murray and Syed (2005) and Orland (2000) in their study have focused on the fact that if the organizations discourage the workers, then it has a direct negative impact on the creativity of the organization along with the ability to meet the expectation of the customers in a dynamic and diverse market.

CONCLUSION

The research conducted above indicates that in the workplace, the negotiating position of the employees is increasing highly in UAE. This is impacting the employment relationship and the employment practices and policies. There is a need to focus more on the areas such as training and development, skill allocation and job design so that the right people can be placed in the right jobs. The survey conducted has clearly indicated that there is a lower level of resource allocation in some of the major areas. It is important for the organizations to emphasize upon these areas. The skilled employees look for the employability of the organization. The results of this study indicate that the organizations of UAE have to focus on HRD for gaining a competitive advantage. It is important to focus upon developing the practices and policies of human resource development and the resource allocation. It has been found through the research study that, as there is an implicit understanding related to the need of adopting the new strategies because the talented individuals are competing with each other globally. But there is no such development in the policy related to development and the retention of the talented employees. The organizations want to attract the talented employees in the organization but, they are not focusing upon the strategies and the policies to retain them in the organization for long run.

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