MANAGEMENT DISSERTATION PROPOSAL PROFORMA

1. Background, aim, objectives and feasibility of the dissertation

The subject of compensation and benefits has been widely researched in the literature, and the role of Human Resources is underlined as the most important when looking into this issue. But very little attention has been paid to compensation and benefits in employees’ motivation particularly in MNEs based in UAE. The expatriates’ compensation system was subject of several studies considering the fact that it is quite difficult for multinationals to find a balance due to countries important differences from economic context perspective (Haile and Williams, 2011). The determination to conduct the current study has come from the scarcity and the necessity to shed some clarity on these practices in MNEs, especially in UAE where compensation and benefits play crucial role in employees’ motivation and loyalty to the companies (Walters, n.d.).

Thus the aim of the dissertation is to reveal the part Human Resources department play in motivating employees through compensation and benefits. This dissertation will be stressing the HR department strategic role as well as showing how the concerned department might be a catalyst to the organization’s failure/success.

This research builds on all types of literature on MNEs and will study where MNEs based in UAE stand with compensation and benefits as a factor motivating employees. The author cannot but notices that it is of great importance in UAE as most of the employees are expatriates and thus compensation and benefits offered to them quite differ from the one offered to the local population. HCNs in the UAE are more than well compensated with an extensive list of perks on top of big cash salaries; this is notwithstanding the level of responsibility, size of organisation, revenue or responsibility level. Moreover, local population is less than 12% of the population; they hold government jobs rather than jobs at MNEs; comparing them to expats is not really like-for-like comparison. And though in certain low level jobs at service governmental jobs, HNCs salaries seems much smaller than those HNCs at mid or high level jobs; still, those lower-paid HNCs are still much higher paid compared to expats doing similar service jobs at MNEs (Forstenlechner & Mellahi, 2010) .

As the current research will look into the purpose of compensation and benefits, the “ideal” procedures of compensation and benefits as well as the challenges that HR departments face when building up schemes of compensation and benefits for expats and local employees in MNEs in UAE.

This topic is of an interest for the researcher as it looks into liaison between employees’ motivation and loyalty to the companies and the HR policies and procedures on compensation and benefits. People work for different reasons such as love to what they do, personal fulfilment, goals accomplishing etc. But at the end of the day all people work for money and thus compensation and benefits are too sensitive to assign similarities to all the employees. The research might turn to be even more interesting as multiple studies, and among them the one by Rynes, Gerhart & Minette (2004) suggests that “pay is not equally important in all situations or to all individuals” and the Institute of Leadership and Management go further and report that in a study only 13% of workers were motivated by a bonus and the majority cited job satisfaction as the key motivator (Institute of Leadership Management, 2013). However, Using multiple published meta analyses, the authors went into great detail about reasons employees in multiple surveys/studies state that money is not that important a motivator vs. responsibility or job satisfaction but upon closer examination of their behaviour patterns it turns out in study after study that a properly structured pay system uniformly has proved to be the most powerful motivator to increased work performance.

Considering the above stated this dissertation will answer the following questions:

1. The importance of compensation and benefits in employees’ motivation in the process of recruitment and retaining talent in the 21st century. Compensation and benefits philosophy.

2. How do compensation and benefits impact employees’ loyalty to the company. Managing compensation and benefits for expat and local employees in MNEs, mainly in UAE. Methods for grouping similar jobs for the sake of broad banding (as promotions are limited) as well as the measurement systems for compensation and benefits.

3. Internal and external motivation. Benefits as an indirect reward that an employee gets for being part of an organization. Compensation as the reward given to an employee to complement the time or any resource that he/she might have used.

Feasibility: The author of this research has started the search for the appropriate literature for this dissertation. As for the collection of data she has contacted a number of companies in Dubai requesting them to cooperate with her on this dissertation; however the author will be needing to send them reminder emails to get their approval as the concerned research is highly dependable on the data the companies may provide her with.It may take elaborate steps to assure companies of utter confidentiality, and even then perhaps to use salary ranges etc rather than specific figures in questionnaires if the author will use those as a research tool eventually. It gets difficult with MNEs with small employee population in the UAE; those with a large number of employees would normally expect their compensation data at least for lower to mid-ranks to be known to a large population including their competitors.

Justification of the topic: The topic the researcher has chosen is critical for companies to succeed. The decision to choose it is based on the lack of literature covering this area in MNEs, especially in UAE. Thus the author hopes that this research will come up with some new findings and add up to the existent literature particularly when dealing with compensation and benefits as motivational factor for expats and local employees in MNEs in UAE.

Epistemologically the reason why this topic was chosen is a strong belief in the opportunistic approach of businesses and employees within the business environment in UAE. One can have a work permit in the UAE, but no other residency status; to many expats working in the UAE is more of a tax break. Employers, MNEs or otherwise, understand this mercenary approach to employment. Naturally, employees generally do not wish to be perceived as "mercenaries" especially to their superiors (managers) and often downplay the motivational importance of compensation, but their actions speak differently when faced with a properly structured pay for performance/bonus system. This is also the reason for the disconnect between what managers perceive to be the primary motivators for their employees and what these motivators actually are. Managers often rely on "research data" and tend at times to pay less attention to basic human nature. This is one of those "conflicts" between positivist principles and the social construct- the "research" states one thing, but the "human factor" skews the results the wrong way producing erroneous results and conclusions. I feel strongly towards this and hence the choice of this topic. Hopefully some light can be shed on it.

Reference List:

Forstenlechner,I.,& Mellahi,K (2010) “Gaining legitimacy through hiring local workforce at a premium: The case of MNEs in the United Arab Emirates”, *Journal of World Business* [Online].doi:10.1016/j.jwb.2010.10.006 (Accessed: 29 October 2014).

Haile, S. & Williams, D. (2011) ‘Factors that influence expatriate compensation problems’, *Academy of Business Research Journal*, 1, pp.25-32 [Online]. Available from: http://eds.a.ebscohost.com.ezproxy.liv.ac.uk/eds/pdfviewer/pdfviewer?sid=6eb09e03-ca55-44cc-ba64-e061612fdfeb%40sessionmgr4003&vid=3&hid=4210 (Accessed: 26 October 2014).

*Institute of Leadership Management* (2013) Value of bonuses questioned as employees report job satisfaction is top motivator [Online]. Available from: https://www.i-l-m.com/~/media/ILM%20Website/Documents/Information%20for%20media/15.%20Beyond%20the%20bonus%20press%20release%20pdf.ashx (Accessed: 29 October 2014).

Rynes, S., Gerhart, B. & Minette, K. (2004) 'The Importance of pay in employee motivation: Describes between what people say and what they do ', Human Resource Management, Vol. 43, Issue. 4, pp. 381-394. [Online]. Available from: <http://ezproxy.liv.ac.uk/login?url=http://openurl.ac.uk.ezproxy.liv.ac.uk/?title=Human+Resource+Management&volume=43&issue=4&spage=381&date=2004> (Accessed: 29 October 2014).

Walters, R. (n.d.) *Understanding employee benefits in the Middle East* [Online]. Available from: <http://www.google.ae/url?sa=t&rct=j&q=&esrc=s&source=web&cd=7&ved=0CD0QFjAG&url=http%3A%2F%2Fwww.robertwalters.ae%2Fwwwmedialibrary%2FWWW2%2Fcountry%2Funited-arab-emirates%2Ffiles%2FUAE%2520-%2520Understanding%2520Employee%2520Benefits%2520Whitepaper.pdf&ei=rw9RVKzfJsS07gaoxYDoBA&usg=AFQjCNF7tZ-I3lWJhYfPq66Z0m4E42Ri9g> ( Accessed: 29 October 2014).