

**Localization of Staff in a Hostile Context:
An Exploratory Investigation in Afghanistan**

The International Journal of Human Resource Management , Available online 20 February 2017
DOI:10.1080/09585192.2017.1291531

*Michael Dickmann
Cranfield University
College Road
Cranfield, MK43 0AL, UK
Email: m.dickmann@cranfield.ac.uk
Tel: +44 (0)1234 751122

Emma Parry
Cranfield University
College Road
Cranfield, MK43 0AL, UK
Email: emma.parry@cranfield.ac.uk
Tel: +44 (0)1234 751122

Nadia Keshavjee
BSR
88 Kearny St, San Francisco, CA, 94108, USA
Email: nkeshavjee@bsr.org
Tel: +1 415 984 3200

*Corresponding author

Localization of Staff in a Hostile Context: An Exploratory Investigation in Afghanistan

Abstract

Hostile environments pose a distinct threat to international organizations and their staff and yet they are under researched within the literature on international human resource management. Localization of staff may present a means to manage some of the risks and also to provide the resources needed to achieve competitive advantage. Drawing on the resource-based view (RBV) and institutional theory, we explored resource- and capability-based and institutional influences in relation to the decision of whether to localize professional staff in a hostile environment (Afghanistan).

Using in-depth semi-structured interviews with representatives from four organizations in Afghanistan, our investigation identified new influences on localization at the societal and organizational level. These include ongoing security issues as well as influences on localization such as corruption, impartiality and the need for outside experiences as well as perspectives not identified in previous work. In addition, we emphasize the importance of both picking appropriate valuable local human resources and using appropriate internal capabilities to develop and deploy them in such a way to build firm-specific assets which are also rare, inimitable and non-substitutable, thus leading to sustainable competitive advantage.

Keywords: Localization, Afghanistan, Resource-based view, Careers, Expatriation

Localization of Staff in a Hostile Context: An Exploratory Investigation in Afghanistan

This paper focuses on the factors influencing localization of staff in multinational corporations (MNCs) in hostile environments. Previous research on localization (Wong and Law, 1999; Al-Lamki, 1998; Fryxell, Butler & Choi, 2004; Forstenlechner, 2010) has focused almost exclusively on stable and non-hostile contexts. Given that a highly dynamic, insecure and idiosyncratic context is likely to have a particularly strong effect on organizational practices, studying localization drivers and constraints in hostile environments is overdue. We therefore address this weakness in the literature via an exploratory study set in Afghanistan.

Afghanistan is unique given its many violent conflicts, the historically long-term presence of the international community and armed forces and the high level of insecurity in the country. Studying 'deviant' cases such as this can give novel insights as the characteristics predicted through extant work may not occur (Emigh, 1997; Piekkari, Welch & Paavilainen, 2009). First, we will expand on the existing literature, uncovering the factors that influence localization. Our first contribution is therefore that we have developed a new set of factors affecting localization based on these novel insights. Second, we use the resource-based view (RBV) and institutional theory in explaining these influences, therefore embedding our discussion of localization within a sound theoretical framework, addressing this criticism of the localization literature (Law, Song, Wong & Chen, 2009). Third, we make a practical contribution, providing guidance to practitioners who are looking to localize their staff in Afghanistan or other similar country contexts. In essence, we explore different resource and capability-based and institutional influences within a context that can be described as unusual due to the high risks, insecurity and corruption alongside the unusual tribal structures in Afghanistan.

Staff localization is the degree to which expatriate managers are replaced by competent local staff (Potter, 1989; Law et al. 2009). We adopt the more comprehensive definition provided by Bhanugopan & Fish (2007: 366), which states, "localization is a process in which local officers increase their competencies, and consequently improve their performance, the main objective being to train and develop locals to enable them to replace expatriates with competency and efficiency". In this paper we will examine the factors that influence the decision to localize staff, rather than examining organizational localization in the sense of building local supply

chains or a local customer base. In the first instance we turn to the RBV and institutional theory as well as the extant literature on staff localization in order to develop a framework for our research.

Resource-based Influences on Localization

According to the RBV, sustainable competitive advantage for organizations can be achieved via firm heterogeneity created by the acquisition of resources which are valuable, rare, difficult to imitate and non-substitutable (VRIN) (Wernerfelt, 1984; Barney 1991). Wernerfelt (1984:172) describes a resource as “anything which could be thought of as a strength or weakness of a given firm”. Much of the literature on the RBV suggests that the acquisition of superior resources is the main mechanism for the creation of economic rents (e.g. Barney 1986, 1997; Wernerfelt, 1984; Peteraf, 1993).

It has long been accepted that these resources can include human resources (Wright, McMahon & McWilliams, 1994). Indeed, previous work on the RBV has emphasized the role of human resources as the sources of above normal returns for organizations as opposed to physical assets (Bowman & Toms, 2010). The knowledge, skills and activities of the workforce can therefore be viewed as core resources that contribute to the firm’s competitive advantage (Wright, Dunford & Snell, 2001; Wright et al., 1994). In addition to the value of a (human) resource, sustainable competitive advantage requires that resources are also rare, inimitable and non-substitutable. Based upon the work of Wright et al. (1994), we can presume that individuals with high levels of particular abilities are rare, that these abilities are difficult to imitate due to social ambiguity and complexity and that they cannot easily be substituted by other types of resources (e.g. technology). In relation to the focus of this paper, the decision to localize staff should therefore be based upon the belief that this will allow the organization to create valuable, rare, inimitable and non-substitutable (VRIN) resources.

The literature has focused on the resource-based influences that might encourage an organization to choose a strategy of expatriation rather than localization. For example, the use of expatriates within the subsidiary of an MNC might allow an organization to import knowledge, skills and activities that are seen as VRIN within the local context. It has long been known that when an organization believes that it has insufficient local human resource quality, it is more likely to resort to expatriation (Edström & Galbraith, 1977). For instance, as German dual vocational training provides a broader and more in-depth vocational education compared

to the UK system (Müller, 1998), German MNCs in the UK are often tempted to expatriate German staff or to implement a German-style dual vocational training system in other countries (Dickmann, 2003). Thus, lower skills, knowledge and experience within labour markets may discourage staff localization if the organization cannot compensate for perceived competency gaps. This may be particularly important where the competency gaps are substantial, the ability or willingness to create substitution mechanisms are low or where labour turnover is high, so the organizational investment is risky (Edwards, Colling & Ferner, 2007; Dickmann, 2003).

In addition, the strategic configurations literature has argued that organizations have a choice with respect to their international strategies, structures, policies and processes (Bartlett & Ghoshal, 1999). Organizations that aim to have a high level of worldwide integration are more likely to resort to intensive cross-border expatriation flows as this is seen as instrumental to global competitive advantage (Dickmann & Müller-Camen, 2006). Furthermore, organizations with ethnocentric global talent management approaches also stifle localization as they are more likely to encourage head office staff to gain international experience and more likely to create a 'glass ceiling' for local talent (Scullion & Collings, 2006; 2011). These factors constitute resource-based drivers for expatriation rather than for localization. In essence, depending on the organization's view on how competitive advantage is being created, these factors could either be drivers of or constraints to localization.

On the other hand, managers in MNCs often complain about a lack of global talent or candidates to work abroad (RES Forum, 2016; Fayol-Song, 2011). Expatriation candidates may be weary of the potential negative career consequences (Richardson & Mallon, 2005; Doherty & Dickmann, 2012), or may have local obligations including care responsibilities or a partner's diverging interests (Dowling, Festing & Engle, 2008; McNulty & Inkson, 2013) that prevent them from working abroad. In this case, organizations might be encouraged to adopt a localization strategy in order to be able to access the resources they need.

On top of this, the literature suggests that a primary advantage for many organizations to localize is to reduce costs as expatriate packages are typically higher than those for local staff (Selmer, 2004a; Wong & Law, 1999). However, while this does not always have to be the case as the low pay and general plight of South Asian construction workers in the United Arab Emirates demonstrates (Keane & McGeehan, 2008), some research shows that expatriates often come from high pay countries and typically experience a substantial pay uplift (Doherty and

Dickmann, 2012; Brookfield, 2015). Related to this is mitigating the risk of expatriate failure and the costs associated with expatriates prematurely returning to their home country before the end of the planned assignment period (Wong & Law, 1999; Harzing, 1995; Harzing & Christensen, 2004).

Based on these arguments, localization can be viewed simplistically as a means of obtaining appropriate human resources easily and at a lower cost. However, this argument, while undoubtedly influential in the choice of a localization strategy, presumes that the skills of an expatriate are not rare and are easily substitutable. However, we argue that local employees also bring additional context specific value, particularly in a hostile context. Previous work on the RBV emphasizes the importance of the environment and the opportunities and threats within it in determining how valuable a particular resource is (Priem & Butler, 2001). Indeed, the value of a resource is dependent on its fit with both the internal and external context. An expatriate might therefore have good fit with the internal organizational context but not with the external context of the host country.

In line with this, the literature on localization has suggested that organizations with multi-domestic and international HR configurations (Bartlett & Ghoshal, 1999; Dickmann, Müller-Camen & Kelliher, 2008) are often committed to employee localization due to the idea that using local staff can provide local responsiveness and that this will provide competitive advantage and deliver value for their (often service-oriented) operations. In addition, local staff have a better command of the local language and it is normally easier for them to do business (Dickmann & Baruch, 2011).

Building on Oliver's (1997) suggestion that resource selection is influenced by the institutional context of resource decisions and Priem & Butler's (2001) call for further consideration of context when using the RBV, we argue that localization can be an appropriate strategy when the firm is operating in hostile environments. In line with Barney's (1991: 105) definition of a resource as valuable if it "exploits opportunities and/or neutralises threats in a firm's environment", in hostile contexts the use of 'locals' might provide superior benefits in relation to VRIN resources to using foreign staff. Locals may be less of a target for terrorist activities (Krueger & Laitin, 2008), have knowledge of the local culture, can inspire the wider local staff base and can therefore provide a critical competitive advantage to organizations (Selmer, 2004a; Law et al., 2009). Different strands of literature clearly outline the impact of insecure

environments either specifically commenting on Afghanistan (Rubin & Rashid, 2008; Murray, 2007) or in more general terms analysing terrorism from a variety of perspectives including its impact on tourism (Bianci, 2006; Hall, Timothy & Duval, 2012), security arrangements or public administration (Wood & Dupont, 2006; Carter, 2002) its treatment in the media (Norris, Kern & Just 2003) or its effects on business and employees (Czinkota, Knight, Liesch & Steen, 2010; Howie, 2007; Reade & Lee, 2012). Many of the sources clearly outline the high degree of risk that both locals and foreigners face in hostile environments such as those in Afghanistan, Pakistan, Democratic Republic of Congo, Nigeria, or Iraq. Surprisingly however, security implications of working in hostile environments have been neglected in localization research so far and there is an obvious need to explore this.

Capability-based influences

Literature on the RBV has distinguished between resources, as defined above, and “capabilities” (Amit & Schoemaker, 1993; Makadok, 2001). Capabilities are defined as “a firm’s capacity to deploy resources, usually in combination, using organizational processes, to effect a desired end” (Amit & Schoemaker 1993:35). Indeed, value creation from the use of resources depends on the way that these resources are developed and deployed within the firm (Lockett, 2005; Penrose, 1959). A capability can be distinguished from a basic resource in that its primary purpose is to optimise the productivity of the firm’s resources (Makadok, 2001). In line with this distinction, the success of a localization strategy is dependent on the use of appropriate HR practices at the organizational level, particularly to develop firm-specific skills and understanding and therefore build inimitable and non-substitutable resources (Dierickx & Cool, 1989). Within the framework of the RBV, HRM practices can be viewed as capabilities designed to facilitate the development and deployment of VRIN human resources - in this case by allowing the organization to benefit from the use of local human resources as described above.

Usefully, for our study, Makadok (2001) distinguishes between two mechanisms within organizations for creating economic rents and therefore competitive advantage. First, a resource-picking mechanism when the firm acquires resources that create rents, and second, a capability-building mechanism, when the firm achieves competitive advantage by becoming more effective than their rivals at developing and deploying resources. In line with Makadok’s arguments, in this paper, we suggest that these mechanisms are not mutually exclusive and that, in relation to localization of human resources, organizations must both effectively acquire and

deploy VRIN human resources in order to achieve competitive advantage. We therefore also focus on the HRM practices needed for the successful development and deployment of local staff.

For example, the localization literature suggests that a career system that gives support, responsibility and managerial experience to locals as well as one that selects, trains, rewards and repatriates expatriate managers in relation to their localization activities, can be a strong facilitator for localization (Law et al., 2009). Selmer (2004a) argues that the ability and willingness of expatriate managers to train their own replacement is also a determining factor in localization success. HR practices to motivate expatriates to work towards localization include developing refined selection criteria, providing expatriates with training to be coaches/mentors, implementing regular performance monitoring, introducing incentives for localization, as well as having good repatriation practices (Selmer, 2004a; Selmer, 2004b; Wong and Law, 1999; Rees, Mamman & Bin Braik, 2007). In addition, in the Gulf countries, improving recruitment standards, creating dedicated training programmes and developing career paths to encourage staff retention are key HR processes that could help to successfully localize and better integrate nationals into the workforce (Forstenlechner, 2010).

Poor HR practices can act as barriers to localization. In Papua New Guinea for example, significant obstacles to localization were found including the “performance of local staff; and inappropriate training and development programmes offered to local staff” (Bhanugopan & Fish 2007:372). In addition, Fryxell et al. (2004) argued that top management support and confidence by the expatriate in local managers are important aspects of successful localization. A lack of confidence by the expatriate in the effective decision making capabilities and communication skills of the local could act as an influence on localization.

Institutional Influences of Staff Localization

We also consider the influence of external institutional pressures on the decision to localize (or otherwise). Organizational decisions are not only driven by the desire to create value but are also influenced by pressures from the context in which an organization is operating. Institutional theory and neo-institutionalism (DiMaggio and Powell, 1983) suggest that organizational practices are directly shaped by the rules and structures built into their larger environments (Powell, 1998). Organizations, including MNCs, feel the need to develop

practices that fit with local institutions in order to provide them with the legitimacy to operate within that context.

Indeed, the country or region specific influences on localization can be compelling from a political, economic and/or social perspective (Petison and Johri, 2008). For example, in the Gulf Cooperation Council (GCC) countries, government regulation has been the key driver behind localization via quotas and other techniques to restrict expatriate hiring in favour of local recruitment (Al-Lamiki, 1998; Williams, Bhanugopan & Fish, 2011). This means, even if VRIN human capital might be more easily obtained via expatriates, the legislative and political context renders using an expatriation strategy difficult.

In addition, cultural distance - differences in communication styles and values that are linked to national cultures - should be taken into account (Shenkar, 2001). Cultural distance studies show substantial differences between national cultures with important effects on internal business structures and processes as well as the cooperation of staff from different cultural areas (Morosini, Shane & Singh, 1998; Slangen, 2006). With high cultural distance the difficulties of working together are likely to increase (Moran, Abramson, Moran, 2014). Wong & Law (1999: 28) state that “many Chinese employees find it easier to interact with Chinese managers, both because they share a language and a common cultural background”. Where organizations do not see expatriation as a primary control and coordination mechanism (for a Japanese example see Gaur, Delios & Singh, 2007), highly culturally distinct contexts may support employee localization due the need to increase legitimacy and ease of working.

Organizational legitimacy is the acceptance of the organization by its environment and is essential for organizational survival (Kostova & Zaheer 1999). Legitimacy in relation to national or regional institutions is a complex construct and can be analysed for the whole or parts of the organization (*ibid*). External legitimacy can suffer when the host government or the wider, local public perceive that local employees are disadvantaged with respect to their career progression (Forstenlechner & Mellahi, 2011). Where locals perceive a ‘glass ceiling’ to their careers it is usually more difficult for an organization to attract the best talent (Dickmann & Baruch, 2011). National organizational legitimacy considerations can therefore be an institutional driver of localization.

The legitimacy of firms abroad is one element that influences their success (Czinkota et al., 2010). In unstable contexts, companies seen as ‘moral’ (or legitimate) might have a lower risk of attack from terrorists (Henisz & Zelner, 2005) - a further reason to localize. In the same vein, companies might reduce the risk of violence against foreign staff by adopting HR policies and practices that help to minimize tensions, such as employing locals (Oetztel & Getz, 2012).

Based on the above discussion, the factors affecting the decision to localize can be divided into those related to resource- or capability-based influences at the national or organizational level, and institutional influences on localization. This gives rise to three research questions:

1. What resource-based factors influence the use of staff localization in Afghanistan?
2. What organizational-level capabilities facilitate an effective localization strategy?
3. What institutional factors influence the decision to localize in Afghanistan?

Afghanistan Context

Afghanistan serves as a good example of a hostile environment because of its history of military and terrorist conflict. Afghanistan’s location has made the country a source of significant geopolitical interest and tension and decades of civil war have left the country devastated (Leonard & Dhanani, 2009). The recent conflicts following the terrorist attacks in September 2001 and the ensuing neo-Taliban insurgency has created a highly fragile and insecure environment with manifold threats to locals and expatriates – including an acute danger to their lives (Giustozzi, 2008). Despite the gradual progress that has been made in increasing the stability of the central government and expanding democratic freedoms, lack of security continues to remain a serious challenge for the Afghanistan government and a primary impediment to development and stability in the country (Murtazashvili, 2016; Leonard & Dhanani, 2009). As in other developing countries, development assistance funds are needed to help build capacity where there is a severe shortage of adequately trained personnel (Bhanugopan & Fish, 2007).

In 2002, the lack of qualified staff at all levels within organizations was a major problem affecting the speed, scale, quality and costs of the reconstruction and development effort in Afghanistan (Leonard & Dhanani, 2009). Therefore, expatriate support was critical as Afghanistan started to develop its economy, political and judicial systems alongside health and education sectors (UNDP, 2013). On-going insecurity makes it increasingly difficult to attract and retain expatriate staff and hostile environments have been shown to negatively impact

performance and work attitudes of international assignees (Bader & Berg, 2013). Threats to personal lives can be a strong deterrent to working in hostile environments but do not have to be, depending on individuals and their risk assessment (Dickmann & Cerdin: forthcoming). In times of high insecurity many expatriates evacuate the country, leaving locals to maintain business continuity and ongoing operations in that country (Leonard & Dhanani 2009). Therefore, localization is critical to the sustainability and stability of organizations in Afghanistan and might diminish some of the implicit barriers to the careers of local staff.

Methodology

While previous studies used quantitative methods, this research is exploratory as so little research on localization in Afghanistan or other hostile environments has been undertaken. Semi-structured interviews therefore allowed us to obtain richer information, capture people's perspectives and experiences and provide a greater degree of flexibility to gather additional insights during the interviews, whilst probing for further comments if required (Yin, 2003).

Interview Design and Tools

An interview protocol was designed based on key thematic areas identified in the literature, including the drivers behind localization (Petison & Johri, 2008; Williams et al., 2011; Fryxell et al., 2004; Wong and Law, 1999); key conditions or HR practices leading to successful localization (Fyxell et al., 2004; Selmer, 2004a; Selmer, 2004b; Law, Wong & Wang, 2004; Law et al., 2009; Forstenlechner, 2010); and the constraints associated with localization (Williams et al., 2011; Al-Lamiki, 1998; Bhanugopan & Fish, 2007). Questions focused on: interviewees' length of time in the country, with the organization and their role in the localization process (as an expatriate, local or management); the perceived drivers, challenges and facilitators of localization; the key practices used to facilitate localization; and organizational awareness of localization. With HR staff, background questions were also related to the number of positions that have been localized to date and key targets and timeframes.

To ensure the quality and appropriateness of the research questions, the interview was piloted in Summer 2013 with three individuals who had all previously worked in Afghanistan (and had been involved in the localization process) as expatriates, locals and/or as management.

Sampling

Due to the hostile nature of the context, it was necessary to focus on a limited number of organizations in collecting data. Purposive sampling was used to select each organization and consideration was given to key criteria such as the type of institution, the size of the organization, the availability of expatriate and local managers and the stage of localization in order to promote as much variability as possible within the data. Data were collected from four organizations: two non-profit humanitarian organizations and two for-profit organizations in telecommunications and business consulting. One for-profit organization was a medium sized enterprise (195 employees) while the others were all larger organizations (between 650 and 1,700 employees). These organizations were selected because they operate across the country in a number of provinces, which varied in the level of potential safety. The organizations were all pursuing a localization strategy at the time of data collection.

Across the four organizations, 18 in-depth interviews were conducted with the CEO and/or HR manager, local managers and expatriate managers currently working in Afghanistan. In total, three expatriate CEOs/Lead Partners, one local CEO, two expatriate HR managers, one local HR manager, five local senior managers, three expatriate senior managers, one expatriate middle manager and one expatriate project director were interviewed. To gain an additional perspective, an interview was also conducted with a consultant who was providing support to one of the organizations in its localization process. Purposive sampling was used to ensure the seniority of interviewees within the organization, functional background and experience of localization. The criteria for selecting interviewees were: a minimum of two years in country (in the case of expatriates) and a minimum of one year working with the organization. These criteria ensured that the interviewees had sufficient knowledge of the country and experience within the organization to speak effectively about localization and HR practices.

Data Collection

Due to the on-going security situation in Afghanistan, all interviews were conducted by telephone rather than face-to-face between June and September 2013. Interviews lasted approximately 60 minutes each and were recorded and transcribed. Transcripts were entered into 'NVivo' software for structured analysis. Broad codes were identified based on sub-questions that are being addressed in the research, such as driving factors, HR practices and challenges, combined with themes that had arisen in previous research. The codes were

checked by a second researcher and emerging classification gaps discussed. Themes were used as a basis to code the discussions with interviewees and the remaining codes were developed based on common keywords or phrases used by interviewees such as trust, insecurity, impartiality, etc.

As with all qualitative research, there was a degree of interpretation in how to order, analyse and present the data (Yin, 2003). Oliver (1997) has outlined the overlaps and interrelationships when combining institutional and resource-based views. In the findings below we discuss those factors that could be viewed as relating primarily to organizational legitimacy as institutional. Where factors primarily seemed to be related to the need to obtain VRIN resources or to develop and deploy those resources in order to achieve competitive advantage, we present those as resource- or capability-based influences.

Findings and Discussion

Resource-based and Institutional Influences on Localization

A number of both resource and capability-based and institutional influences on staff localization were elicited from the qualitative data. We will first present data on resource-based influences below.

Resource-based Influences

The resource-based influences discussed by interviewees were: availability of local and expatriate resources; cost and freedom and familiarity with the context.

Availability of local resources. The majority of interviewees argued that one of the biggest barriers to localization is the incapability of Afghans to take on certain expatriate positions. While external labour market conditions are also part of the institutional context, as these primarily had an effect on the ability to access the required resources in order to create competitive advantage, we treat this factor as a resource-based influence.

“It’s not always easy to find resources, local resources, with the right level of skills which are available on the market, willing to change job, etc., etc. There is not an over abundant supply of highly qualified staff in the market. It’s quite the opposite

in fact; highly qualified individuals are a very, very, very scarce resource.”
(Expatriate, Lead Partner, for-profit)

The vast majority of interviewees recognized that the competencies and skills of local staff had increased and a growing number of local staff had the capacity to be promoted into mid and senior management positions in the organizations. However, the need for particular perspectives, skills and experience was seen as a key driver for using expatriates by the majority of interviewees. There was a feeling from existing Afghan staff themselves that they needed outside experiences and perspectives to be able to step into certain roles and/or that expatriates’ external perspectives and insights would still be needed.

“...if we don’t have expatriates, then we will be kind of isolated in this world. Of course we need other thoughts, we need other people to come and give new ideas, what’s happening in other countries...if they are more localized then I would believe we will be more isolated.” (Local, for-profit)

This need for outside perspectives has created a barrier to localizing certain positions in the minds of Afghans. While this was linked to internal innovation and value creation, there is a relationship to the external Afghan labour market that lacks people who possess the leading-edge skills, knowledge and experience to be successful in global MNCs. While similar conditions also exist in countries that have poor (vocational) education systems, this constraint was worsened due to the hostile environment.

Availability of Expatriates. Most interviewees in the for-profit organizations outlined the fact that, due to the hostile environment and restriction of personal liberties, it was difficult to find enough high quality expatriates willing to live in Afghanistan.

“In terms of expat recruitment, 2014 has had its own challenges. ... People don’t want to relocate to our Afghanistan. If they want to relocate to Afghanistan they are asking for a huge compensation.” (Local, HR, for-profit)

This supports previous findings that MNCs often complain about not having enough suitable expatriation candidates (The RES Forum, 2016; Selmer, 2004a; Harris and Brewster, 1999). In hostile environments this perceived shortage may be especially acute due to both a lack of

employees who are willing to move to these locations and limitations on the legitimacy of importing expatriates due to concerns about safety.

Most interviewees outlined external factors such as insecurity in the country and the uncertainty of post-2014 which acted as constraints on the decision to use expatriates. Therefore, this drove the decision to localize for all the organizations participating in the study (Nojumi, Mazurana, & Stites 2010). While the authors distinguish between city and rural conditions, the particular location within a country can be highly important for staff's willingness to work/move there (Dickmann, 2012). In hostile environments security is likely to weigh substantially on the minds of staff (Bader & Berg, 2013). These factors placed significant pressure on organizations to localize due to issues such as the potentially severe business implications of an expatriate evacuation. One interviewee explained:

“...all these kinds of uncertainties in the future that raise some questions in the management...the biggest question was that are we ready to lead or continue with the Afghan team in case we are forced to evacuate all of our expatriate staff?” (Local staff, non-profit)

The implied death risk to foreigners and Afghans means that security is likely to be a major concern for foreign staff. Given that security in host location has been rated as an important factor for individuals when deciding whether and where to work abroad (Doherty, Dickmann & Mills, 2011; Dickmann & Cerdin: forthcoming), it is surprising that localization models have hitherto neglected security as a factor.

Costs. Internal cost factors were highlighted by a few interviewees as being moderately important in the decision to localize. While both non-profit and for-profit staff recognized the cost implications of employing expatriate staff and the need to reduce these costs over time, cost appeared to be more of a driving factor for the for-profit organizations than the non-profits. Furthermore, the reduction of costs was more of an outcome of localization than a true driver. Interviewees from only one organization suggested that it needed to focus on optimizing its resources via investing in localizing part of its staff base in order to operate effectively.

“...from the business perspective it will make sense for us to use as much as possible, the local resources rather than international resources which tend to be

much harder to obtain and much more expensive, etc. So we thought that, from a business perspective, it will make sense for us to invest in capacity building and training our teams to make sure that they reach the right level of competency to be able to deliver to our clients.” (Expatriate, for-profit)

The cost of being in a hostile environment *per se* was clear as a few interviewees discussed the need to make contingency plans in case an expatriate leaves.

“..it could be creating more shadows - shadow positions, but that means increasing our cost. For example, if you have a Director then you create a shadow position of Deputy Director though you don’t need that position 100% but you create this position so that if something happens and the Director, who’s an expatriate, leaves, so the Deputy Director can take over and continue.” (Local, non-profit)

It became clear that not only the potential long-term cost advantages of localization have to be taken into account. In addition, transition costs are important factors in staff localization decisions.

The above findings support the idea that localization can be viewed in terms of simplistic substitution of labour. However, there was also some evidence that using local human resources can also provide value because of their context-specific experience.

Freedom and familiarity with local context. The majority of interviewees suggested that because locals may be less of a target for terrorists (Krueger & Laitin, 2008), can speak the language(s) better and have enhanced networks, they may be able to move more freely. For example, one interviewee explained:

“from a business perspective, Afghanistan...if you see that it’s very difficult for an expatriate to travel outside of Kabul, but when you have a local Director, the local Director can go anywhere.” (Local, HR, for-profit)

Given that the insecure context restricts the travel patterns of foreign staff more than that of locals (in many countries), expatriates would be more restricted and would have a lower reach in their activities, especially in societies where meeting face to face is important (Trompenaars

& Hampton-Turner, 2011). Expatriates would have a business disadvantage. A hostile environment, therefore, can be a key driver for localization.

Developing an understanding of the distinct local context and culture was seen as being important by a few interviewees.

“I mean, if you can find the right people that do the work, you always want to have a local. Frankly, I mean, it just makes your job a lot easier. [Afghan] people can speak the language and they understand local context” (Expatriate, for-profit)

The links to local networks (and tribes) were mentioned by only a few interviewees as a driver of localization. This was generally seen as allowing staff to operate appropriately, to avoid high-risk situations and to build business. In this, it represents a strong value proposition.

CAPABILITY-BASED INFLUENCES

The interviewees also suggested a number of organizational strategies, policies and practices that could be described as capabilities related to the development and deployment of local human resources.

HR Localization Planning. The majority of interviewees felt that *planning* was important for localization in two ways. The first related to understanding their strategy, the types of investments and other resources needed. The second involved succession planning within the organization, looking at potential candidates for specified current or future roles.

“Some people went from [career conversations] and implemented a different way of working, so that started a shift.... We have worked with them to look at potential for current role and future roles. That’s the first time, I think, that a more formal approach to planning has taken place and at the same time or earlier, HR also started a skills and needs analysis.” (External Consultant)

Whilst almost all interviewees in this study recognized the importance of planning in terms of identifying priorities, selecting appropriate action and monitoring efforts, some felt it was often difficult given the uncertainty in Afghanistan. A small number of interviewees, whilst

recognizing the importance of planning, felt that for the most part this was being done at an individual level rather than taking a more systematic approach.

Interviewees discussed two specific aspects of planning and preparation. First, a large majority of interviewees referred to conducting *training needs analyses* for staff and looked at providing a wide range of approaches aimed at improving the capacity of staff at all levels, including on the job training, online learning, classroom training, higher education programmes (e.g. Masters degrees - in house and abroad), succession and career planning and both formal and informal mechanisms of mentoring and coaching. All of these approaches can be described in terms of developing firm-specific assets, which are more likely to be VRIN due to the combination of firm and context specific competencies (Dierickx & Cool, 1989).

“So, always, we continue to put a lot of emphasis on the capacity building of staff. We try and link it with our annual performance appraisal process and training needs assessments.” (Expatriate, CEO, non-profit)

Second, in addition to capacity building initiatives, interviewees in all of the organizations commented on some type of *restructuring* or *creation of new roles* that supported their localization process. In one organization, it involved spinning off its field research team, into a completely localized unit.

“First of all, what we have done is, we have employed our local staff and we have created a company that is called [Subsidiary] that is owned by our local staff...The goal behind this is, first of all, we wanted them to be more responsible for their future because it can always happen that the security in Afghanistan or anything else prevents [Parent Company] one day from working there...We wanted a company to be structured in a way that should we have to leave the place, at least there will be a functioning body like this entity, [Subsidiary], able to work for other clients than [Parent Company].” (Expatriate, for-profit)

Organizations were creating new positions, either deputy positions (for Afghans) shadowing expatriates to give them exposure and/or advisory positions (for expatriates) that allow Afghans to take the lead and have advisors supporting them. These initiatives could be described as capability-building (Makadok, 2001).

Many of the interviewees, expatriates and locals, felt that putting Afghans 'in the front line' was critical. However, there were some important aspects raised by interviewees. The first was the risk of putting Afghans into the front line too soon.

“...the organization would suffer if people are put into roles or local staff put into expatriate roles where they didn't have the capacity to deliver these roles and he [the CEO] definitely didn't want just anyone to be given the roles.” (External consultant)

Second, both deputy and advisory positions require creating mirror or duplicate positions within the organization that can be quite costly. Naturally, the uncertainty of post-2014 developments and the continued hostilities make planning for staff localization highly difficult. Good HR localization planning has been seen as essential to localization success (Law et al., 2009) but rarely have authors developed in-depth exploration of planning in highly dynamic and hostile environments.

A large majority of interviewees felt that there was strong management support behind localization initiatives. This could involve establishing a formal localization committee or individuals in leadership positions championing localization initiatives and is in tune with Fryxell et al.'s (2004) recommendations.

Attraction, Development, Reward and Retention of Local Employees. The majority of interviewees felt that their investments in staff and identifying career paths were also mechanisms to resource, develop, reward and retain them in the organization.

“People stay at our company because it's a learning environment. They see their career growth - that is the environment. Those are the factors that are keeping people with our company and Afghanisation [it] is one of the main factors that help us to attract and retain our talent.” (Local, HR, for-profit)

The retention mechanisms by these organizations seem to be working in the sense that none of the respondents raised staff loss to competitors as a substantial challenge. However, some interviewees talked about previous experiences of staff leaving the country.

“Not only in terms of keeping expatriates in the country, it’s keeping locals in the country, which is the bigger challenge right now. It’s kind of a brain drain situation and locals are trying to get out of the country. The people we have spent years to train them...” (Local, HR, for-profit)

It is, therefore, abundantly clear that successful localization programmes need to avoid low quality, misguided training and development programmes (Bhanugopan & Fish, 2007) and need to draw up sophisticated talent management approaches (Forstenlechner, 2010). In addition, talent retention - including drawing up successful reward initiatives - is a key consideration (Dickmann & Baruch, 2011).

Selecting and Incentivising Expatriates to Foster Local Staff. The vast majority of respondents suggested that the unwillingness or inability of expatriates to support the localization of their position can be a significant challenge.

“Obviously in some situations then they have seen that the local national is coming up and then will be taking over and the expatriate doesn’t want to leave the job ... because they want to extend their contracts.” (Local, HR, for-profit)

While the high interest of some expatriates to work in a hostile environment has been neglected in the localization literature it is now emerging in the global careers literature (Dickmann & Cerdin, forthcoming).

Within the localization process, the willingness and expatriates’ ability to provide mentoring and to transfer knowledge was seen as critical.

“The person should have the willingness for this. The person should find the time for this responsibility and this mentor or the supervisor has to be capable for mentoring that person in the required field or subjects.” (Local, for-profit)

Most organizations tried to ensure that expatriates are clearly informed of their role to provide capacity building support to their local counterparts in the country.

“In fact we have been quite lucky, I think, in the people we have brought on board over the last decade. Many of those people actually really fell in love with the country and spend four, five, six, eight years in the country and have gone a long way in training people.” (Expatriate, for-profit)

However, the measuring of *expatriates’ performance* on these aspects and the incentives provided to support their efforts were less developed. Performance appraisals usually included some measurement related to capacity building or knowledge transfer. In some cases, it was felt that whilst there were some assessments related to capacity building or knowledge transfer, more specific key performance indicators (KPIs) were needed. Almost all interviewees felt that there were little to no incentives, financial or non-financial, for the expatriates to support staff localization.

“You have to allocate some weightage to this mentoring, coaching and things like that so that habitually it becomes a part of your job because you know at the end of the day, you'll be assessed like that. And it must link to incentive. Now ...somebody performs at 100 level, he also gets a \$2,500 or \$3,000 bonus. And if somebody doesn't work the whole year, he also gets \$3,000 bonus. It's a flat, so there's no reward incentive systems.” (Expatriate, non-profit)

Building Confidence in Local Staff. Most interviewees argued that the notion of confidence was important in terms of expatriates having confidence in Afghans.

“It's only if you give them the opportunity and if you show them that you're confident that they will be able to do it, that they will do it.” (Expatriate, for-profit)

While expatriates' opinions regarding the capabilities of their host teams are important (Fryxell et al., 2004), another facet of confidence emerged in the interviews that was important for the localization process and has not been sufficiently explored in the literature so far.

Creating Self-Confidence amongst Local Staff. One of the softer aspects of localization (for some of the interviewees) was creating self-confidence amongst the local staff and providing opportunities for decision making. Most Afghans and expatriates spoke about the importance

of supportive environments as well as opportunities for Afghans to demonstrate their capability.

“Our organization had built, or maybe provided, that conducive environment for Afghans to gain self-confidence by doing and seeing the success of their work.”

(Local, non-profit)

Some interviewees mentioned examples of how their organization was working to increase the confidence and/or decision-making capability of Afghans. One expatriate spoke about how their organization decided to have only Afghans present at operational reviews (where expatriates often presented in the past). He explained:

“...not a single expatriate will present during the operational review and we did it. It was the best operations review we ever had. The guys were just phenomenal.”

(Expatriate, for-profit)

The importance of instilling confidence in and of local staff, as well as providing opportunities for increased decision making was evident in the discussions held with interviewees. Finding ways to build confidence in local staff is critical to successful localization and whilst some used this as an opportunity to support localization efforts, others felt that this was still a challenge that needed to be addressed. Building the confidence of local staff to ensure they are capable of rising to the organization’s challenges as a facilitator has not been suggested in localization literature.

Institutional Influences

The interviews also demonstrated institutional influences on the decision to localize.

Government Regulations. Government regulations, often a driver for localization in other countries (Forstenlechner, 2010; Al-Lamki, 1998), were an important but not a critical influence on the decision to localize, with only a small number of interviewees raising this.

There are a number of regulations from the Afghan government in place which are designed to ensure that there are clear reasons for bringing expatriates into the country, and to:

“...document why an organization would need an expatriate staff for a particular position rather than that position being taken by a national staff.” (Expatriate, non-profit)

It should be noted that all of the organizations participating in the study had a staff base that was more than 90% local and therefore were probably not under intense localization pressure from the Afghani government at that time.

Legitimacy via Top Management Commitment to Localization. The majority of interviewees emphasized that, notwithstanding the current security climate, they have been committed to localization in Afghanistan and the long term development of the country from early on.

“Our company is a long term player in the country.” (Expatriate, HR, for-profit)

In addition, the commitment of senior management to staff localization within the four organizations was not challenged by any of the interviewees. However, unlike previous literature, this was not seen as a means of developing competitive advantage but as a way of increasing legitimacy for the organization. This is in contrast to the intention of top management to achieve a high degree of global integration discussed in the extant literature (Dickmann et al., 2008).

A small majority of interviewees described how commitment to the development of the country and the corresponding investments in education and training over recent years were seen to have created increased legitimacy for the organizations (Henisz & Zelner, 2005). In addition, this was seen as having created an opportunity for localization processes to be put in place and for competent local Afghans to move into senior leadership positions.

“We’re almost a decade through this [localization] and at this point, we’ve come up to a level where we’re able to capture local staff and many people who have been working with us since 2002. With the passage of time, these human resources have developed and as a result of their capacity building and training, they can be in a position to hold on to these management positions or what we can call decision making positions.” (Expatriate, non-profit)

In addition, to those predicted by the literature, there were additional institutional influences that emerged from the interviews.

Business Governance - External Pressures and Impartiality. A few interviewees (all of these expatriates) explained that localizing certain positions was difficult because of concerns around external pressures and the lack of impartiality of Afghans in leadership positions.

“But the position with accountability, where there will be some friction between them, you know, there are positions that need a really impartial decision making process and free from pressure, both internal and external. These positions will be difficult to localize.” (Expatriate, HR, non-profit)

These concerns may come from Afghanistan’s history of strong tribal and ethnic affiliation and the ability of Afghans to remain neutral when it comes to key decisions that may affect their communities or being impartial to certain ethnic groups over others.

Business Governance - Corruption. A few interviewees discussed corruption issues in the wider society and in dealings with organizational outsiders. Corruption and bribery were also raised as important by both Afghans and expatriates.

“The other thing of course is Afghanistan’s history, culture and you know, a country with so many problems, this bribing, all those kinds of things. So it’s questionable whether to put a local national head in charge of procurement for example.” (Local, HR, for-profit)

A high degree of corruption can reduce regime legitimacy and interpersonal trust (Seligson, 2002). While it may not always be possible to escape institutional corruption - with the exception of withdrawing operations to avoid these - using trusted expatriates (Edström & Galbraith, 1977; Dowling et al., 2008) may reduce corrupt acts. If MNCs believe that local actors may be more likely to engage in corrupt acts, a high degree of institutionalized corruption represents an institutional constraint to localization. This has not been sufficiently factored into the localization literature so far.

Trust in Local Staff. The vast majority of interviewees argued that low levels of trust in Afghans (due to the factors discussed above) are a strong factor in the resistance to localization for certain positions.

“I know for our organization there will be those positions that would be the last to be transferred to a local person, loyalty, trust, reasons like that. You will not for example, have a [Afghan] Chief Financial Officer in our organization for a long period of time.” (Expatriate, for-profit)

Most interviewees felt that the issue of trust was important and played a large part in the resistance to localization. Low levels of trust can be a barrier to the localization process, or as Fryxell et al., (2004:279) suggested, it “probably also moderates many of the relationships between localization strategies and localization success”.

External Perception of Localized Organization. In a few instances, interviewees suggested that it was more a concern of external perception.

“So how will the organization look to its external stakeholders...there is plenty of examples of organizations that have, over time, become wholly Afghanised or localized, where trust has not been extended in the same way. So, whereas internally people may trust individuals absolutely and rightly, there is that external perception question.” (External consultant)

Hitherto, this factor has not been outlined in the localization literature. In so far as the two not-for-profit case organizations were concerned, they were more highly resource dependent on the perception - and financial support - of other charities, international governmental and non-governmental organizations. It is important to factor the external perception of the local organization into the institutional factors that influence localization decisions.

Discussion

The results of this study extend our understanding of localization in the context of hostile environments such as Afghanistan. Understanding the context is critical as it can help organizations to adopt and implement an appropriate localization strategy (Petison & Johri, 2008). Building on existing literature on localization in non-hostile contexts, as well as the

RBV and institutional theory, we have used our interview data to answer three research questions.

Our first research question asked what resource-based factors influence staff localization in Afghanistan. Our findings support the existing literature (Fryxell et al., 2004; Fayol-Song, 2011) in non-hostile countries that identifies the availability of resources and cost as influences of the decision to localize. However, whereas prior literature has identified the substantial long term cost implications of expatriation as a driver of localization (Doherty & Dickmann, 2012; Dowling et al., 2008), the transition costs - for instance, the need to create shadow positions - have been neglected (Fayol-Song, 2011; Bhanugopan & Fish, 2007). Distinguishing transitional and long-term costs might be important in order to understand the value-added through staff localization.

While substituting expatriate resources for local resources might be easier and cheaper this alone would suggest that these resources are easily substituted and imitated, thus not leading to sustainable competitive advantage. Effective “resource-picking” (Makadok, 2001) also requires recognition of the additional, context-specific value that local resources can bring to an organization. While this might be the case in many contexts, within a hostile environment, the familiarity of local staff with the context and their freedom to move around without significant risk to their safety was seen as a key advantage of employing local resources (Dickmann & Cerdin, forthcoming). This might be seen as providing competitive advantage resources to the organization, at least in relation to those who are the first to adopt this strategy, in that they can operate more effectively within the country and therefore obtain competitive advantage over organizations using expatriates.

Our research led to some new insights in relation to the effect of insecurity on expatriation unwillingness or the higher freedom of movement of local staff into major influences that have been hitherto neglected by the localization literature. This is in stark contrast to existing literature from other countries such as China and the UAE respectively (Williams et al., 2011; Fryxell et al., 2004; Wong and Law, 1999), which have concentrated on external institutional drivers such as government regulation.

Developments in the RBV suggest that resource-picking alone might not be sufficient to achieve sustainable competitive advantage (Makadok, 2001). The inimitability and non-

substitutability of resources might be dependent on their effective development and deployment through internal capabilities. Internal capabilities, in this case appropriate organizational policies and practices, can be used to optimise the productivity of resources and to develop VRIN firm-specific assets (Dierickx & Cool, 1989), which can lead to sustainable competitive advantage.

In line with this argument, our second research question examined the organizational level capabilities that influence staff localization. In line with previous research a number of HRM-related facilitators were identified. For example, intensive HR planning and strong management support were shown as necessary for the localization process, confirming extant findings (Law et al., 2009; Fryxell et al. 2004; Wong and Law, 1999) outside of hostile contexts. Our findings go beyond this research in adding particular attributes that the selection of local staff was based on within the hostile environment: individuals who had the confidence to speak their mind on important issues as well as a sense of loyalty to the organization. In terms of developing staff (Forstenlechner, 2010), all of the organizations in this study had implemented dedicated training programmes such as career planning, succession planning, formal degrees and mentoring/coaching programmes which helped local staff to take on positions of increasing responsibility.

Organizations in developing countries are struggling with the willingness and ability of expatriates to localize (Wong and Law, 1999). In Afghanistan we found that certain expatriates were unwilling to support localization as they had their own agendas. Selmer (2004b) suggests that making the objective of rearing a local successor part of regular performance assessment would help to reinforce localization as an official policy. Some organizations in Afghanistan have introduced performance management as a means of encouraging expatriates to play this role by implementing tracking mechanisms and incentives.

We extend the argument of Fryxell et al. (2004) that expatriates need to trust and have confidence in locals by arguing that it is also the confidence of local staff in themselves that needs to be developed and nurtured. Therefore, while HR strategies need to address trust issues at a relationship level between expatriates and local staff, they also need to identify strategies at an organizational level that will provide the opportunities for local staff to build their confidence, such as increasing local participation at meetings, providing opportunities to speak

and voice opinions and providing the encouragement and recognition needed. Hitherto, these organizational recommendations are severely neglected in the literature.

Our third research question looked at the institutional influences on localization and confirmed much of the extant research outside of hostile contexts in relation to government regulations (Al-Lamiki, 1998; Williams et al., 2011), culture (Nolan, 2011; Wang, 2007; Shenkar, 2001), organizational legitimacy (Forstenlechner & Mellahi, 2011; Henisz & Zelner, 2005) and issues of governance.

We go beyond the existing literature by identifying a number of institutional influences, which might be specific to hostile contexts. Examples include corruption, impartiality and external perceptions of organizations. While localization considerations such as attributions of trust and corruption in the sense of local business patterns and governments' investment decisions have been discussed in the literature (Fryxell et al., 2004; Bhanugopan & Fish, 2007; Gurgur & Shah, 2005), corruption and impartiality as barriers to staff localization are new additions. In addition, if organizations are committed to complete localization at the most senior levels, they need to prevent a potential loss of credibility from key stakeholders. An important contribution of our research therefore is to add further nuances to our understanding of institutional influences on localization, in particular within a hostile context.

Conclusion

This study utilized the RBV and institutional theory to examine the influences on the decision to localize staff within the highly insecure and fragile Afghan environment. Our research has supported Oliver's (1997) assertion that organizations' decisions are based upon a combination of institutional pressures and a desire to develop VRIN human resources in order to achieve competitive advantage (Barney, 1991). The data suggest that local staff resources were seen from an RBV perspective as valuable, rare (they had to be built), inimitable and non-substitutable in a hostile, terrorist environment. In particular, a combination of a resource-picking strategy focused on local resources and a capability-building strategy (Makadok, 2001) that develops and deploys these resources in a way that allows the development of firm (and context) specific assets that are VRIN (Dierickx & Cool, 1989) could lead to competitive advantage.

It is clear that the unusual nature of a hostile environment, including the fact that organizations were operating under conditions of terrorist activity, conflict and Afghan traditions, led to a set of influences on localization that differs from those identified in non-hostile environments. Because of this, the context specific capabilities of local human resources (e.g. language, higher freedom to move around, networks and cultural insights) are particularly valuable and set locals clearly aside from expatriates. The adjustment literature points out that some of these local advantages – language capabilities, cultural insights – are useful also in non-hostile environments (Black, Mendenhall & Oddou, 1991). However, at the same time it describes the effects in terms of emotional well-being and adequacy of behaviour (Haslberger, Brewster & Hippler, 2013) – in hostile environments the effects are likely to be much more pronounced and can make the difference in terms of death or survival. The combination of local capabilities with the development of firm-specific knowledge and experience (via the HR related capabilities) might result in resources which are not only valuable but are also rare, inimitable and non-substitutable, thus leading to competitive advantage.

Our empirical contributions lie in the identification of new influences on localization (e.g. insecurity, uncertainty associated with the withdrawal of NATO troops and organizational continuity, potentially high transition costs of having shadow positions for locals, the high degree of corruption and associated trust shortages, external perceptions of the organization or the confidence of locals to undertake hitherto expatriate functions) and the use of the RBV and institutional theory to explain our findings.

Theoretically, our contribution is in the impact of context on the decision to localize and the development of VRIN human resources via localization strategies. While several of the localization motivations within organizations are similar to non-hostile contexts – cost, superior local knowledge, trust – we have shown that within hostile environments local insights and networks can be more valuable and that within corrupt contexts trust elements are likely to have more weight for organizations. We have also suggested that the creation of VRIN human resources within a hostile context is both subject to institutional influences, which must be addressed, and dependent on the use of internal capabilities to effectively develop and deploy these resources. We suggest that, in Afghanistan at least, organizations are achieving competitive advantage via staff localization strategies. Within hostile environments we hold that organizations go beyond an evaluation of competitors and customers to assess contextual risks and the context-specific value of resources. They are willing to bear more substantial

costs (such as transition costs) to mitigate the chances of terrorist attacks and other effects such as reputational damage. Local resources, therefore, hold value for organizations beyond business considerations due to their local knowledge, local experience and network support that allows them to cope with the institutional demands of a hostile environment. Specifically, we suggest that the higher the insecurity in a country, the stronger the drive to develop HR policies and practices that develop VRIN human resources via localization.

There are however variations with respect to the intensity of institutional barriers to localization. In a highly corrupt society, control and coordination reasons for expatriation (Edström and Galbraith, 1977) are likely to increase. While it may be important for actors to understand institutional idiosyncrasies and dualities (Kostova & Roth, 2002), organizations may want them not to act as locals or to identify too strongly to particular group interests such as those connected to tribal affiliations and agendas. Organizations will be forced to balance these local influences with the manifold drivers to localize. While the localization literature has identified some conflicting institutional pressures, our study suggests that governance and corruption has been insufficiently incorporated in the discussion. Therefore, we also propose that the higher the degree of corruption, the less strong the drive to develop HR policies and practices that encourage the development of human resources via localization.

While the study predominantly used societal and organizational perspectives, we also found evidence of psychological barriers that would hinder locals' career progress and ultimately, the organization's localization agenda. Modern career theory distinguishes between physical and psychological career boundaries (Sullivan & Arthur, 2006). A low confidence and self-esteem is seen to restrict an individual's career and organizational value (Gunz & Peiperl, 2007). A range of human resource and developmental interventions are suggested to help individuals to overcome career boundaries (Forrier, Sels & Stynen, 2009). Thus we also suggest that the lower the local's confidence in his/her own abilities, the less willing the local will be to take on more important responsibilities. The lower the local's confidence, the more (or more intensive) localization support policies and practices are needed.

Practical Implications

Organizational value is impacted by firms' localization paths and activities geared towards their resources. It seems clear to us that the above insights point to key factors that

organizations need to take into account when designing their international HR strategies, policies and practices.

Practically, organizations can, first, encourage localization through a variety of activities, including a systematic analysis of their external environment, an assessment of expatriates' willingness to work towards finding a local successor and the systematic selection, development, performance management, rewarding and repatriation of international assignees (Wong and Law, 1999; Selmer, 2004b). Second, the assessment, coaching, delegation activities and development of locals to encourage their acquisition of necessary skills, abilities, knowledge and motivation to take on their new roles can foster localization. While these developmental activities are not unique to localization in hostile environments, organizations often seem to have a stronger impetus to localization in these contexts in order to reduce risk and/or increase local effectivity. In addition to the existing literature we have identified an element of trust - trust in oneself - that impacts on staff localization. Thus, organizations could attempt to assess the level of 'task-related self-confidence' their local talent possesses. If needed, they could draw up measures to build sufficient trust levels in their local talent. Our case companies have done this through what could be termed 'exposure' to challenging tasks. Pairing this with support and developmental activities is likely to improve this trust deficiency and prepare locals to take on more challenging responsibilities. Third, the expectation of management in the organization's work with external stakeholders (such as donors in the case of non-profit organizations) will be important. These newly identified external localization drivers and barriers have an impact on the extent and speed of localization, the HR policies and practices and also on the effectiveness of the organization in developing VRIN human resources via a localization strategy.

Limitations and Further Research

Our study has a number of limitations. The small number of organizations, the sample size of 18 interviewees as well as the purposive sampling of the interviewees presented a limitation in terms of wider applicability. While key themes of localization were taken from quantitative studies and models in previous research, the lack of qualitative studies on localization made it difficult to build on previous methodology. Therefore, we urge the reader to be careful in respect to applying these results to other countries, especially when these do not experience similar levels of insecurity, corruption or tribal structures.

Further research might include a similar study in other countries with hostile environments to see if aspects of localization are generalizable. In addition, given the changing context of Afghanistan, a longitudinal study looking at localization would provide interesting insights on what impact the security context, as well as the availability of resources, is having on the localization process. Other research – for instance from the perspectives of tourism, government policy, military, police and not-for-profit operations in hostile environments – has explicitly factored in the terrorism danger to human lives. Localization research would be well advised to strengthen its focus on the inherent risks of working in hostile environments. Finally, further exploration on the role of trust and how to build trust in the localization process, both external and internal, would provide additional practical insights.

This research has provided a novel perspective on localization efforts in Afghanistan by drawing on both the RBV and institutional theory. The changing landscape in Afghanistan after the withdrawal of NATO forces continues to be fraught with uncertainty. It is hoped that this research will help to strengthen localization efforts, to build on existing programmes and to build a strong culture of localization in Afghanistan.

Acknowledgement: This manuscript is based on the Masters Thesis of one of the authors (to be named after the review process) at XXX University (Details and Reference to be included after the review process).

We would also like to thank XXXXX for his expert advice in relation to the incorporation of the RBV in this paper.

References

- Al-Lamki, S.M. (1998). Barriers to Omanization in the private sector: The perceptions of Omani graduates. *The International Journal of Human Resource Management*, 9(2), 377-400.
- Amit R. & Schoemaker P.J.H. (1993). Strategic assets and organizational rent. *Strategic Management Journal*, 14 (1), 33-46.
- Bader, B. & Berg, N. (2013). An Empirical Investigation of Terrorism-Induced Stress on Expatriate Attitudes and Performance. *Journal of International Management*, 19(2), 163-175.
- Barney J. (1986). Strategic factor markets: expectations, luck and business strategy. *Management Science*. 32 (10), 1231-1241.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99-120.
- Barney J. (1997). *Gaining and sustaining competitive advantage*. Reading, MA: Addison-Wesley
- Bartlett, C.A., & Ghoshal, S. (1999). *Managing across borders: The transnational solution* (Vol. 2). Boston, MA: Harvard Business School Press.
- Bhanugopan, R. & Fish, A. (2007). Replacing Expatriates with Local Managers: An Exploratory Investigation into Obstacles to Localization in a Developing Country. *Human Resource Development International*, 10(4), 365-381.
- Bianchi, R. (2006). Tourism and the globalisation of fear: Analysing the politics of risk and (in) security in global travel. *Tourism and Hospitality Research*, 7(1), 64-74.
- Black, J. S., Mendenhall, M., & Oddou, G. (1991). Toward a comprehensive model of international adjustment: An integration of multiple theoretical perspectives. *Academy of Management Review*, 16(2), 291-317.
- Bowman, C. & Ambrosini, V. (2000). Value creation versus value capture: Towards a coherent definition of value in strategy. *British Journal of Management*, 11(1), 1-15.

- Bowman, C. & Toms, S. (2010). Accounting for competitive advantage: The resource-based view of the firm and the labour theory of value. *Critical Perspectives on Accounting*, 21(3), 183-194.
- Brookfield (2015). Global mobility trends survey. *Brookfield Global Relocation Trends, New York*.
- Carter, A. (2002) The architecture of government in the face of terrorism. *International Security* 26: 5–23
- Czinkota, M.R., Knight, G., Liesch, P.W. & Steen, J. (2010). Terrorism and international business: A research agenda. *Journal of International Business Studies*, 41(5), 826-843.
- Dickmann, M. (2003). Implementing German HRM abroad: desired, feasible, successful? *The International Journal of Human Resource Management*, 14(2), 265-283.
- Dickmann, M. (2012). Why do they come to London? Exploring the Motivations of Expatriates to Work in the British Capital. *Journal of Management Development*, 31(8), 783-800.
- Dickmann, M. & Baruch, Y. (2011). *Global Careers*. London: Routledge.
- Dickmann, M. and Cerdin, J.-L. Exploring the Development and Transfer of Career Capital in an International Governmental Organization, *The International Journal of Human Resource Management*: forthcoming.
- Dickmann, M. & Müller-Camen, M. (2006). A typology of international human resource management strategies and processes. *The International Journal of Human Resource Management*, 17(4), 580-601.
- Dickmann, M., Müller-Camen, M. & Kelliher, C. (2008). Exploring standardisation and knowledge networking processes in transnational human resource management. *Personnel Review*, 38(1), 5-25.
- Dierickx I. & Cool K. (1989). Asset stock accumulation and sustainability of competitive advantage. *Management Science*, 35 (12), 1504-1989.

- DiMaggio, P.J. & Powell, W.W. (1983). The iron cage re-visited: institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, 48(2), 147-169.
- Doherty, N. & Dickmann, M. (2012). Measuring the return on investment in international assignments: an action research approach. *The International Journal of Human Resource Management*, 23(16), 3434-3454.
- Doherty, N., Dickmann, M. & Mills, T. (2011). Exploring the motives of company-backed and self-initiated expatriates. *The International Journal of Human Resource Management*, 22(03), 595-611.
- Dowling, P., Festing, M. & Engle, A. (2008). *International human resource management: Managing people in a multinational context* (5th ed.) London: Thomson.
- Edström, A. & Galbraith, J.R. (1977). Transfer of managers as a coordination and control strategy in multinational organizations. *Administrative Science Quarterly*, 22(2), 248-263.
- Edwards, T., Colling, T. & Ferner, A. (2007). Conceptual approaches to the transfer of employment practices in multinational companies: an integrated approach. *Human Resource Management Journal*, 17(3), 201-217.
- Emigh, R. (1997). The power of negative thinking: The use of negative case methodology in the development of sociological theory. *Theory and Society*, 26(5), 649-684.
- Fayol-Song, L. (2011). Reasons behind management localization in MNCs in China. *Asia Pacific Business Review*, 17(4), 455-471.
- Forrier, A., Sels, L. & Stynen, D. (2009). Career mobility at the intersection between agent and structure: A conceptual model. *Journal of Occupational and Organizational Psychology*, 82(4), 739-759.
- Forstenlechner, I. (2010). Workforce localization in emerging Gulf economies: the need to fine-tune HRM. *Personnel Review*, 39(1), 135-152.
- Forstenlechner, I. & Mellahi, K. (2011). Gaining legitimacy through hiring local workforce at a premium: The case of MNEs in the United Arab Emirates. *Journal of World Business*, 46(4), 455-461.

- Fryxell, G.E., Butler, J. & Choi, A. (2004). Successful localization programs in China: an important element in strategy implementation. *Journal of World Business*, 39(3), 268-282.
- Gaur, A.S., Delios, A. & Singh, K. (2007). Institutional environments, staffing strategies, and subsidiary performance. *Journal of Management*, 33(4), 611-636.
- Giustozzi, A. (2008). *Koran, Kalashnikov, and Laptop: the neo-Taliban insurgency in Afghanistan*. New York: Columbia University Press.
- Gunz, H.P. & Peiperl, M. (2007). *Handbook of Career Studies*, Sage: London
- Gurgur, T., & Shah, A. (2005). *Localization and corruption: panacea or pandora's box?* (Vol. 3486). World Bank Publications, Washington.
- Hall, C. M., Timothy, D. J., & Duval, D. T. (2012). *Safety and security in tourism: relationships, management, and marketing*. Routledge, London.
- Harris, H. & Brewster, C. (1999). The coffee-machine system: how international selection really works. *The International Journal of Human Resource Management*, 10(3), 488-500.
- Harzing, A. (1995). The persistent myth of high expatriate failure rates. Available at: <http://www.harzing.com/download/failure rates.pdf> (Accessed 25 November 2013).
- Harzing, A. & Christensen, C. (2004). Expatriate failure: time to abandon the concept? *Career Development International*, 9(7), 616-626.
- Haslberger, A., Brewster, C., & Hippler, T. (2013). The dimensions of expatriate adjustment. *Human Resource Management*, 52(3), 333-351.
- Henisz, W. & Zelner, B. (2005). Legitimacy, interest group pressures, and change in emergent institutions: The case of foreign investors and host country governments. *Academy of Management Review*, 30(2), 361-382.
- Howie, L. (2007). The terrorism threat and managing workplaces. *Disaster Prevention and Management*, 16(1), 70-78.
- Keane, D., & McGeehan, N. (2008). Enforcing migrant workers' rights in the United Arab Emirates. *International Journal on Minority and Group Rights*, 15(1), 81-115.

- Kostova, T. & Roth, K. (2002). Adoption of an organizational practice by subsidiaries of multinational corporations: Institutional and relational effects. *Academy of Management Journal*, 45(1), 215-233.
- Kostova, T. & Zaheer, S. (1999). Organizational legitimacy under conditions of complexity: The case of the multinational enterprise. *Academy of Management Review*, 24(1), 64-81.
- Krueger, A.B. & Laitin, D.D. (2008). Kto kogo?: A cross-country study of the origins and targets of terrorism. In P. Keefer & N. Loayza (Eds.), *Terrorism, economic development, and political openness* (pp. 148-173). Cambridge: Cambridge University Press.
- Law, K.S., Song, L.J., Wong, C. & Chen, D. (2009). The antecedents and consequences of successful localization. *Journal of International Business Studies*, 40(8), 1359-1373.
- Law, K.S., Wong, C. & Wang, K.D. (2004). An empirical test of the model on managing the localization of human resources in the People's Republic of China. *The International Journal of Human Resource Management*, 15(4), 635-648.
- Leonard, H. & Dhanani, Q. (2009). Roshan: Light at the end of the tunnel in Afghanistan. Report Number N1-310-041. President and Fellows of Harvard College, Boston, Massachusetts.
- Lockett, A. (2005). Edith Penrose's legacy to the resource-based view. *Managerial and Decision Economics*. 26(2), 83-98.
- Makadok, R. (2001). Toward a synthesis of the resource-based view and dynamic-capability views of rent creation. *Strategic Management Journal*, 22, 387-401.
- McNulty, Y. & Inkson, K. (2013). *Managing expatriates: A return on investment approach*. New York, NY: Business Expert Press.
- Moran, R.T., Abramson, N.R. & Moran, S.V. (2014). *Managing cultural differences*. Routledge.
- Morosini, P., Shane, S. & Singh, H. (1998). National cultural distance and cross-border acquisition performance. *Journal of International Business Studies*, 29(1), 137-158.

- Müller, M. (1998). Human resource and industrial relations practices of UK and US multinationals in Germany. *The International Journal of Human Resource Management*, 9(4), 732-749.
- Murray, T. (2007). Police-building in Afghanistan: A case study of civil security reform. *International Peacekeeping*, 14(1), 108-126.
- Murtazashvili, J.B. (2016). *Informal order and the state in Afghanistan*. New York: Cambridge University Press.
- Nojumi, N., Mazurana, D. & Stites, E. (2010). *Life and Security in Rural Afghanistan*. Rowman & Littlefield Publishers.
- Nolan, J. (2011). Good guanxi and bad guanxi: Western bankers and the role of network practices in institutional change in China. *The International Journal of Human Resource Management*. 22(16), 3357–3372.
- Norris, P., Kern, M., & Just, M. R. (2003). *Framing terrorism: The news media, the government, and the public*. Psychology Press, Hove.
- Oetztel, J. & Getz, K. (2012). Why and how might firms respond strategically to violent conflict? *Journal of International Business Studies*, 43(2), 166-186.
- Oliver, C. (1997). Sustainable competitive advantage: combining institutional and resource-based views. *Strategic Management Journal*, 18(9), 697-713.
- Penrose, E.T. (1959). *The Theory of Growth of the Firm*. Oxford: Blackwell.
- Peteraf M.A. (1993). The cornerstones of competitive advantage: a resource-based view. *Strategic Management Journal*, 14 (3), 179-191.
- Petison, P. & Johri, L. (2008). Localization drivers in an emerging market: case studies from Thailand. *Management Decision*, 46(9), 1399-1412.
- Piekkari, R., Welch, C. and Paavilainen, E. (2009). The case study as disciplinary convention: Evidence from international business journals. *Organizational Research Methods*, 12(3), 567-589.

- Potter, C. (1989). Effective Localization of the Workforce: Transferring Technology in Developing Countries. *Journal of European Industrial Training*, 13(6), 25-30.
- Powell, W.W. (1998). Institutional theory. In C.L. Cooper and C. Argyris (Eds.), *Encyclopedia of Management*. Oxford: Blackwell.
- Priem, R.L. & Butler, J.E. (2001). Is the Resource-Based 'View' a Useful Perspective for Strategic Management Research? *Academy of Management Review*; 26(1), 22-40.
- Reade, C., & Lee, H.-J. (2012). Organizational Commitment in Time of War: Assessing the Impact and Attenuation of Employee Sensitivity to Ethnopolitical Conflict. *Journal of International Management*, 18(1), 85–101.
- Rees, C., Mamman, A. & Bin Braik, A. (2007). Emiratization as a strategic HRM change initiative: case study evidence from a UAE petroleum company. *The International Journal of Human Resource Management*, 18(1), 33-53.
- RES Forum (2016). The RES Forum Annual Report: Beyond Uniformity – A World of Opportunity. Report authored by M. Dickmann, RES Forum, Harmony Relocation Network and Equus Software, 116 pages, London.
- Richardson, J. & Mallon, M. (2005). Career interrupted? The case of the self-directed expatriate. *Journal of World Business*, 40(4), 409-420.
- Rubin, B. R., & Rashid, A. (2008). From Great Game to Grand Bargain-Ending Chaos in Afghanistan and Pakistan. *Foreign Affairs*, 87, 30.
- Scullion, H. & Collings, D. (Eds.). (2006). *Global Staffing*. London: Routledge.
- Scullion, H., & Collings, D. (2011). *Global Talent Management*. London: Routledge.
- Seligson, M.A. (2002). The impact of corruption on regime legitimacy: A comparative study of four Latin American countries. *The Journal of Politics*, 64(2), 408-433.
- Selmer, J. (2004a). Expatriates' hesitation and the localization of Western business operations in China. *The International Journal of Human Resource Management*, 15(6), 1094-1107.
- Selmer, J. (2004b). Psychological barriers to adjustment of Western business expatriates in China: newcomers vs long stayers. *The International Journal of Human Resource Management*, 15(4-5), 794-813.

- Shenkar, O. (2001). Cultural distance revisited: Towards a more rigorous conceptualization and measurement of cultural differences. *Journal of International Business Studies*, 32(3), 519-535.
- Slangen, A.H. (2006). National cultural distance and initial foreign acquisition performance: The moderating effect of integration. *Journal of World Business*, 41(2), 161-170.
- Sullivan, S.E. & Arthur, M.B. (2006). The evolution of the boundaryless career concept: Examining physical and psychological mobility. *Journal of Vocational Behavior*, 69(1), 19-29.
- Trompenaars, F. & Hampden-Turner, C. (2011). *Riding the waves of culture: Understanding diversity in global business*. London: Nicholas Brealey Publishing.
- UNDP. (2013). Afghanistan National Development Strategy. Available at: http://www.undp.org.af/publications/KeyDocuments/ANDS_Full_Eng.pdf (Accessed 3 December 2013).
- Wang, C.L. (2007). Guanxi vs. relationship marketing: Exploring underlying differences. *Industrial Marketing Management*. 36(1), 81–86.
- Wernerfelt, B. (1984). The Resource-Based View of the Firm. *Strategic Management Journal*, 5(2), 171–180.
- Williams, J., Bhanugopan, R. & Fish, A. (2011). Localization of human resources in the State of Qatar: Emerging issues and research agenda. *Education, Business and Society: Contemporary Middle Eastern Issues*, 4(3), 193-206.
- Wong, C. & Law, K.S. (1999). Managing Localization of Human Resources in the PRC: A Practical Model. *Journal of World Business*, 34(1), 26-40.
- Wood, J., & Dupont, B. (Eds.). (2006). *Democracy, society, and the governance of security*. Cambridge University Press, Cambridge.
- Wright, P., Dunford, B. & Snell, S. (2001). Human resources and the resource based view of the firm. *Journal of Management*, 27(6), 701-721.

Wright, P.M., McMahon, G.C. & McWilliams, A. (1994). Human resources and sustained competitive advantage: a resource based perspective. *The International Journal of Human Resource Management*, 5(2), 301-26.

Yin, R.K. (2003). *Case study research: design and methods*. London: Sage Publications.

DO NOT COPY

Localization of staff in a hostile context: An exploratory investigation in Afghanistan

Dickmann, Michael

2017-02-20

Attribution-NonCommercial 4.0 International

Michael Dickmann, Emma Parry, and Nadia Keshavjee, *The International Journal of Human Resource Management*, Available online 20 February 2017

<http://dx.doi.org/10.1080/09585192.2017.1291531>

Downloaded from CERES Research Repository, Cranfield University