Human Capital Development in the UAE Islamic Banking Sector: Addressing the Challenges of Emiratisation

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Abstract

The development of human capital often faces challenges due to skills gaps in the labour market and this is exacerbated by the distinctive differences between the skills gained through education and those required by the private sector. Such imbalances challenge the success of the Emiratisation policy and therefore the intention of the government in creating a knowledge economy. The financial sector has a complex operating environment compared to other sectors because of the financial regulations and operational processes. This creates challenges in terms of having the right people in the right job, as well as complying with the Emiratisation policy.

Human capital in Islamic financial services may stall the growth of the sector, due to the fact that there is a lack of essential training programmes, entry requirement and retention in this sector due to management and cultural differences, a lack of support and encouragement, absence of career progression or personal development, unrealistic expectations, competition and confidence issues and lack of teamwork for new entrants as well as senior managers. Consequently, understanding the factors influencing the challenges of Emiratisation will help improve the human resource development practices of senior Emirati managers working in Islamic banks.

Therefore, this study develops a framework for human capital capacity building in Islamic banks in the United Arab Emirates (UAE) in order to counteract the challenges of Emiratisation and improve the human resource development practices of senior Emirati managers working in Islamic banking. In the process, the study adopts the Spellerberg (2001) model from which attitude and behaviour can be taken into account given the interdependent relationship that exists between human and social capital. In responding to the aims of this study, a questionnaire was undertaken with seven Islamic banks in UAE. A total of 182 responses were received. Also, secondary analysis research was conducted to explore current best practice used in the international banking sector in regards to developing human capital.

The statistical results reveal (eight) variables that significantly impact the use of human capital for Islamic banking in the UAE: (a) trust and reciprocity; (b) networking; (c) wasla; (d) attitude and behaviour; (e) uncertainty avoidance; (f) years of service in conventional bank; (g) Islamic values; networking; and (h) individual/collectivist. The findings indicated that investing in human capital and augmenting it along the way is highly important. Hence, organisations could be the trigger that generates knowledge through individuals who are part of the said organisations, which results in enhancing organisational performance and develops social capital as well. It also shows that cultural and social issues have a great impact on organisations and individuals’ attitude and behaviour. Further, it highlights that the principles of Islam influence human capital and social capital development owing to the fact that it shapes individuals and organisations perceptions, feelings and acts towards others.

The study has significant implications for banks in the UAE in providing a direction for human capital building in Islamic banking. The framework developed in this study is a major contribution to current theories and practices in the field of human capital and social capital which demonstrate the Emiratisation policy challenges within the financial sector, as well as how cultural and social issues impact on organisations and employee performance in banks.
DECLARATION

I declare that this work has not previously been accepted in substance for any degree and is not being concurrently submitted for any other degree. I further declare that this thesis is the result of my own independent work and investigation, except where otherwise stated (a bibliography is appended).

I hereby give consent for my thesis, if accepted, to be available for photocopying and for inter-library loan, and for the title and abstract to be made available to outside organisations.

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Amal Sabah Obaid Qambar (Candidate)
I am grateful to ALLAH almighty for all HIS blessings; for giving me an opportunity to pursue higher studies at an amazing university under the supervision of dedicated and brilliant people and blessing me with the most wonderful, supportive, loving and caring family. I am also sincerely thankful to my supervisors Dr. Claire Haven-Tang and Dr. Chang Liu for their enthusiastic support, constructive criticism and encouragement.

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Special thanks to my sponsor the Abu Dhabi Police – Interior affairs which gave me the opportunity to study in the UK by sponsoring my research and providing my living expenses during the whole course of this thesis.
DEDICATION

I would like to thank and dedicate all my success to my parents and all my brothers and sisters for all the love, support and encouragement they have given me.
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1.1. Introduction to the Topic

1.2. Overview of the Emiratisation Policy

1.2.1. Emiratisation policy and practice in the UAE

1.3. The Banking Environment in the UAE

1.3.1. Implementation of Emiratisation policy on the financial sector of the UAE

1.4. Problem Definition

1.5. Rationale for Chosen Topic

1.6. Research Aim and Objectives

1.7. Overview of the thesis
1.1. Introduction to the Topic

The purpose of this study is to develop a framework for human capital capacity building in Islamic banks in the United Arab Emirates (UAE). This is in order to counteract the challenges of Emiratisation and to improve the human resource development practices of senior Emirati managers working in Islamic banks. Emiratisation is a social capital policy that focuses on transcending structural barriers to the employment of Emirati with the intention of addressing social issues arising from the entry of UAE nationals into the labour market. A primary concern for all organisations is to have appropriately skilled and knowledgeable people in the right job. One characteristic of leading organisations is their use of high performance work systems (Gberevbie, 2010). This is because modern organisations regularly encounter many competitive challenges, such as the adoption and use of new technologies; change management; customer satisfaction; intellectual asset development; cost management. To face these challenges and remain competitive in the global market an organisation requires an efficient, high performance workforce (Shah et al., 2011). According to Riordan et al. (2005), an organisation’s economic value is enhanced through its human resources who possess the requisite skills, knowledge and expertise. People are a fundamental organisational asset required to facilitate the achievement of business goals. Consequently, Gberevbie (2010) claims that it is mandatory that an organisation should develop and implement human resources strategies that are designed to retain a high performance workforce.

The UAE is one of the Arab countries that is subject to human capital challenges. These include “underutilisation of labour capacity of nationals, employment of a large proportion of nationals working in the public sector, high unemployment among young people, inefficiency of education and training system in preparing students well for workforce” (Rand-Qatar Policy Institute, 2008, p.2). To address human capital challenges, the concept of Emiratisation was adopted by the UAE’s Council of Ministers in the early 1990s to increase the number of Emiratis in the workplace in both the private and government sectors. Similar to other Gulf Co-operation Council (GCC) countries, the UAE has been facing challenges in planning existing and future demographics. They have faced these challenges by means of employment of a national workforce, sustainability of the workforce to avoid skill gaps in the labour market, education of the national workforce, and in ensuring diversity in terms of participation.
of women in the labour force (Randeree, 2006). Challenges faced by the UAE are evident from the changes in the population structure, which has become highly diverse in favour of foreign nationals over the last four decades. These changes are illustrated in Table 1.1 below.

**Table 1-1: Historical UAE Population – Nationals and Expatriates**

<table>
<thead>
<tr>
<th>Year</th>
<th>UAE Nationals %</th>
<th>Expatriates %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1968</td>
<td>63.5</td>
<td>36.5</td>
</tr>
<tr>
<td>1975</td>
<td>30.0</td>
<td>70.0</td>
</tr>
<tr>
<td>1995</td>
<td>25.1</td>
<td>74.9</td>
</tr>
<tr>
<td>2013</td>
<td>20.0</td>
<td>80.0</td>
</tr>
</tbody>
</table>


As is evident from the table above, UAE nationals have become gradually outnumbered by immigrant workers since 1975. To address the adverse change in the proportion of the native population in the work place, the state developed a nationalisation process, which is called Emiratisation. This has the objective of encouraging the employment of national Emiratis, both men and women, while at the same time minimising the utilisation of expatriate workers. It is believed that such a policy will help to preserve national identity and reduce unemployment in the country (Randeree, 2009). To this end, the Emiratisation policy applies across all sectors of the economy, both public and private (Al-Ali, 2008).

The Emiratisation policy is a quota-based system and involves increasing the number of Emirati nationals in the labour force in the private sector and reducing the percentage of expatriate workers in the economy simultaneously (Koji, 2011). In this context, conventional and Islamic banks became a focal point for the Government in its attempt to achieve its Emiratisation targets. According to this policy, the Emiratisation quota for the banking sector is 4% and for the insurance sector it is 5%. This means that, each year, firms operating in the financial sector should employ Emirati nationals according to the given quotas (Koji, 2011).

The overriding strategy was based on ensuring key economic group leadership became a matter of national priority, and that a practical approach could be adopted to increase access to skilled jobs in the working environment, which are acceptable to UAE nationals. Theoretically, the Emiratisation policy seeks to make a positive contribution to the social and economic wellbeing of society by enforcing private firms to employ
Chapter one: Study Background

young native individuals. The key target is creating employment opportunities for more than 70% of the population under the age of 30 in the private sector (Denman, 2013). Since the deployment of the Emiratisation policy, all banks were given the mandate of achieving a certain annual incremental increase of Emirati national employees (TANMIA, 2004; Al-Ali, 2008).

There is a plethora of information in the public domain, such as financial transaction and research publications. This information includes publications such as World Islamic Banking Competitiveness Reports published by Ernst & Young, Global Financial Development reports published by the World Bank, and industry reports published by the Islamic Financial Services Board, which show that Islamic Banking is one of the fastest growing service sectors in the world (Van Greuning and Iqbal, 2008). In fact, it is projected that there is a rich potential in Muslim-majority emerging markets such as Indonesia and Iraq, as well as developed countries such as Germany and France, in which wealthy-Muslim minorities reside (ATKearney, 2012). According to Shah (2013), who was the keynote speaker in the Islamic Financial Intelligence Summit 2013, of the worldwide Muslim population (which is estimated to be 1.6 billion) approximately 14% use financial services provided by banks. Financial exclusion of the majority of the Muslim population in the world is due to the absence of Shariah compliant products, and this provided the biggest opportunity for the growth of Islamic banking (Shah, 2013).

It is currently estimated that Islamic Bank assets are between US$250 billion to US$800 billion, and there are nearly 300 Islamic Financial Institutions worldwide, including “Islamic Windows” of conventional banks (Masood, 2011). The majority of international banks are now looking at adopting Islamic banking in order to serve new clients with their specific needs. Examples of such banks are Citibank and HSBC. The Islamic Sukuk (Bond) is the fastest-growing product estimated to be worth at least US$30 billion (Shah, 2013). In Pakistan and Malaysia, Shariah compliant funds have exceeded over 50% of total market capitalisation. Today, Islamic banking is growing at approximately 15% per annum. After the global financial crisis, the UAE Government committed to making the UAE the global hub of Islamic banking using its local human resources (Masood, 2011) owing to their in-depth understanding of Islamic financial products. Islamic finance is also one of the seven pillars of Islamic economy in the
UAE, which also includes “Halal industries, Halal tourism, the Islamic digital economy, Islamic art and design, Islamic economic standards and certification, and Islamic information and education” (UAEInteract.com, 2013b). Becoming a hub for Islamic Banking would help the country to grasp the majority share of the global Islamic economy, which is estimated to have a potential value of US$6.7 trillion (UAEInteract.com, 2013b). More specifically, becoming the centre for the Islamic economy would bring new business to local firms and increase employment. It will also increase the competitiveness of the UAE in becoming one the leading financial centres against its international rivals, London and Kuala Lumpur (UAEInteract.com, 2013b).

1.2. Overview of the Emiratisation Policy

Emiratisation is a social capital policy that concentrates on transcending structural barriers to the employment of Emirati with the intention of addressing social issues arising from the entry of UAE nationals into the labour market (Al-Ali, 2008).

Over the last several decades, the UAE has been faced with the challenge of developing the native labour force due to demographic imbalances caused by high immigration into the country (Halliday, 1977). Increasing demographic imbalances in the labour force structure became the subject of focus for current nationalisation efforts in the UAE. During the 1940s a significant supply of oil was discovered and brought widespread wealth to the Arabian Peninsula (Halliday, 1977). However, skilled jobs were filled by workers from outside the region (Al-Ali, 2008).

In a similar manner to many countries in the GCC (Gulf Cooperation Council), the UAE experienced rapid economic growth leading to substantial expansion in infrastructure and an increase in the availability of public goods (Johnson, 2005). Halliday (1977) note that supporting and maintaining expansion at this level with an undersupplied labour market meant that foreign labour, primarily from the Indian subcontinent – migrated to fill the positions. According to Johnson (2005), the current need for economic diversification beyond oil-based revenue generation has resulted in the arrival of more expatriate labour, notably in the service and construction industries.

The wealth delivered to the Arabian Peninsula by virtue of the discovery of oil created a lack of economic necessity for UAE nationals to work (Randeree, 2012). Despite the
fact that UAE males continued to support their families, larger numbers were replaced by an influx of migrant labour (Randeree, 2012).

The UAE adopted a comparatively *laissez faire* approach to employment policy during the 1990s and early 2000s (Fargues, 2006). With the passing of time, the UAE’s dependence on cheaper migrant labour and more highly-skilled labour from the West increased in the same manner as for other territories in the region (Fargues, 2006). Expatriate workers in the UAE comprised South and Southeast Asians, Europeans, Americans and other nationalities (Al-Ali, 2008). The UAE population increased from 5.7 million in 2007 to 9.45 million in 2014 (Trading economics, 2015). A striking fact about the demographic challenges is the diversity of the population; according to the United Nations (UN) report in 2013, more than 80% of the population was made up of immigrants (UAEInteract.com, 2013a). With these facts, the UAE has become the country that has the lowest native population in the region (UAEInteract.com, 2013a).

It is estimated by the Dubai government (TANMIA, 2006) that in 2006, when 80% of the UAE workforce was comprised of foreign nationals, 91% of the working population – about 2.4 million – were expatriates. This means that UAE nationals represented a mere 9% of the total workforce – 8% in the public sector and 1% employed in the private sector (Randeree, 2012). Randeree and Gaad (2008) argue that the majority of UAE nationals are drawn to and employed in the public sector by virtue of the fact that the public sector offers better working conditions, better salaries, better job security, fewer working hours, better holidays, and a wider range of more attractive benefits. As suggested by McMurray (1999), this led to high expatriate employment in the country as they are more willing to accept longer hours of work, lower pay, more physically demanding roles, and poorer working conditions than UAE nationals.

**1.2.1. Emiratisation policy and practice in the UAE**

Emiratisation has been described as a multi-level process through which reliance on the expatriate workforce is reduced and nationals are prepared to take up jobs previously carried out by expatriates (Al-Ali, 2008). Such preparation involves imparting the necessary skills to nationals so that they can carry out work as effectively, if not more effectively, as expatriates as soon as possible. Hence, the policy has two main constituents: 1) controlling the use of migrant labourers, particularly in the private sector, and 2) investing in the education and training of the native populace.
so that they are able to compete for jobs in the public as well as private sectors (Al-Ali, 2008).

The Government of UAE established the National Human Resource Development and Employment Authority (TANMIA) in 1999 to enable it to execute its Emiratisation policy (Chinta et al., 2006). This is an independent body whose fundamental goals are to create employment opportunities for UAE nationals, offer vocational training to young Emirati, and give motivations such as public recognition for organisations that offer jobs to nationals. It is also within TANMIA’s mandate to analyse the job market and implement other schemes that are aimed at backing the employment or self-employment of Emiratis (Al-Waqfi and Forstenlechner, 2012).

Until recently, the Emiratisation policy in the UAE had been centred on measures to lower the number of immigrant workers entering and staying in the country, and to expand UAE nationals absorption into jobs within the private sector (Mohammad, 2013). Specifically, the policy has centred on the banking sector. In the banking industry, the majority of employees are Indian and Pakistani, with only about 7% of the workforce consisting of Emiratis (Farrell, 2008).

Lately, the UAE government has increased its requirements for increased job opportunities of its citizens all over the private sector. In May 2009, the government made an official announcement that all privately-owned businesses would only be permitted to employ Emiratis in their secretarial and human resource manager slots, and obliged them to supplant all immigrant workers who held these positions within a time period of one and a half years (Randeree, 2012).

The implementation of Emiratisation is now mainly based on the execution of the rules and events, such as licensing fewer expatriate workers rather than deliberate compliance, as was the case previously (Rees et al., 2007). Additionally, the Emiratisation policy has recently directed more attention to education so as to prepare Emiratis for jobs within the private sector (Geddie, 2012).

The changes in the Emiratisation policy emerged from the proposal made by TANMIA in 2003. In this proposal, it was recommended that a strategic plan be adopted so as to develop national human resources. It further continues the old policy of expanding education facilities and raising literacy levels that began in the 1970s. This policy
enabled the expansion of public schools in the UAE, as well as leading to the opening of vocational schools in order to address the skill gap in the labour market (Koji, 2011).

Although there has been an improvement in literacy and academic success in the UAE recently, it has been acknowledged that there is a need for the education sector to work hand-in-hand with business and industry sectors so as to curb the continuing discrepancy between the demand and supply of skills in the UAE (World Economic Forum, 2014).

1.3. The Banking Environment in the UAE

The UAE banking system is distinct from other Arab and non-Arab banking systems. Firstly, it is highly congested, which is because the population of the UAE is relatively small, yet there is a prevalence of banks and bank branches (Awamleh and Fernandes, 2007): there are currently 51 banks, 23 national and 28 foreign banks in the UAE (Deloitte.com, 2011). Domestic banks are represented in 263 branches cross the country, which is the equivalent of 12 branches per bank (Deloitte.com, 2011). There are restrictions on foreign banks, who are limited to a maximum of eight branches per bank. Foreign banks are currently represented by 200 branches, or an average equivalent of 7 branches per bank (Baker Tilly International, 2008).

The prevalence of banks in the UAE has resulted in a branch density of 16.4 branches for every 1,000 people. Awamleh et al. (2005) claim that if the number of banks and branches is compared to the number of UAE nationals, the result is one of the highest global levels of banking congestion. This implies that the banking sector offers high employment opportunities and is the largest private-sector employer in the country (Abudhabi.ae, 2012).

Many countries have experienced significant developments within the banking sector, which is now regarded as a mature industry with established management and leadership styles (Awamleh and Fernandes, 2007). However, banking in the UAE is the exception to this rule, as UAE banking is still comparatively young. Nevertheless, the UAE banking sector is profitable and well capitalised. In general, the financial sector in the UAE is based on a sound judicial system and legal framework (Awamleh and Fernandes, 2007).
Following the discovery of oil, the Government actively promoted banking sector growth. The entry of foreign banks to the market has not been hindered by the Government’s interests in local UAE banks, despite the fact that foreign banks are restricted to a maximum of eight branches (Deloitte.com, 2011). The need to satisfy the demands of large numbers of expatriates and the ability to generate large profits are key factors in the growth of foreign banks in the UAE. However, in order to maintain the growth of the financial sector and due to scarce in the supply of native labour, the UAE imported workers from other countries, such as India, in order to fill the labour gap in the banking sector as well as in other sectors of the economy (Halliday, 1977; Randeree, 2009).

Despite the implementation of the Emiratisation policy, had been problematic from the beginning. In fact, demographically, the UAE has been the least successful among the GCC countries in getting Emirati nationals into the labour force and reducing the number of migrant workers (Randeree, 2009). This is due to the stagnant approach of the UAE government in the implementation of the quota-based nationalisation policy (Randeree, 2009). Simpson (2012) claimed that, irrespective of the fact that the enforcement of quotas in the region was restricted to the banking industry, there was an increasing number of private organisations who are opting to pay fines rather than meet governmental quota targets for employing Emiratis. It has been claimed that the continued operation of private sector nationalisation programmes in the UAE may not be possible (Simpson, 2012).

Simpson (2012) argues that this is due to the increased difficulty in obtaining definite nationalisation measures outside the public sector because private sector organisations and multinational corporations are subject to international governance frameworks. Insurance and trade sectors are especially resistant, which may suggest that the working environments in these industries it is not Emirati-friendly; and this may influence the job performance of nationals.

1.3.1. Implementation of Emiratisation policy on the financial sector of the UAE

The policy of Emiratisation was initially put into practice by structural reform with no precise processes applied. This system was adopted to first overcome the structural difficulties within organisations. It was also meant to take care of the likely social problems that were expected to arise with Emiratisation. A number of plans were
devised and employed. Reforms in education were the first to be paid attention to on an urgent basis (Al-Ali, 2008). Schemes were developed to create transit programmes that would help nationals to cross over effortlessly from education to the workforce (Al-Ali, 2008).

Private-sector organisations were given sufficient government funds to employ nationals and train them appropriately (Al-Lamki, 2000). Unfortunately, these schemes did not succeed as well as they were expected to (Al-Lamki, 2000). Many reasons have been suggested for this inadequacy of implementation, with the main one being the lack of government power to implement the policy forcefully (Al-Ali, 2008). The government did, however, enforce certain plans to encourage Emiratisation. They created quotas for each industry to be filled with nationals in a bid to encourage employment. However, to begin with, this was not mandatory but was entirely discretionary for organisations; therefore, organisations were not penalised for not meeting quotas (Al-Ali, 2008).

Further steps included wage subsidies and restraints for government employees, imposing charges and certain quotas to be followed for employing overseas labour and setting of targets for employment of citizens (Al-Lamki, 2000). These targets have been met by public sector organisations in the country. However, that has not been the case with the private sector, which has been hesitant in incorporating Emiratisation.

The implementation of the policy in one of the main sectors, the banking and insurance sector, together with what the citizens considered suitable jobs, helped in the strategy. Considering the fact that the banking and insurance sector resembles the public sector undertakings most as far as salaries and work conditions are concerned, the Government has now taken stricter measures for these industries to employ nationals. They are expected to make the jobs in their organisation more enticing to the young national workforce and encourage them to continue working with them (Al-Ali, 2008).

A 4% incremental increase of Emirati nationals annually was set under Cabinet Decree No. 10 in 1998, and was seen as an achievable and sustainable goal, considering that the banks already had a number of UAE nationals in their workforce (Al-Ali, 2008). In 2003, a similar 5% voluntary quota was authorised for the insurance sector and then, in 2004, a 2% quota for trading companies with more than 50 employees.
Data on Emiratisation following the implementation show that the move is not as successful in the insurance sector as it is in other industries. For example, the 2004 statistics show that of the 2,760 employees in the insurance sector, only 150, a minuscule 4.5%, were of national origin. Of the 46 insurers operating in the country in 2005, only one was able to meet the target of 5% (Al-Ali, 2008). This is predicted to be due to lack of interest among Emirati nationals because of a lack of awareness and knowledge of long-term job prospects within the industry (Salama, 2014). One other factor causing low compliance with the Emiratisation target set for the insurance sector is related to the intense competition in the industry, which forced companies to reduce their recruitment in order to maintain their profitability (Salama, 2014).

More evidence is seen of fewer numbers of Emirati nationals being hired in finance and insurance industries because of the lack of awareness about long –terms projections within the insurance industries and the preferences of working in the public sector (Yousef, 2011). Consequently these companies are not able to meet their annual targets set by the government for the employment of Emirati nationals under the Emiratisation policy. There are over 40 money transfer companies in the Emirates but none of them employ any national citizens (Al-Ali, 2008). The maximum rate of Emiratisation in the insurance sector has been 6.5% over the past 15 years (Al-Ali, 2008). Even in the banking sector, a third of the banks operating in the country have less than 20% nationals in their workforce (Yousef, 2011).

In 2009, the Emiratisation rate in the insurance industry was 6.01%, but saw a fall to 5.86% in 2010. The underlying reason for the decline was the lowered margin rates, decline in profitability and technological advancement, which creates conflict with the need for labour (Salama, 2014). From 2010 to 2014, the Emiratisation rate rose to 8.9% (Salama, 2014). The government planned to increase the Emiratisation rate to 15% by 2015 (Salama, 2014). The banking sector, however, showed augmented rates over the same period: an increase of 1.1% to reach 12,993 national employees by December 2010. Emiratisation in the banking sector stands at 35.4% (Yousef, 2011). In 2014, the Emiratisation rate reached 34% at national banks and 21% at non-national banks, with an average Emiratisation rate of 32% overall in the banking sector (UAEInteract.com, 2014).

As can be seen from the given statistics, the banking sector of the UAE achieved the
highest compliance rate with the Emiratisation policy. In fact, it is leading the GCC countries in terms of nationalisation of the workforce. Whilst the statistics indicate that the Emiratisation rate in the banking sector has been the highest in the overall economy, and therefore positive in terms of the Emiratisation policy, that does not mean that the Emiratis in those jobs have the right skills, knowledge and attitude, nor does it mean that appropriate Human Resources Development (HRD) plans are in place to develop and retain Emiratis in this sector/industry. A recent survey carried out among employees working in the financial sector showed that 45% of them do not believe that Emiratisation adds value to a business. In fact, the common belief was that native employees only add value to front office jobs (UAEInteract.com, 2014)

These facts indicate that there is a need to develop a framework for human capital capacity-building in UAE Islamic Banks in order to counteract the challenges of Emiratisation, and improve the human resource development practices of senior Emirati managers in Islamic banks. The next chapter presents the review of literature in order to draw the conceptual framework.

1.4. Problem Definition

Like other GCC countries in the region, there is a high reliance on foreign employees in the UAE and the employment level of the domestic workforce is rather low, regardless of the skills or educational backgrounds of the individuals. The most recent figures suggest that the proportion of Emirati nationals to expatriates in 2013 is 20-80% (UAE Interact.com, 2013a). Traditionally, the UAE used their oil revenues to cover the unemployment levels in the society by placing Emirati nationals into civil service jobs, regardless of the skillfulness or productivity of employees (Niblock, 2006). Therefore, the public sector has turned into the most extensive employer of the domestic workforce across the country. As for the UAE however, the public and private sectors are both dominated by foreign employees, representing 72.6% and 98.7% correspondingly (Forstenlechner and Rutledge, 2010), while Emiratis account for mere 12% of the entire population. This represents 950,000 people out of a population of 8.2 million (Al Khouri, 2010).

Although the development rate of the UAE is the highest among the Middle Eastern countries, the Emirati workforce has had little interest in searching for jobs, except
within the public sector (Godwin, 2006). This is due to the fact that the private sector offers remarkably lower standards for them when compared to the public sector in terms of employment conditions, including payments and work protection (Godwin, 2006; Grant et al., 2007; Al-Ali, 2008). In this, the Emirati workforce needs to challenge expatriates who are willing to accept lower wages and have virtually no legal security (Alserhan et al., 2010).

In the context of the unspoken agreement, public institutions have been life-time employers by nature (Al-Ali, 2008) and have assured employment to Emirati workers. From the amalgamation of aspects emerged a labour market that is heavily fragmented, and a very limited probability of replacement between foreign and domestic employees (Fasano and Goyal, 2004). Rising pressure from the population has aggravated this situation, since 34.4% of the population is under 25 (CIA, 2013), and the raptness capacity of public institutions to employ native nationals is limited (Malit and Al Youha, 2013). It is suggested that, by nature, the employment of Emiratis into its saturated levels is no longer certain (Al-Ali, 2008; Forstenlechner et al., 2011). At the same time, the work conditions offered by the private sector to Emirati workers are far lower than that of the public sector (Godwin, 2006; Grant et al., 2007; Al-Ali, 2008).

In developing the working conditions in the public sector, the UAE government employed similar practices to those followed by developed countries, such as the UK. Some distinctive offerings of the public sector include working five-days a week, lavish leave allowances, protection of employment, as well as planned career advancement (Ryan, 2014). These working conditions were adapted in order to ensure efficiency in governing the UAE, to accomplish the integration of the younger workforce and fast-growing population into society and, most importantly, to ensure redistribution of the revenues generated by oil resources to the native population as well as the local economy (Ryan, 2014).

However, the situation in the private sector in the UAE is different. The underlying objective of private enterprises is driven by profit-making and growth, thus, the main concern is achieving the lowest cost and the greatest profit possible by means of longer working hours, less payment and almost no legal representation (Ryan, 2014). This is further worsened by the skills gap in the labour market due to this distinctive difference between the skills gained through education and those required by the private sector.
These imbalances challenge the success of the Emiratisation policy and therefore the intention of the government in creating a knowledge economy.

In the case of Islamic banking, the situation is no different. It is predicted that Islamic banking will expand substantially in 2015, and it is expected that funds of between US$87-124 billion will enter the Islamic banking system, meaning that 7,800 new jobs will be created. This implies that the size of the Islamic banking sector in terms of the predicted number of employees will be 18,398 by the year 2015 (Tahseen.ae, 2013).

However, it is predicted that availability of human capital for Islamic financial services may stall the growth of the sector due to the fact that there is a lack of essential training programmes for new entrants as well as senior managers (Tahseen.ae, 2013). Thus, there is a need to address the challenges of Emiratisation and development of human capital for the Islamic financial sector. To this end, this study focuses on developing a framework for building human capital capacity in the UAE, specifically for the Islamic banking sector. This is in order to counteract the challenges of Emiratisation and to improve the human resource development practices of senior Emirati managers working in the Islamic banks.
1.5. Rationale for Chosen Topic

Human capital is defined by Dess and Picken (2000, p.8) as “the individual’s capabilities, knowledge, skills or experience of a company’s employees and managers in relation to their specific tasks”. Additionally, in a broader context, it represents the pool of knowledge, skills and experience developed through individual learning.

The attributes of the UAE national workforce in terms of competence and behaviour are considerably different from the expatriates, as expatriates possess higher education degrees, greater levels of competencies and work ethics. In a previous study, Al-Otaibi (1992) found that the Arab workforce’s work competencies, behaviour and conduct were not acceptable. UAE nationals do not recognise work as a means for contentment and they demonstrate non-attendance, high rates of resignation and a common absence of dedication towards work when compared with expatriates (Freek, 2004). A large percentage of UAE nationals in search of a job or already recruited, lack talent, job related competencies, know-how, command of the English language, and individual features are linked to their position within the workforce. On the other hand, expatriate employees are chosen based on their qualifications and level of expertise, as well as their willingness to work for longer hours for lower wages (Isa and Hala, 2001).

Due to these factors, the UAE is characterised by a heavy dependency on foreign labour, high levels of national unemployment, education systems that are still subject to essential development, a gender imbalance in the workforce, and an under-representation of Emirati nationals employed in the private sector. It is a necessity for the Government to consider long-term strategies regarding indigenous human resource efficiency and collaboration, together with the investigation and execution of nationalisation policies in order to address the socio-demographic inequalities in the labour market (Randeree, 2012). The past few decades have brought unprecedented growth to the UAE, which aspires to become a knowledge-based economy. It has been recognised that the long-term development needs of the country cannot be outsourced indefinitely to expatriates and need to be filled by expanding the national labour force through the Emiratisation nationalisation policy (Randeree, 2012).

The Emiratisation policy was initially introduced by means of structural reform in the education sector. The underlying aim of the Government has been to achieve
educational excellence and, in this process, education became free for Emirati nationals starting from primary education to university (Godwin, 2006). Additionally, the Government promotes the establishment of private education institutions where the Commission for Academic Accreditation commissioned the development of an education complex, which is expected to accommodate 40,000 students within around 30 international universities (Godwin, 2006).

Forstenlechner et al. (2012) claim this incorporated transitional programme for education to employment, and the provision of financial incentives to the private sector, encourage employment and training of Emirati nationals. Inherent in this is the implication that working conditions and organisational policies and practices may not be as attractive to UAE nationals seeking private-sector employment. This is because there are better employment conditions provided in the public sector in terms of working hours, payment and allowances, training opportunities and career advancement opportunities (Randeree, 2009). In addition, these conditions may have an adverse effect on the performance of UAE nationals employed in the private sector due to low wages, absence of training and development opportunities, lack of employee representation, and mistrust between employees and employers (UAEInteract.com, 2010).

Furthermore, banks generally have more complex environments than other sectors because of financial regulations and operational processes. This may create human resource challenges in terms of having the right people in the right job, which is exacerbated by trying to comply with the Emiratisation policy. Awamleh et al. (2005) argue that, in this situation, it could be expected that restrictions in the degree of flexibility in creating job specifications for bank employees will impact both personal and professional outcomes, such as providing loan managers with the scope to extend limits on loans or advances. This implies Emirati nationals may perceive the banking sector to be challenging in terms of entrance and retention in this sector due to “management and cultural differences, a lack of support and encouragement, absence of career progression or personal development, unrealistic expectations, competition and confidence issues, lack of teamwork and family pressure” (Abu Dhabi University, 2010, p.2). Thus, the majority of UAE nationals employed in the banking sector hold human resources roles.
According to a recent study carried out by the Abu Dhabi Islamic Bank, UAE Islamic banks account for 30% of the global Islamic banking industry which is worth about US$1 trillion thanks to the increasing demand from different consumer groups in the country (Al Mulla, 2013). This, in fact, not only contributed to the development of the country by means of supporting infrastructure projects and the property market, but also the growth of human capital reserve of the country through engaging with training national talent (Albawaba.com, 2012).

As banking has such a significant role in the UAE economy by being the fourth most important sector among 16 sectors for the employment of Emirati nationals (UAE Banks Federation, 2013), the assessment of the impact of the nationalisation policy on human resource practices is a significant consideration.

1.6. Research Aim and Objectives

The aim of this research is to develop a framework for human capital capacity building in UAE Islamic Banks in order to counteract the challenges of Emiratisation, and improve the human resource development practices of senior Emirati managers in Islamic banks. To achieve this aim, this study pursues the following objectives:

1. To undertake a critical literature review of theories relating to the development of human capital, contextualised by the literature on Islamic banking in the UAE, in order to develop a conceptual framework on human capital capacity-building in Islamic Banks.

2. To carry out a web-based search on existing best practice generally in banking to identify framework for developing human capital in the international banking sector.

3. To develop a case study of human capital capacity-building in the UAE Islamic Banking sector through an investigation the skills, knowledge and attitudes of senior Emirati managers in relation to retention issues, developing human capital in the sector, and their understanding of Islamic banking practices within the context of policy implications, i.e. the Emiratisation policy and variables of Human and social capital.

4. To develop a best practice framework for building human capital capacity in order to improve current practices in Islamic banks in the UAE.
Chapter one: Study Background

5. To provide a set of recommendations to develop the current practices of human capital capacity-building in the Islamic banks of UAE.

1.7. Overview of the thesis

To achieve the research objectives, the thesis is divided into eight chapters.

Chapter One: Chapter one gives an overview of the thesis starting with a brief introduction to the research undertaken and background information on the study. This chapter also contains the research aim and objectives and gives a justification for the use of the UAE.

Chapter two: This chapter provides an overview of the UAE such as economy, society, education and religion. This chapter also gives an insight into the banking sector in the UAE while focusing on the Islamic banking sector and the implementation of the Emiratisation policy on the financial sector of the UAE. It also provides commentary on perception of Islamic banking as a career.

Chapter three: This chapter is divided into two sections: it first reviews the main literature with regards to human capital theories. The literature presents prospects of the resource based view theory moving to identify the relationship between human capital and human resource management. This chapter also indicates the theoretical groundwork of a social capital model, and the relationship between social capital and human capital. Moreover, wasa (nepotism) and culture are discussed in this chapter and how it affects human capital development in the UAE Islamic Banking sector. The second part of this chapter is a review of the main literature with regards to the Islamic finance and banking industry and its theoretical background. Moreover, it gives an insight into the historical roots of Islamic finance and its instruments, such as Murabaha and profit and loss sharing instruments. Additionally, the importance of training in Islamic banking and how it affects employee development and career development is discussed. This chapter culminates in the development of a conceptual research framework and hypothesis development that is used to inform this research design.

Chapter four: outlines the methodology used to collect and analyse the data for exploring the study objectives. The aim of this chapter is to link the conceptual
framework developed for this research with the empirical results presented in chapters six and seven. This chapter is organised around different topics of methodology: the research paradigm, research design, research context, data collection method, research sampling, pilot study, validity, and ethical consideration and data analysis technique.

Chapter Five: The chapter explores current best practice used in selected examples from the international banking sector regarding developing human capital. Moreover, this chapter explores the main ideas that the UAE Islamic banking industry could adopt to develop capacity building in human capital.

Chapter six: The chapter presents the results of the data analysis. It presents a general picture of the demographic profile of the survey respondents, and provides the results of the descriptive analysis of responses to the questionnaire. This chapter also assesses reliability and validity of the data. The chapter is structured into three sections. The first section, the data preparation and screening procedures including the treatment of normality are discussed and presented. In the second section of the chapter, the questionnaire is validated and reduced through exploratory factor. Its relevance to this research is explored, together with the selection of the methodology for factor extraction to gain the related variables. In the third section a correlation test is used to identify the relationship between variables in order to prepare the data for the final section, which is the hierarchal regression of human capital variables and the interpretation of the results.

Chapter seven: this chapter provides an overall discussion of the findings of the study. The chapter also provides a discussion of the practical implications and contributions of the research. Furthermore, it presents the conceptual framework for human capital capacity- building in UAE Islamic Banks in order to counteract the challenges of Emiratisation.

Chapter eight: presents a summary of the objectives achieved. Furthermore, it provides the recommendations, research contribution, limitations of the current research and directions for future research.

The structure of the thesis is summarised and depicted in the figure below.
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2.1. Geographical Setting

The UAE is a Federation of independent states located along the southern coast of Saudi Arabia on the Persian Gulf. Bordered by the land mass of Oman to the East and the province in which the urban capital of Oman is located at the extreme eastern tip in the Straits of Hormuz, UAE’s location is of significant strategic importance (National Institute for Technology and Liberal Education, 2002).

![Map of the UAE](image)

**Figure 2-1: Map of the UAE**

*Source: Emiratesvoyage.com (2014)*

Around the UAE there are three major natural areas; mountains, the Arabian Gulf shore and the desert. Abu Dhabi, which corresponds to 87% of the total UAE land, is the capital of the UAE and is situated in the Western district. The Emirate is regarded as the most prosperous among the seven Emirates that compose the UAE, and functions as the hub of political and manufacturing actions (Statistics Centre-Abu Dhabi, 2011a).
Chapter Two: Country overview

2.2. Language

As Abdulla et al. (2011) state, Arabic is the official language spoken in the Federation, although English is also widely spoken among the population for work-related communication. Although a degree of cultural change has taken place, the dominant principles and traditions are still under a remarkable impact of Islam (Abdulla et al., 2011). Islam has a significant role within the country and daily lives, and community interactions are affected dramatically by ethics, customs and habits that are inherent to the religion (Abdulla et al., 2011). According to research conducted by Simadi (2006) concerning work ethics, religion and mental merits have a considerable effect on moral values pertaining to the work of the population. Likewise, Suliman (2006) argue that business ethics in the country are under the influence of Islamic principles, Arabic traditions and the established progress of governmental guidelines in addition to issues related to sexual identity, age group and social class.

2.3. History

As observed from Islamic and Arabic sources (Al-Ali, 2008), the district of the UAE has historically been called different names, e.g. Coast of Oman Emirates, Northern Oman and Trucial States (Al-Ali, 2008). It was also known as the Pirate Coast in 1819-1820, which corresponds to the aftermath of the expedition of the UK military forces (UAEinteract.com, 2013b). In the period between 1950-1953, the Emirates and the British Armed Forces agreed on the Perpetual Treaty of Maritime Truce, by which the British undertook the task of relations in non-Emirati nature and peripheral defence and consented to the fact that they would not constrain internal affairs (Al-Ali, 2008).

Like anywhere else in the world, the geography of the country played an important role in shaping the life-style of the people in the Gulf Region. In the 19th and 20th centuries, the pearl industry was the prime economic activity in the Gulf where an overflowing quantity of oysters in the Persian Gulf supplied both income and work. Relatively, the more wealth flowed into the country, the more locals focused on industries, such as tailoring and boat building, which became established in some parts of the Emirates such as Dubai and Umm Al-Quwain (Heard-Bey, 1982).
Fenelon (1973) reported that, as a result of the economic downturn taking place following World War I, and as a consequence of the detection of cultured pearls in Japan, the pearl sector went into decline. Oil was detected in the country between 1962 and 1970, which led to the exportation of crude oil from the Emirates, the first being exported from Abu Dhabi. Consequently, high oil prices contributed significantly to the establishment of high-income levels within the country.

2.4. Government Finance

Estimates published by the International Money Fund (IMF) indicate levels of UAE’s gross public debt at the end of 2011 was at US$252.90 billion in total, or the equivalent of 70% of gross domestic product (GDP) (IMF, 2012). In contrast, the 2011 increase in public debt was a modest 4.4%, from US$63.4 billion to US$66.2 billion (Bank Audi, 2012). With an estimated asset wealth of US$627 billion, the Abu Dhabi Investment Authority (ADIA) is the world’s largest investment fund and controlled by Abu Dhabi (SustainabilityHQ, 2012). In essence, ADIA operates in a similar manner to a pension fund for the people of the UAE (AIDA, 2010).

In 2011, the Federal Government had a small budget deficit (Salama, 2011). Plans for government expenditure involved AED 41.8 million during 2012 (Salama, 2011). The expectation is for continued improvement of UAE’s consolidated fiscal position over the years 2012-2015, as each budget has the associated expectation of an attached surplus of a significant amount (Cevik, 2011).

In line with the expectations, public debt levels have decreased steadily since 2011. In 2012, the proportion of public debt to GDP decreased to 65%, and according to the forecasts of QNB (2013), further decline will be continued in subsequent years to 61% and 57% respectively Qatar National Bank (2013). Changes in public debt over the last four years are illustrated in the Figure 2.2 below.
2.5. Overview of the Economy

The UAE has one of the highest global living standards (BBC, 2012). Amongst the major oil-producing regions in the Persian Gulf, the UAE represents one of the most diversified economies in the region (Encyclopaedia of Nations, 2012). The progression of economic development continues to be directed by the pursuit of extremely liberal, market-focused growth strategies amenable to business. Despite this, the majority of GDP is still accounted for by oil and gas revenues (Encyclopaedia of Nations, 2012).

When combined, Abu Dhabi and Dubai contribute approximately 80% of total UAE income (UAEInteract.com, 2012). In real terms, UAE’s GDP dropped 3.3% in 2009, which represented the first economic contraction since 1988 (KAMCO, 2011). There was an economic recovery in 2010 when GDP in real terms rose 3.2%, and 3.3% in 2011 (Bank Audi, 2012). Key macroeconomic statistics are provided in Table 2.1 below.

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation % change</td>
<td>9.3</td>
<td>11.1</td>
<td>12.3</td>
<td>1.6</td>
<td>0.9</td>
<td>0.9</td>
</tr>
<tr>
<td>GDP (US$ millions)</td>
<td>222,105.90</td>
<td>258,150.0</td>
<td>314,844.70</td>
<td>270,334.9</td>
<td>0</td>
<td>397,648.5</td>
</tr>
<tr>
<td>GDP % real growth</td>
<td>8.8</td>
<td>6.6</td>
<td>5.3</td>
<td>-3.3</td>
<td>0.9</td>
<td>4.9</td>
</tr>
</tbody>
</table>

Table 2.1: Macroeconomic Statistics of UAE

Source: Euromonitor (2012)
2.6. Economic Structure and Major Industries

The economic performance of the UAE is heavily dependent on oil exports and the wider oil industry. Of the total UAE GDP, agriculture comprises an exceptionally small share of around 2% (Global Research, 2008). More than two-thirds of UAE GDP comes from non-oil sectors, and comprises 43% of total of exports. The UAE construction industry is the most dynamic in the region; however, it has been hit hard by continued deterioration from the global financial crisis. At its peak the industry employed up to 700,000 workers from abroad; however, many have lost their jobs due to global recession (IMF, 2012).

Manufacturing represents 9.3% of UAE GDP and the government is hoping to increase this to 25% by 2025 (UAEInteract.com, 2010). This requires expansion and the industries earmarked to drive such growth include petrochemicals, automotive parts, ship building, aviation and commercial energy-based activities (UAEInteract.com, 2012). There are currently several large-scale aluminium projects in development. The largest of these is a joint venture between two state-owned enterprises in the form of an aluminium smelter to the value of US$5.6 billion (Fadillah, 2011).

A total of 60% of UAE manufactured exports come from the aluminium industry (Encyclopaedia of Nations, 2012). Establishment of initiatives, such as the Khalifa Industrial Zone that allows 100% foreign ownership, indicates the seriousness with which Abu Dhabi is approaching the encouragement of manufacturing (World Trade Organisation (WTO), 2012). Once completed, it will become one of the world’s largest industrial zones (Al Makahleh, 2012). Despite the promising developments, manufacturing productivity fell by 0.4% in 2010 in real terms, but revived in 2011 by increasing 4.7% (KAMCO, 2011).

In terms of tourism, the UAE is one of the Middle East’s leading tourist destinations (Travellingthemiddleeast.com, 2012). An estimated 16.6% of GDP comes from tourism, and the government predicts levels of direct contributions from travel and tourism to reach US$19.9 billion during 2012 (Haryopratomo et al., 2011). At present, the UAE is characterised by extensive construction of restaurants, shopping centres, airport expansion and duty-free shopping areas. In real terms, the contribution from tourism
dropped 1.1% in 2011, however there is an expected 2012 gain of around 6.2% (Bank Audi, 2012).

In an attempt to diversify the economy and avoid an over-reliance on oil, Abu Dhabi has spent billions on a variety of initiatives. At present, 27% of GDP comes from oil and gas (Bank Audi, 2012). Saadiyat Island is the location of a government-established offshore financial and committee trading centre including storage facilities, a port, freight centre, and financial and insurance institutions to facilitate trading (Saadiyat.ae, 2012). At the end of 2011, Dubai-based real estate company Meraas launched an initiative to develop Dubai Adventure Studios, a new AED2.2 billion movie-based theme park. Completion was scheduled for the end of 2014 and construction began in 2012. Meraas intends to complement Dubai’s increasing popularity as a hub of tourism (Sim, 2011).

Plans were announced by the Government to invest US$1.6 billion over three years to improve water and electricity networks supplying northern Emirates that, in comparison to Dubai and Abu Dhabi, receive fewer benefits from oil and trade (Neuhof, 2011). Initiatives focused on the improvement of financial monitoring have been established, and there have also been steps taken to address, and counter initiatives associated with, the financing of terrorist activity and money laundering operations. Due to a strong growth in financial services the territory is now considered a model of best practice and, following unrest in other Arab states, flows of capital have been redirected to the UAE.

2.7. Society

2.7.1. Population

In 2012, the total UAE population was 8.2 million (Emirates247.com, 2012). However, according to CIA (2013), the estimated population in the country in 2013 was 5,628,805. Among the most important transformations that globalisation posed on the UAE, was the diversified resident population coming from several countries across the world to continue their lives in the Emirates. Together with people originating from the Emirates, individuals coming from Europe, the USA, Asian countries, such as the Philippines, India, Iran, Pakistan, Bangladesh and Arabic countries, currently constitute the UAE population. As the country is experiencing remarkable changes and
development, it attracts many people from outside countries to move into and work in the country (Abdulla et al., 2011).

The current average age is estimated at 30.3 (CIA, 2014). UAE birth rates have been steadily declining and are currently less than half the regional average, which in 2011 was 9.9 births per 1,000 inhabitants. UN demographers claim this is one of the sharpest decreases in birth rates amongst Arab states, and maintain that the decrease is the result of improvements in education and increased accessibility to a variety of contraceptives (Mirkin, 2010).

Approximately 80% of the total population is represented by foreign citizens (UAEInteract.com, 2013). This share is expected to increase in the future as numbers of foreign citizens increase at a slightly faster rate than that of nationals. Foreigners represent approximately 90% of the UAE workforce (Sonmez et al., 2011). Foreigners between 20 and 45 years of age comprise more than two-thirds of the population (Euromonitor, 2012).

2.7.2. Population growth
In 1975, after the establishment of the Federation, the population of the UAE was approximated as 557,887 (Ministry of Economy, 2010). The significant rate of population increase was linked to other nationals moving into the country. The population level grew to 4,106,427 by the year 2005, after a period of only 30 years. As illustrated in Table 2.3 below, only 20% of the people are Emirates nationals, and the 80% majority are migrants from other countries (Ministry of Economy, 2010). Changes in the population over time are given in the table below.

<table>
<thead>
<tr>
<th>Year</th>
<th>Emirati National</th>
<th>Non-Emirati</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>M</td>
<td>F</td>
<td>Total</td>
</tr>
<tr>
<td>1975</td>
<td>105,032</td>
<td>96,512</td>
<td>201,544</td>
</tr>
<tr>
<td>1980</td>
<td>150,573</td>
<td>139,971</td>
<td>290,544</td>
</tr>
<tr>
<td>1985</td>
<td>202,157</td>
<td>193,957</td>
<td>396,114</td>
</tr>
<tr>
<td>1995</td>
<td>297,060</td>
<td>290,270</td>
<td>587,330</td>
</tr>
<tr>
<td>2005</td>
<td>417,917</td>
<td>407,578</td>
<td>825,495</td>
</tr>
<tr>
<td>2010</td>
<td>596,000</td>
<td>248,200</td>
<td>844,200</td>
</tr>
</tbody>
</table>

Table 2.2: Population Growth in the UAE

Chapter Two: Country overview

The numerical breakdown suggests that the yearly increase in the UAE population fell from 3.3% to 2.9% through Emirates nationals, and from 1.3% to 0.9% through migrants. The rate of fertility also diminished between 2005 and 2010. In the year 2005, the rate of births was 19.7 in 1,000 people, while this rate fell to 14.9 in 2010. As the driver behind this fall in birth rates, it was suggested that the marriage percentage within the population fell from 5.2 in 1,000 single people in 2005, including people at the age of 15 and more, to 3.8 in the year 2010. The anticipated duration of life is 79 years for women, while it is 73 for men (Statistical Yearbook of Abu Dhabi, 2011).

According to the estimates, it was expected that the expatriate population would grow to more than double that of the native population (Forstenlechner and Rutledge, 2011). Even though official figures are not yet available to prove whether these estimates are based on facts, they indicate rapid growth rates for both groups, with huge numbers of locals and expatriates expected to join the labour force every year. If this trend continues, the annual number of new jobseekers in the UAE is estimated to reach about 40,000 by 2020 (Al-Qubaisi, 2012); this means that the growth of the non-Emirati population will put extra constraints on the labour market. More interestingly, this impact on the employment of the native population is higher, which is evident from the fact that, although the population of the Emirati population is just over one million, the unemployment rate among the native populace is 20.8% according to estimates in 2013 (Al Mulla, 2013).

2.7.3. Emirati and Non-Emirati Nationals

The culture in the UAE is diversified in terms of nations and private and public institutions. In addition to Emirati nationals, there are people from all around the world, including Asian countries (like the Philippines, India and Iran).

Moreover, a remarkable number of individuals from the United States, Europe and Arabic countries also reside in the country (Randeree, 2009). In a rather limited period of time covering the last 30 years, an important change in the configuration of the population has been witnessed. The labour force and the overall population has increased tremendously due to the immigration of a huge amount of people into the country with working permits and subsidised visas. Randeree (2009) suggests that, depending on official records, local Emirate nationals constituted fewer than 26.2% of the overall population of the Emirati in the year 2008. On the other hand, other
researchers argue that this is an exaggerated rate and in fact this percentage was between 10-20% (Grant et al., 2007).

A parallel transformation has been witnessed in the corporate area as well. The majority of the jobs available in the country are performed by non-Emiratis, where the indigenous people constitute only a small percentage of the labour force. In the UAE, migrant labourers from other countries have emerged as the dominant work force in the majority of sectors of the economy for skilled as well as unskilled jobs (Tong, 2010). In 2008, the number of available jobs was 4,079,000, while there were 40,000 Emirates nationals out of work (UAEInteract.com, 2009), corresponding to 1% of the labour force in the country. Hence, the majority of the labour force in the country is formed by non-Emirati personnel from across the world.

Emirati nationals were quite reluctant to take up jobs in the private sector (Al Azri, 2010). Young UAE nationals, particularly graduates, have negative perceptions of jobs in privately-owned enterprises, which they associate with low wages, fewer facilities, substandard working conditions, heavy labour and long hours of work (Al Azri, 2010). Research by Forstenlechner (2008), which studied the implementation of the UAE government’s measures for increasing the representation of UAE citizens in the private sector, yielded similar findings. More specifically, the scholar found that young graduates considered employee rights, job security, promotion prospects and work hours to be more important than salary when seeking jobs. In fact, according to the respondents, the most unappealing aspect of private sector jobs for them was the low salary on offer (Forstenlechner, 2008).

On the other hand, opportunities for UAE citizens to join the private sector have been extremely limited as many private-sector employers have been unwilling to employ Emiratis. The study by Forstenlechner (2008) included interviews with 120 chief executives and senior managers from the private sector, including both locals and expatriates, where they were asked about recruiting Emirati workers. Almost 73% of these respondents thought that UAE citizens in general have insufficient skills, education and experience. About 29% indicated that Emiratis have unrealistic salary expectations and 17% said that they have unrealistic expectations with regard to promotion.
Moreover, 13% of the interviewees in the Forstenlechner (2008) study also believed that output and efficacy would be low among Emirati workers. Interestingly, about 86% of the Emirati employers and managers who were interviewed, indicated that they would be unwilling to employ Emiratis due to their deficiencies in skills and experience, compared to only 61% of expatriate employers and managers.

As a matter of fact, even if the stereotypical views about Emirati workers are ignored, there is actual evidence that Emirati workers, in general, do not possess the know-how and expertise required by many private sector employers, and that many fail to demonstrate the work behaviour and attitude needed in this sector (Harry, 2007). Additionally, it is found that the international firms operating in the UAE have not adapted their recruitment methods and selection tests to the local populace and culture (Harry, 2007), thus putting Emiratis at a disadvantage when competing for employment.

A recent study by the UAE’s National Human Resource Development and Employment Authority noted that several private-sector jobs available in the UAE require a high level of English fluency and other expertise, which local graduates do not usually possess (Wilkins, 2002). This possibly explains why Forstenlechner (2008) found evidence in his survey that Emirati students and young graduates were not confident of their ability to work effectively in the private sector, or to compete for jobs in this sector against foreign citizens. However, Askary et al., (2014) raised the limitations that hinder the ability of Emiratis to secure jobs in the private sector, such as lack of suitable work culture and lack of adequate motivation for the necessary skill development, which can be attributed primarily to cultural aspects explained by (Al-Ali, 2008).

The rapid development of the UAE over the past decades has not allowed sufficient time for the attitudes and behaviour of the traditional pastoral or trading societies to be transformed into those suitable for modern industrial or service economies (Al-Ali, 2008). Also, the only means for UAE’s youth to learn the new required behaviour and attitudes is through the education system and workplace environment, a process that can take many years, as there is little that they can inherit or learn from their parents. The problems have worsened as the work culture of the UAE gives undue importance to monetary rewards and top-down discipline, instead of emphasising the need for job commitment among employees (Al-Ali, 2008). The unwillingness of Emiratis to work in privately-owned enterprises, and the reluctance of privately-owned enterprises to
employ Emiratis, are the two greatest issues that cause the favouring of migrant workers over native employees.

Although there are no accurate statistics representing the distribution of employment between Emirati and migrants in the UAE, it was shown that in 2010, expatriates accounted for 91% of workforce in the publicly-owned sector and 99% of workforce in the privately-owned sector, with the latter reportedly accounting for more than half of the jobs in the UAE (Lalovich, 2010). If this trend continues, it is estimated that nationals will account for less than 4% of UAE’s total labour force by 2020 (Lalovich, 2010).

2.8. Education

Before the detection of oil in the country, education standards were poor, lacking regulated schools and the convenience of higher education (Al-Ali, 2008). With the discovery of oil in Abu Dhabi, the number of schools was around 20, which educated 4,000 pupils the vast majority of whom were male. When the federation was established between the Emirates, the number of public and private schools rose to 74 in total (Godwin, 2006). The UAE president, Sheikh Zayed Bin Sultan Al Nahyan, encouraged educational activities since he regarded the young population as an asset within the nation, and wished to create a qualified youth that were able to be of service to society. As Godwin (2006) stated that UAE constitution Article 23 broadcasted that education was regarded as a significant factor for a community that progresses, and it would be without charge covering all phases from primary school to University degrees in the territories of the Emirates.

2.9. Religion

The official religion of the country is Islam, Although most of the population are expatriate and non-Muslims. In 2005 around 76% of the population were Muslims, 9% Christian, 15% Hindu, and 5% Buddhist; the remaining 15% were from other religions such as Paris and Sikh (US Department of State, 2006; Randeree, 2009). This diversity of residents, combined with globalisation and other economic changes in the country, led to numerous changes in UAE society. It is becoming a more heterogeneous society
due to the diversity within. This is evident in many spheres such as the presence of non-Muslim places of worship, which was rather rare a few decades ago.

Families in the UAE are still conservative about choosing the right profession for their children, as it should not be in conflict with religious beliefs and Islam. Hence, Islamic law (shariah) consists of rules and principles that are formulated by the holy Qur'an and the actions and declaration of the prophet Mohammed (sunah). From the perspective of a financial career, Islamic law should be lawful (halal), and should avoid business deals that charge interest (riba) (Maali, 2006). It also requires Muslims to pay Zakah, which is a religious tax. The Islamic system enhances the spirit of brotherhood in the society and emphasises the moral, social and ethical dominions of the religion in the society as a whole (Masood, 2011).

2.10. The Emiratisation Policy

2.10.1. Labour market localisation policies in the international context

Since the early 1990s, the policy of Emiratisation has been the main tool deployed by the UAE government to address its labour market imbalances (Modarress et al., 2013). Mirroring similar indigenisation policies in the other GCC states, this policy has been formulated to replace expatriates with local workers by levying restrictions on the employment of expatriate workers in the public sector and mandating the employment of nationals in the private sector (Al-Ali, 2008). These measures are intended to raise the cost of employing migrant labour to the point at which it becomes more economical for employers to deploy native workforces (Al-Waqfi and Forstenlechner, 2010).

These types of localisation policies are not new, but are already implemented in many other countries with large numbers of migrant workers in their labour force. Within the GCC, a labour market localisation policy was first executed in the form of Saudisation in Saudi Arabia in the 1990s (Al-Dosary and Rahman, 2005). Later, similar policies were adopted in other GCC countries, such as; Bahrain; Qatar; Kuwait; Oman; UAE (Harry, 2007).

Across the GCC, these workforce nationalisation policies have usually taken similar forms but with differing emphases on different constituents. All GCC nations have formulated and enforced policies to restrict the number of work permits that can be
approved for overseas migrants, levied taxes on employers who hire foreigners and set quotas for the employment of native workers in specific sectors (Shah, 2006). The various localisation policies also include sponsorship systems, rotational systems to limit the length of time individual foreign workers can stay, restrictions on naturalisation and citizenship rights, and requirements to have local partners in order to set up a business within the nation (Shah, 2006). However, the execution of these regulations has been relatively weak in some states: this is especially true within the private sector, the very area where nationals tend to be under-represented (Kapiszewski, 2006).

2.10.2. Execution and outcomes of workforce localisation policies in GCC and the UAE

In the early 2000s, researchers (such as Girgis et al. (2003)) reported that the measures of localisation policies in GCC states were producing substantial results. According to the scholars who investigated workforce localisation in Bahrain, Kuwait, Oman and Saudi Arabia, the percentage of domestic employees rose from 65% to about 80% in the public sector, and from 25% to 32% in the private sector between 1990 and 2000 (Girgis et al., 2003). However, over a decade from their initial implementation, it now creates the impression that their effect has been extremely small. It can be evidenced that the discrepancy between the number of domestic employees and expatriates continues to expand in the region (Forstenlechner, 2009; Al-Waqfi and Forstenlechner, 2010; Randeree, 2012).

In the case of the UAE, the Employment Department has supposedly been able to secure jobs for just 105 nationals within the first year of its formation. Considering that the number of those seeking employment is probably more than 1,800, the number of jobs secured in the first year is relatively low (Al-Qubaisi, 2012). However, significant strides were made towards satisfying the Emirati employment quotas stipulated for the banking sectors. Despite the strides made, some parties insist that the accomplishments made may have been offset by an increased number of migrant workers in sectors other than the banking industry (Shah, 2006).

The quota-based policy has been accused of having a narrow focus; some insist that the system should have been deployed in a wide range of sectors (Koji, 2011). In recent times, it has become a public fact that TANMIA has experienced ineffectiveness in
delivering its mandate, a matter that has been attributed to insufficient authority, limited budgets and the significantly wide range of challenges that it faces (Al-Ali, 2008). Barriers to successful implementation of Emiratisation are discussed in the following section.

**2.10.3. Barriers to successful Emiratisation**

Several barriers that had been undermining the success of the Emiratisation policy have been reported by the government. For instance, according to Al Shaiba (2008), unless UAE nationals are better trained though a well-contextualized training and education programme, the effective implementation of the Emiratisation policy would become increasingly difficult.

Additionally, controls placed on migrant workforces have been reported to increase the cost of doing business as well as the amount of risk a firm is exposed to. As a result, there has been significant opposition to the policies by employers in the private sector, and they cite that the policies fail to take into consideration the needs of the labour market and the skill levels and expectations of Emirati workers (Modarress et al., 2013).

In an earlier study, Rees et al. (2007) conducted empirical research within the private sector employees, and their findings suggested that there was calculated sabotage of the Emiratisation policy by private-sector firms; this manifested itself through widespread non-compliance and exploitation of ambiguities. Rees et al. (2007) also indicated that the policies were unpopular with both expatriates and nationals, most of whom perceived them as a taxation.

Toledo (2006) was able to demonstrate that there was a possibility through an analysis he termed as diagrammatical analysis. He argued that the substitution of labour for capital was the only solution that was viable in potentially enabling the attainment of Emiratisation quotas, but at the cost of creating fewer jobs for locals overall.

According to Toledo (2006), Emiratisation is only feasible in a situation where non-competitive firms are mainly serving the domestic market, such as the construction, education and telecommunication sectors. These potentially benefit from governmental support and are, in large part, owned by Emiratis. The analysis, if correct, indicates that the implementation costs of Emiratisation policies are most likely to be a significant
obstacle to its implementation by private sector employers in the UAE without strict enforcement by the government.

The prevalent practice of visa trading in the UAE is another aspect that has supposedly caused a severe adverse impact on the successful implementation of Emiratisation (Hertog, 2014). This practice, which has evolved over the past four decades, was in response to the persistently high demand for foreign worker visas, which was more than the supply of visas sanctioned by the authorities for specific types of sectors or jobs (Shah, 2006). Consequently, it has become quite common for some nationals to set up fake firms so as to get work permits that are later sold to migrants. This practice is still considered to be prevalent, even though in recent years the authorities have levied severe penalties on those found at fault when it comes to visa trading (Shah, 2006).

Even though the aspects outlined could well be the most noteworthy obstacles to the efficient execution of Emiratisation, several more factors have been noted in prior studies, which the government possibly has more capability of controlling. These include the lack of a well-defined national policy agenda, and insufficient information about the policy and employers’ requirements (Rees et al., 2007).

Overall, these facts imply that successful Emiratisation will continue to face obstacles as long as UAE citizens retain a strong preference for jobs with publicly-owned enterprises, and the competitiveness of the UAE’s private-sector economy still relies heavily on more eager and well-equipped migrant workers from other countries. While this scenario persists, fundamental labour market issues in the UAE are rising, having the potential to render a devastating impact on the economic and social stability of the nation if more aggressive solutions are not embraced in the near future.

2.11. Banking Sector in the UAE

2.11.1. Overview of the banking sector
The UAE economy has recovered from the financial crises very fast in the last two years compared to other countries (Al Hamiz, 2004). It has demonstrated that the UAE has a solid ground for economic growth should be able to maintain its economic performance over the coming years. According to the Emirates Banks Association (2010), the UAE achieved a GDP of one trillion in the year 2010, which has increased dramatically over the 40 years since the Federation was founded in 1971. The UAE is
considered to have the second largest GDP in the GCC countries after the Kingdom of Saudi Arabia (Al Hamiz, 2004). Hence, the country’s ability to maintain steady economic growth is due to the economic policy strategy that the government implemented. This was to expand income resources into different services, such as construction, tourism, infrastructure and communication, whilst maintaining a growth rate of 5.1% in 2010. This is in addition to its effort to maintain stability in oil prices in the market, which achieved 8.2% in 2010 (Emirates Bank Association, 2010).

The UAE has achieved significant progress in infrastructure and industrial development in the last decade. This is despite the circumstances that affected the country through the global financial crises, as the UAE was able to invest in different projects, such as education, energy, import and export centres, and hospitals, and achieved a total GDP growth rate of 1.4% in 2010. This should be compared to 2009 when it was -1.6% (Emirates Bank Association, 2010). On the World Economic Forum, UAE was ranked 23rd globally among 133 countries which have complicated infrastructures of different public facilities. Those projects were funded by the UAE government banks, which is an indication of a strong economic power (Emirates Bank Association, 2010).

The UAE banking sector has received the biggest benefits from strong economic growth. A thriving economy, combined with comparatively low interest rates and high oil prices, has resulted in strong banking-sector asset growth. The number of banks with a UAE presence is disproportionately high, with 23 local banks, 28 foreign banks and approximately 50 international bank offices (UAE Central Bank, 2012). Key banking statistics are shown in Table 2.6 below.
Table 2.3: Number of Banks in the UAE 2010-2012/April

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012/April</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCORPORATED BANKS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Head Offices</td>
<td>23</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>Branches</td>
<td>732</td>
<td>768</td>
<td>794</td>
</tr>
<tr>
<td>Electronic banking service units</td>
<td>26</td>
<td>26</td>
<td>28</td>
</tr>
<tr>
<td>Pay offices</td>
<td>86</td>
<td>87</td>
<td>88</td>
</tr>
<tr>
<td><strong>FOREIGN BANKS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Main Offices</td>
<td>28</td>
<td>28</td>
<td>28</td>
</tr>
<tr>
<td>Branches</td>
<td>83</td>
<td>83</td>
<td>83</td>
</tr>
<tr>
<td>Electronic banking service units</td>
<td>50</td>
<td>50</td>
<td>52</td>
</tr>
<tr>
<td>Pay offices</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>ATMs</td>
<td>3758</td>
<td>4172</td>
<td>4280</td>
</tr>
</tbody>
</table>

Source: UAE Central Bank (2012)

In addition, the importance of this sector is highlighted by the large governmental stakes, largely as a result of governmental macroeconomic controls that are heavily dependent on oil and trade revenues.

The financial institutions are of major importance, but are sensitive to global and local economic market development. The sector was able to maintain a steady growth through the years. In 2011, the banking sector in the United Arab Emirates recorded a 24% profit, which increased by 13% in the year 2010 (Business Intelligence Middle East, 2012). There were many factors that affected the growth of the banks, such as the stock crisis conjecture in the UAE stock market, which is not well known and that led many companies to declare bankruptcy. In addition, the financial crisis had a huge effect on the local stock market where stock prices dropped from AED2771.6 in the year 2009 to AED2655.3 in the year 2010. This showed a 4.8% decrease and suggested that investors were very careful about investing in the market (National Bureau of Statistics, 2010). Another issue was the large drop in oil prices in 1998 that led many companies and projects to be delayed, and many banks to lose their chance to invest in government projects (National Bureau of Statistics, 2010).
2.11.2. Islamic Banking in the UAE

Establishment of the Dubai Islamic Bank (DIB) in 1975 represented the establishment of the first and largest Islamic bank in the UAE and the origination of Islamic banking practice around the world (Wilson, 2009). There is currently a network of 30 branches representing DIB throughout the UAE, with expansion expected to reach 74 branches by the end of 2011 (Worldfinance.com, 2012).

Currently there are four other dedicated 100% Islamic banks in the UAE - Sharjah Islamic Bank, Emirates Islamic Bank, Abu Dhabi Islamic Bank and Dubai Bank. Traditional banks, either through a dedicated Islamic window or a subsidiary, offer Islamic financial products. The total of Islamic banking assets is AED750 billion (US$204.234 billion) - the equivalent of 10% of the total UAE banking industry (Khan and Bhatti, 2008). At the end of 2011, the value of the Islamic banking sector was about US$ 1 trillion (Nuqudy.com, 2012). In the global scale, the financial services offered by the Islamic banks operating in the UAE accounted for 30% of the overall industry in 2011 owing to the support received from the UAE Central Bank (Nuqudy.com, 2012). Islamic banking turnover is expected to increase from Dh3.7 trillion in 2010 to Dh9.9 trillion in 2015 (Zawya.com, 2011).

Rising patterns of growth in profits and assets can be seen in Islamic banking and finance institutions throughout the UAE. Traditional banking and financial institutions have partially or fully converted to Islam more often in the UAE than any other Middle Eastern region. For example, during recent years Dubai Bank, National Bank of Sharjah (Sharjah Islamic Bank), Middle East Bank (Emirates Islamic Bank) and Amlak Finance converted to offering Islamic products.

Khan and Bhati (2008) claim the UAE government announced plans to initiate the total conversion of the Dubai Financial Market to a 100% Islamic entity. Sukuk are the essential foundations of corporate financing in the UAE. Sukuk issues and Islamic mortgages are largely responsible for UAE real estate sector financing (Hassler, 2011). Currently, the UAE is placed second in the ranking of issuing Sukuk worldwide, with a profit of US$700 million (Miller, 2012).
2.11.3. Islamic banks operating in the UAE

UAE Islamic banks were able to achieve customer trust and high financial results. This led to an increase in Islamic bank’s assets and deposits. In addition, bank deposits showed a steady increase in 2010 and 2011 with 7.5% growth (Emirates Bank Association, 2010).

Table 2.4: Name and Rank of Islamic banks operating in the UAE 2010 (AED thousands)

<table>
<thead>
<tr>
<th>Rank 2010</th>
<th>Bank Name</th>
<th>Total Assets</th>
<th>Total Deposits</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Dubai Islamic Bank</td>
<td>90.137.771</td>
<td>63.447.070</td>
</tr>
<tr>
<td>2</td>
<td>Abu Dhabi Islamic Bank</td>
<td>75.257.518</td>
<td>56.517.045</td>
</tr>
<tr>
<td>3</td>
<td>Emirates Islamic Bank</td>
<td>32.746.515</td>
<td>24.222.865</td>
</tr>
<tr>
<td>4</td>
<td>Al Hilal Bank</td>
<td>25.740.118</td>
<td>18.109.865</td>
</tr>
<tr>
<td>5</td>
<td>Noor Islamic Bank</td>
<td>18.193.374</td>
<td>12.810.402</td>
</tr>
<tr>
<td>7</td>
<td>Ajman Bank</td>
<td>3.234.346</td>
<td>2.022.249</td>
</tr>
</tbody>
</table>

Source: Emirates Bank Association (2010)

2.11.5. Number of employees in banks

The percentage of national Emiratis employed in the banking industry showed a rise of 1% reaching 35.4% in 2010 compared to 34.4% in 2009 (Emirates Bank Association, 2010). The proportion of female employees in the banking industry has also increased to 43.1% of the total employees; 200 of these occupied managerial posts. Furthermore, the proportion of indigenous branch managers reached 71.7%, corresponding to 568 employees in 2010, rising from 71.3% and 534 employees in 2009. Table 2.9 below shows actual and targeted number of employees in the financial sector between 1996 and 2003.
Table 2.5: Actual and Targeted Number of Employees in Financial Sector in UAE (1996-2003)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total No. of Employee</th>
<th>Actual No. of UAE Nationals</th>
<th>Targeted No. of UAE Nationals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>13,710</td>
<td>1,637</td>
<td>_</td>
</tr>
<tr>
<td>1999</td>
<td>13,592</td>
<td>1,920</td>
<td>2,167</td>
</tr>
<tr>
<td>2000</td>
<td>14,459</td>
<td>2,446</td>
<td>2,883</td>
</tr>
<tr>
<td>2001</td>
<td>15,192</td>
<td>2,987</td>
<td>3,637</td>
</tr>
<tr>
<td>2002</td>
<td>15,843</td>
<td>3,700</td>
<td>4,427</td>
</tr>
<tr>
<td>2003</td>
<td>17,060</td>
<td>4,435</td>
<td>5,449</td>
</tr>
</tbody>
</table>

Source: Al-Ali (2008)

The UAE Human Resources Development Committee (HRDC) passed a strict quota on the banking sector to achieve a 4% increase in hiring Emirati annually. However, as the table above indicates, some of the banks did not reach the targeted quota of Emiratisation: the gap between the actual numbers of UAE nationals is 4,435 (26%) and the targeted number should be 5,449 (31.94%). According to the Emirates Institute for Banking and Financial Studies (EBIFS), only one bank met the government’s quota of Emiratisation of 4% in 2003. In addition, resignations in 2002 reached 360 compared to 52 in 2001, leaving a gap of 790 (Al-Ali, 2008).

Figure 2.3: Emiratisation Percentage (1997-2011)

Source: Randeree (2009)
The (HRDC) Human Resources Development Committee aimed to increase the number of Emiratis working in both public and private sectors through following the Cabinet Decree No.10/98.1998 to get a 4% Emiratisation quota annually (Randeree, 2012). As indicated by the HRDC, the number of Emiratis increased dramatically in 2005, which underlines the leadership of the banking sector in the area of resettlement in other economic sectors and its commitment to government policy. However, the percentage of Emiratisation decreased from 2008 to 2012 as the government sector increased their salaries by 100%. This led to many resignations due to the lower salaries and benefits, long hours, longer holidays and the retirement salaries. This is one of the important reasons that dissuades Emiratis from staying in the banking sector but attract them to the government sector (Arnold, 2013).

Hence, 630 UAE nationals in top and middle management left their jobs in 2007, and a further 421 in 2008. In 2012, an EBIFS study indicated that 1,500 Emiratis left the banking sector, with 50% of them leaving permanently and the other 50% moving to other banks (Abdulnabe.2012). In relation to the latter point, Emiratisation leads to resettlement competition between banks to attract UAE nationals, especially qualified ones (Abdulnabe.2012)

2.12 Summary

The chapter provided an overview of the UAE such as economy, society, education and religion. This chapter also gives an insight into the banking sector in the UAE while focusing on the Islamic banking sector and the implementation of the Emiratisation policy on the financial sector of the UAE. It also provides commentary on perception of Islamic banking as a career. The next chapter provides a review of the literature relating to human capital capacity-building and demonstrates its relevance to the purpose of this research study.
Chapter three: Literature review

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3.1. Introduction

The purpose of this study is to develop a framework for human capital capacity-building in UAE Islamic Banks in order to counteract the challenges of Emiratisation, and improve the human resource development practices of senior Emirati managers in Islamic banks. To fulfil this purpose, this chapter is dedicated to a literature review in order to develop a conceptual framework. In this process, the review of the literature is divided into two sections. It begins with defining the concept of human resources management, and continues with an exploration of the resource-based view approach to human resources. This is followed by a critical evaluation of human capital and social capital concepts and the relationship between them. In the second section, a definition of Islamic banking is proposed, followed by the basis of Islamic banking and historical roots of Islamic finance, and its instruments are discussed. This is followed by an investigation into the importance of human resources in Islamic banking, which indicates the necessity of assessing the training procedure within the Islamic banking system. Following a critical review of the above-mentioned concepts, the theoretical framework adopted for this research is presented.

3.2 Human Resource Management

Human resource is viewed as a system by Lado and Wilson (1994, p.701) who defined it as “a set of distinct but interrelated activities, functions, and processes that are directed at attracting, developing, and maintaining (or disposing of) a firm’s human resources”. The aim of human resource management (HRM) is to create a work environment that emphasises employee development through practices, such as training, participation and communication, and the importance of having innovative, flexible committed employees who are valued resources (Legge, 1995). The concept of HRM is approached in two opposing ways: the first equates it with personnel management, and others who argue against this opinion that HRM goes beyond this and refers to an entirely novel way of people management (Bloisi, 2007).

The first approach is called the “hard model” and is supported by Tichy et al. (1982), and Hendry and Pettigrew (1986). In this approach, human resources are viewed as a factor of production, and therefore human resources are treated as an expense of doing business. Thus, from this perspective, the goals of HRM are efficiency, recruitment,
administrative goals and the management of change. This is because the management of human resources is driven by the rationale of maximising profits in the short-term, and is concerned with the recruitment and disposal of employees in line with changes in production (Sett, 2004).

The second approach is called the “soft” model and was advocated by Walton (2002) and Guest (1987). In this approach, human resources are viewed as distinctive resources of an organisation that contribute to achieving long-term objectives, such as the creation of knowledge, innovation, know-how and experience (Lowson, 2002) to create unique value-offering and therefore to maintain competitive advantage. The primary concern of the management of human resources is establishing a high quality workforce with employees who are highly skilled, flexible and committed. It is argued that the management of this resource should be different from the way other resources are managed (Sett, 2004). This is because a highly-skilled and highly-motivated workforce are inimitable and non-substitutable (Wright et al., 2001).

The “soft” approach to HRM is more comprehensive even though the core functions of the hard model of HRM remain constant. The crucial difference is that it is not solely focussed on workers but also states that management requirements are an important constituent of HRM (Bloisi, 2007). Thus, HRM needs to be accompanied by tasks of supervising, strategising and managing in order to arrive at a comprehensive management system.

The “soft” model assigned a strategic meaning to HRM. This is because HRM is viewed as a ‘discursive formation’ (Salaman et al., 2005, p.4), and its advocates see it as an implicit series of interrelated notions. According to Storey (2001), strategic human resource management (SHRM) is a unique way of managing workers. It aims to gain competitive edge by strategically utilising an extremely dedicated and competent employee base through a variety of tactics that pertain to cultural and structural factors. As suggested per Jackson and Schuler (1995), and Gratton and Hope-Hailey (1999), SHRM is about establishing regulations so that the incorporation of these regulations into the workload and professional life of the employees will trigger them to contribute to the organisational and operational health in a positive way.
3.3 The Resource Based View of Human Resource

The concept of the Resource Based View (RBV) was put forward by Penrose (1959) in order to identify the significance of establishing the constructive collection of assets by companies in addition to blending these assets in a distinctive and active method to realise company achievements (Wade and Hulland, 2004; Kirsch, 2007). From this perspective, gaining and sustaining competitive edge within the market does not rest on factors, such as natural resources, technology or exploitation of economies of scale; is because these factors can be copied by others (Srivastava et al., 2001). The perspective of the RBV is that competitive edge is founded on precious, exceptional resources of a company that cannot be copied easily (Dunford et al., 2001). In reality, HR constitutes a hidden resource (Becker, 1964 cited in Marr et al., 2004), this is because HR is a capital that is formed by “experience, judgement and intelligence of individual managers and workers in a firm” (Wright et al., 1993, p.4).

The basic assumption of the RBV in gaining competitive advantage is having resources that are heterogenic and immobile (Barney, 1991). More specifically, RBV advocates that creating variety in resources, and ensuring that these resources cannot be obtained by rival firms or other market resources, are the key to achieve sustainable competitive advantage. What makes human resources a unique resource for a firm is their “specific technical knowledge, skills, abilities when performing a specific task as well as their behaviour” (Schuler and Jackson, 1987, p.208).

The consequence of the human resource pool suggests an assortment of employee skills and competencies, and the manner in which this pool is administered by HR practices can be understood with regards to the strategic goals of the company (Allen and Wright, 2006). According to Mathis and Jackson (2004), the sorts and degrees of capabilities are not allocated equally among companies; they argued that competitive advantage can be gained by companies that succeed in acquiring a human resources pool, where the kinds and degrees of competencies are balanced according to their strategic goals, whilst other companies cannot develop such human capital.

When the exclusivity condition is considered, it is suggested by scholars, such as Lippman and Rumelt (1982), Becker and Gerhart (1996) and Das and Teng (2000), that there are two reasons that make copying human resources difficult, uncertainty and
direction reliance. According to Sabel (1994), uncertainty is inherited in knowledge creation, which involves continuous change in operational processes in an unpredictable way. Reliance, on the other hand, refers to the collaboration of human resources in knowledge creation (Lavie and Drori, 2012).

According to Becker and Gerhart (1996), the initial reason behind the difficulty of imitating is the difficulty of understanding the entire system through which the relationship of human capital practices and the policies of the company develop values. They argued that the second reason for this is that “HR systems are path dependent” (Becker and Gerhart, 1996, p.782). They involve corporate policies that have been established over time; it is not possible for rivals to buy these from the market (Becker and Gerhart, 1996).

The reliance of HR practices on each other, together with the characteristic perspective of specific companies, establishes important obstacles against copying. In actual fact, human capital should be precious and they should be potentially full of effective prospects (Boxall, 1996). Hence, the competitive advantage that is founded on HR calls for preserving outstanding aptitudes, or expressed differently, the most excellent and brilliant ones (Boxall, 1996).

The concentration on HR corresponds with the underlining of core competencies within the strategy literature as economic profitability potential is associated with competencies (Hamel and Prahalad, 1994, cited in Stiles and Kulvisaechana, 2004). RBV concerning companies supports the view that individuals are tremendously critical resources for the success of companies (Allen and Wright, 2006). This was recognised during the 1980s, and scholars like Collins and Porras (1994) argued that achievement is established through an exceptional manner of HRM. Furthermore, in his study, Grant (1996) proposes another thread named ‘the knowledge-based view of the firm’. This new view underlines the need for companies to generate and foster expertise and learning skills in their human resources by means of information attainment and distribution of knowledge capital in order to acquire competitive advantage.
3.4 Human Capital

Dess and Picken (2000) define human capital as the collection of each employee’s and manager’s competencies, knowledge and aptitudes in relation to specific projects, together with the potential to contribute to this pool of human capital in terms of knowledge and capabilities by means of personal learning.

In general terms, human capital can be utilised anywhere, regardless of where it is employed. Since it is part of an individual, it goes with the person to various organisations and jobs, and can be gainfully used in any situation or workplace. The firm- or task-specific human capital, however, is more precise and is acquired through training, education or hands-on experience in a particular task in an industry or firm (Au et al., 2007). Such capital is, therefore, not easy to transfer from one job or organisation to another and cannot be translated into income (Becker, 1964).

The discipline of HR often employs the term ‘human capital’ to refer to people in the workplace, and the collective knowledge, skills, expertise and innovative and development capacity held by them (Barney, 2002). Reporting functionality for human capital is designed to deliver quantitative and qualitative data gathered using a variety of measures, including staff turnover or levels of employee engagement. Such data facilitate the identification of the type of intervention required by the HR function to drive business performance towards the achievement of goals, ultimately aligned with the overall organisational level strategies within the function and pool (Ehnert, 2008).

Today, it is widely accepted that organisational value is derived from a combination of material assets including equipment, finances, property and real estate. It also includes immaterial assets such as brand, reputation, image, knowledge, skills and expertise, and human capital in the form of the workforce. In a knowledge-based economy, human capital becomes increasingly critical to business operations (Rastogi, 2000; Agarwala, 2003).

Nevertheless, it remains a difficult task for organisations to conduct an evaluation of human capital. The reasons for this are many and, according to CIPD (2012), include:

- Difficulty separating employee contribution from factors such as economic climate, market forces and consumption trends.
• The common practice of expressing employee value in qualitative rather than quantitative terms, which makes it difficult to use such data in conventional accounting models.
• Historically, HR data have been gathered for administrative use rather than for use as a basis for evaluation.
• HR practitioners may lack the skills or resources required to accurately interpret or explain evaluative data in terms of employee contribution to business performance.
• A lack of recognition of human capital as a performance measure amongst senior management or stakeholders, which results in a lack of demand for human capital data.

From the aspect of classical economic theory, human capital is viewed as a commodity (Marimuthu et al., 2009). The first studies concerning human capital were conducted by economists, including: Becker (1964); Schultz (1971); Mincer (1974), who emphasised the economic gains of venturing in overall and company-explicit training. These studies are founded on a thorough pragmatic assessment and evens out the dominant thought, suggesting that the development of human capital is the most important aspect in relation to economic achievement.

As per Schultz (1971), there is a similarity between human and physical capital, which is defined as a factor of production or input into the production process and incorporates elements, such as machinery, buildings and hardware. The similarity relies on the fact that, predominantly, neither human nor physical capital creates any economic effect. Once an employee receives training, they contribute to the revenue generation and profitability of firms. As can be seen from the argument raised by Schultz (1971), allowing the employee to gain knowledge and skill through special training, gains capital quality.

According to Becker (1964), human capital is categorised as either general or specific. By referring to Becker’s (1964) classification, Au et al. (2007) define general human capital as generic knowledge and skills held by employees not associated with a specific task, but rather applied on a general basis to everyday business operations and acquired by virtue of work experience and education.
General human capital is regarded as transferrable across jobs, organisations and industries. General human capital invested in an individual employee moves without restriction between industries. Au et al. (2007) defined organisation or task specific human capital as specialised education, training or knowledge, or work experience related to the performance of a specific task or related to a specific organisation. Becker (1964) emphasises the fact that specific human capital is characterised by difficulties in transfer between industries, jobs or organisations, and it is consequently impossible to transfer large proportions of income in the labour market.

Becker (1964) additionally argued that specific human capital is also characterised by its ability to increase the productivity of the worker only at a particular organisation. As a result, the transfer of specific human capital between industries is difficult. On the other hand, the association of education with economic development is verified strongly in the works of Psacharopoulos (1973) and Hanuschek and Kimko (2000), where its strong association with productivity was confirmed by Denison (1967). Moreover, earnings progress is supported highly by Becker’s (1964) and Schultz’s (1971) studies (Hewlett, 2002).

However, recent studies have illuminated a lot concerning the term knowledge. For instance, according to Rastogi (2000), the term and the standpoint of human capital is rooted in the statement that knowledge and learning, inspiration and invention, skills and aptitude, cannot be replaced by any other resources. Therefore, they should persistently be followed and emphasised on the company’s perspective in terms of competitiveness and surroundings.

The correct calculation of human capital is imperative since it is a primary resource in economies based on knowledge, and it is also a provider for economic progress, introduced notably in wealth book-keeping (Healy and Cote 2001). Several academics, including Lynn (1999) and Sanchez et al. (2000), claim that human capital stands for a contribution to the company adding further value, bringing about affluence by the contribution of human skills, and possibly by the interruption of so-called knowledge silos (Dzinknwski, 1999).

Assets, such as culture, innovation, and knowledge, that are not able to be owned by an organisation are included under the definition of human capital. Databases, software
programs and other physical assets are categorised as structural assets owned by an organisation. Greenberg et al. (1999) and Stewart (1997), identified three aspects that interact and define the strength of an organisation’s customer base, as intellectual capital human, structural capital and customer capital.

Within the context of services, human capital includes knowledge and skills of professionals, while software programs are classified as structural capital designed to support knowledge and skills. The working relationship between clinical and executive professionals and consumers of the service provided is classified as customer capital. It is recognised by organisations that human capital is the source of competitive advantage as it is shaped by firms’ strategy of knowledge management, and leads in achieving organisational goals as a consequence of implemented plans (Bontis, 2004).

3.5 Knowledge and Education

Scholars such as Healy and Cote (2001), have suggested that education improves the sharing of knowledge in a community, which leads to the acceleration of the velocity of transformation and development within a nation. Furthermore, it generates know-how and competencies, going beyond attaining skills. Education encourages the participation of employees as well as their efficiency, belief and dedication towards their occupation (Al-Ali, 2008).

In their study, Healy and Cote (2001) identified that people with higher education have more chance to be recruited, and that every extra year spent in education corresponds to an average of 15% higher income. It is observed in several countries, such as the United States, the United Kingdom and Sweden, that there is a broad spread between the payments of employees in the market depending on their education degrees, such as medical doctors and engineers (Healy and Cote, 2001). Moreover, people with higher education demonstrate attitudes contributing to superior health conditions and a smaller percentage of redundancy, leading to a higher contribution to the community (Henderson, 2005).

In rationalising personal income discrepancies, human capital has been a principal aspect (Nerdrum and Erikson, 2001). The positive association between human capital and earnings was established by the studies of Becker (1964) and Mincer (1974), in
which the scholars found that education level and skilfulness of individuals are directly related, and a positive correlation is seen in productivity levels of individuals. Being highly productive leads to higher earnings; this is because organisations reward their contribution with better payments to individuals (Strober, 1990).

Based on these findings, it is argued that employees who focus on their education and training will improve their degrees of knowledge and competence, leading to a superior contribution to the company in terms of efficiency in comparison to the ones with lower education. This results in the explanation for higher incomes for their efforts in forming human capital.

3.6 Training and Development

Training has been defined by many authors; including the World Trade Organisation (WTO) (1996, pp.190-193), who emphasised that:

*Training and education should be parallel and complementary to each other; and at different points of an individual’s career it is quite common and quite right that one predominates over the other.*

In a more elaborate manner, van Dyk et al. (2001, p.147) defined training as:

*A systematic and planned process to change the knowledge, skills and behaviour of employees to achieve organizational goals.*

Training in its simplest definition is the process of improving the staff members’ skills within the organisation’s system, whether they are recent or new staff members (Tesone, 2005). It is a process of bringing a person to an agreed standard of skills proficiency through instruction. Thus, training programmes attempt to teach employees how to perform particular activities or jobs (Dyk et al., 2001).

Armstrong (2010, p.543) defined training as:

*the formal and systematic modification of behaviour through learning, which occurs as a result of education, instruction, development and planned experience.*
Training is an essential tool for enhancing a person’s attitude, skill and knowledge. It guides them towards developing effectiveness and efficiency at work by bringing improvements and revising professional knowledge. This is done by enhancing skills that are relevant to work and adopting appropriate attitudes and behaviour towards people as well as work. Hashim (2009) communicated that training is considered a course of action that develops the qualities in human resources to make them more productive, so that they can contribute to the attainment of organisational goals.

The link between human capital and training and development is drawn by Enyekit et al. (2011). According to the scholars, human capital development and training and development are the same, in essence. This is because the underlying aim of training and development is organising and rationalising skills, human intellect and competencies before they are used in an organisational setting or at national level, as these are valuable factors contributing production in order to achieve business goals. Furthermore, Enyekit et al. (2011, p.63) argued that human capital development “teaches people how to utilise the power of diverse thinking styles both analytical and intuitive so that they achieve holistic best practical solution”. In fact, it is a process aimed at bringing out values that are embodied in people, in addition to improving their skills and knowledge.

In the case of Islamic countries, training and development activities differ from Western techniques. As expressed by Altalib (1991), Islamic training and development covers all aspects commencing from the moral and spiritual development of man to the physical development. For instance, in Islamic finance, training programmes place special emphasis on the moral dimension rather than only teaching how products of Islamic banks or other financial institutions are structured (Institute of Islamic Banking and Insurance, 2013). This suggests that training and development activities undertaken by Islamic banks are in line with Enyekit et al.’s (2011) assertions regarding human capital development.

3.7 Relationship between Human Capital and HRM

An examination of employee behaviour in organisations has revealed that, generally speaking, better educated and trained personnel tend to upgrade their skills far more and are consequently more productive than their less educated and trained counterparts.
Chapter Three: Literature review

(Thurow, 1972; Levin and Kelley, 1994). Appropriate HR practices in an organisation can thus result in enhanced human capital, which is likely to lead to superior organisational performance. A management with a high level of commitment towards the organisation encourages HR practices that advance the development of human capital (Wood and Albanese, 1995). Some HR practices that impact upon human capital are:

- Adaptability and flexibility in job content
- More uniformity and less hierarchy in the workplace
- Creating opportunities for career enhancement with due importance to training and commitment to the organisation
- Doing away with dismissals and severance
- Developing team spirit in order to solve problems and accomplish tasks, rather than dependence on specific individuals
- Creating appropriate job models resulting in employee job satisfaction
- Introduction of new types of assessment and payment, and
- Encouragement to employees for taking responsibility for quality management.

HR practices in an organisation can assist in developing human capital therein through employment of personnel and their training through formal and informal channels. The relationship between human capital and HR practices is identified through exploring its impact on performance. For instance, Bartel (1994;2000) approached this from the aspect of training programmes and their impact on increasing productivity. In the former study, Bartel (1994) examined the impact of a manufacturing firm’s formal training programmes on employee productivity through investigating employee polices and economic characteristics of businesses. Bartel (1994) found significant differences between productivity levels of firms before and after the implementation of new employee training programmes, and thus concluded that investment in training programmes is the main contributor of larger growth in labour productivity levels.

In his later study, the main concern of Bartel (2000) was to measure the rate of return of employers’ investments in employee training. Through the review of existing empirical studies, Bartel (2000) reached the conclusion that investment in employee training generated higher returns for firms. However, due to a lack of access to firms’ databases
and absence of variables, there is no accurate information about firms’ actual gains.

Weitzman and Kruse (1990) examined the influence of compensation schemes on labour productivity. The scholars identified that incentive schemes based on profit sharing and employee ownership enhance productivity levels and increase employee commitment to organisations. This is because these incentives lead to the development of a better work culture (Conyon and Freeman, 2004).

However, Barney (1995) pointed out that these empirical studies are not sufficient to draw the implications of HR practices on the development human capital. Barney (1995) argued that, individually, each HR practice has limited impact; thus, a combination of HR practices should be considered in ascertaining gaining competitive advantage through the formation of human capital. Barney (1995), support the assertions of an earlier studies by Arthur (1992;1994) which revealed that employee commitment was the key determining factor of superior firm performance; this is achieved following the implementation of a collection of HR practices. These practices include empowerment, participative management, extensive training and monetary based compensation.

Similarly, Husleid (1995) identified a positive association between investments made in HR activities, organisational productivity level and firm performance. According to Husleid (1995), firms investing in incentive-based compensation schemes, employee participation and discerning employee selection methods, experienced low employee turnover, achieved higher productivity and better organisational performance, because these practices positively influenced skill development of employees and their motivation.

Davenport (1999) approached human capital from the attitudes and behavioural aspect of employees, and asserted that, as employees own this capital, they are the decision makers of when, how and where they will utilise it, not the employers. Thus he advocated the investigation of human capital from an employees’ point of view. To study this, Davenport (1999) devised the Human Capital Investment Model. According to this model, human capital investment can be ascertained by the knowledge, capability, talent, skills and behaviour of personnel, together with the time and effort
they spend on building their qualities and skills and advance themselves. Figure 3.1 below displays the relationship between the variables mentioned:

![Figure 3.1: Human Capital Investment Model](image)

**Source:** Davenport (1999, p.19)

In this model Davenport (1999) argued that employees possess the intangible resources, and they provide these intangible resources for their employers in achieving organisational goals. The model formulated by Davenport (1999) implies that it is necessary to consider the investment individuals have made for the development of their human capital, and therefore he links human capital to social capital. This is examined in the following section.

### 3.8 Social Capital

Social capital is a concept that is full of ambiguity due to the confusing differences between definitions. For instance, Coleman (1990) defined social capital as a structure that is formed by entities such as duties, responsibilities, expectations, trust and flow of information, and has the role of guiding individuals within that structure in shaping their actions. According to Portes (1995, p.12): “social capital is the capacity of individuals to command scarce resources by virtue of their membership in networks or broader social structures”. This definition stresses individuals’ ability to manage scarce resources through the networks within a social structure.

From the economic perspective, social capital is defined by Narayan and Pritchett (1997, p.3) as: “something accumulated which contributes to higher income or better outcomes”, and the outcome of such accumulation is seen in an improvement in governments, an increase in co-operation between individuals for the good of societal issues, and the reinforcement of bonds between individuals. This leads to the spread of innovation and enhances the flow of information in terms of quality. In turn, therefore,
transaction costs of the information flow decreases and, finally, higher social capital influences risk perception of individuals in favour of taking more risks and obtaining better return (Robinson et al., 2000).

Nahapiet and Ghoshal (1998, p.250) defined social capital as a: “facilitator of the development of intellectual capital by affecting the conditions necessary for exchange and combination to occur”. This indicates that social capital involves existing knowledge that has been previously generated within the background, and the kind of knowledge that has been collected and processed by several units in the phase of knowledge transfer.

Social capital theory is useful for understanding the connection between social capital and learning behaviour of groups. It grows in organisations through the social links employees create with their fellow workers in their personal capacity. The networking helps the employees enhance their knowledge and to offer as well as receive advice and help for various matters (Sparrowe et al., 2001). Social capital, thus, gives participants not only knowledge but authority and leverage as well. Many groups that are connected with each other through diverse social networking groups generate social capital and encourage all members of their extended networking to activate and maintain their links with each other (Adler and Kwon, 2002).

According to Kogut and Zander (1992), companies can achieve superior results through delivering and exchanging knowledge that is involved in the corporate norms. Scholars such as Rosenthal (1996) and Tsai and Ghoshal (1998), have also suggested that an organisation’s inventive competence is based on the corporate norms that coordinate the associations among the employees and groups of employees, as well as with other organisations.

The etiquette of communication within a company among different parties influences the success of generating knowledge. Nonetheless, positive and beneficial associations make it possible to accelerate the management of communication by which free delivery of individual expertise and revelation of opinions can be effectively realised. Positive associations prevent a course of knowledge generation based on suspicion, apprehension and discontent (Kessels and Poell, 2004).
Due to the influence of a broad range of factors, social capital is classified as internal and external social capital. Internal social capital deals with the associations among leaders and their teams, in addition to the associations throughout the company functions (Hitt and Ireland, 2002). External social capital, on the other hand, is engaged with the associations with outsider resource suppliers. These outsider associations can allow the reaching out to external suppliers of chief assets, such as human resources or finance. These linkages also present a tool for protecting the company from dangerous or troublesome effects from outside the company (Useem et al., 1997).

There are a limited number of studies, including the works of Hansen (1999) and Tsai and Ghoshal (1998), that break down the internal social capital concerning the linkages between separate group members or between teams. Alternatively, there are some studies on outsider social capital engaged with the external associations of the companies with their stakeholders (Ying et al., 2011). As suggested by Nahapiet and Goshal (1998), there are three aspects of social capital, which are constitutional, associational or mental.

The constitutional dimension of social capital represents the associations between parties and is concerned with the frequency and direction of the connections regarding the communication of information and expertise. This facet of social capital is imperative with regards to the distribution and communication of knowledge, which can be used for improving collaboration and reciprocal liability (Sparrowe et al., 2001).

The associational dimension of social capital deals with the individual interactions of persons that are created by means of an account of dealings (Nahapiet and Goshal, 1998). The degree of confidence among parties constitutes the chief feature of this kind of social capital (Leana and Van Buren, 1999). Parties with reciprocal confidence are more inclined to share delicate knowledge or information, which is only shared within a circle of confidence. The mental dimension of social capital deals with the phenomenon that the more individuals communicate with each other as a unit of a group, the higher the possibility that they can create shared objectives and common corporate visions (Ying et al., 2011).
3.9 Theoretical Groundwork of the Social Capital Model

The model of social capital is extensive and it is named by a number of scholars as an umbrella concept (Hirsch and Levin, 1999). Adler and Kwon (2002) asserted that the social capital of a community is in the in-house configuration, more specifically, in the relationships between the persons or group of persons with the community. They emphasised that it lies particularly in the attributes that earns the community interrelation and thus enables the following of shared objectives (Adler and Kwon, 2002). On the whole, the description of social capital is made as the total of active and prospective assets that are rooted in, as well as accessible by and drawn from, the association connections that are held by a communal entity (Nahapiet and Ghoshal, 1998).

From a corporate point of view, Leana and Van Buren (1999) argued that social capital is an indication of the attributes of the communal associations within the company, which is constituted by the degree of the members’ direction towards shared objectives and mutual confidence. In this context, Leana and Van Buren (1999) formulated an organisational social capital model based on two components, associability and trust. Associability is defined by Leana and Van Buren (1999, p.45) as “the willingness and ability of participants in an organisation to subordinate individual goals and associated actions to collective goals and actions”. Trust is the component that enables: “people working together on common projects” (Leana and Van Buren, 1999, p.46). Leana and Van Buren (1999) adopted the concept of resilient trust developed by Ring and Van de Ven (1992, p.46) indicating that: “being experienced with the other parties and/or beliefs about their moral integrity”.

According to Leana and Van Buren (1999), at corporate level, social capital cannot be defined as the sum of individuals’ attributes; it is rather formed as a collective action. The implication of this approach is that social capital efforts generate direct impact when these acts are realised collectively. Individual benefits, on the other hand, as per Leana and Van Buren (1999), rather occur indirectly because personal goals of individuals can only be achieved through the participation in a collective action. As a result of the mutuality and commonness attributes of the model, social capital is considered to have a potent impact on the distribution of knowledge and collaborative conducts of teams.
Social capital can be regarded as the assets that are rooted in a communal set of connections that are reached and employed by parties for deeds, as well as a venture by people in their personal associations that are beneficial in the market (Lin, 2001). According to Lin (2001), people need to have social sets of connections in order to achieve good performance. Moreover, it suggests that investing in the establishment of such connections is an economic requirement for individuals. This is because, as explained by Narayan and Pritchett (1997), the higher the social capital the better the outcomes for societies.

On the other hand, Storberg (2002) claimed that social capital is different from alternative capital since it is not a personal resource, such as human capital, which resides in the individual. Its creation is not collective: neither is it a corporate resource such as capital in its conventional meaning. Instead, social capital is established among separate parties through consequential associations that they generate.

Task groups are increasingly being regarded as the major origins of social capital, underlining the significance of social sets of connections, associations, cooperation, and communication, as well as the distribution of knowledge. According to Nahapiet and Ghoshal (1998), social capital is the aggregate of real and prospective assets that are entrenched in, accessible by and drawn from, the associational connections held by a person or a communal element.

By means of social capital, the communication and blend of revealed and implicit intellectual resources can be achieved, resulting in the generation of fresh literary capital in the form of enhancement and inventions. The most important distinctive feature capital is that it exists in a social relationship (Robinson et al., 2000). According to the OECD (2001), social capital differs from both human capital and physical capital, since it has an associational aspect. At the same time social capital is considered as collective capital that is employed by a group, and its creation involves the investment of effort and time. It has a linkage with the reciprocal confidence between persons, which can eventually transform into social linkages, connections and associations (Kessels and Poell, 2004). Keeping in mind the anticipated gains that social capital can generate, such as the welfare of individual, corporate and communal aspects, it is considered that addressing the question concerning the degree of the contribution that HRD can offer in establishing social capital is sensible (Kessels and Poell, 2004).
Three considerably connected aspects of social capital are brought forward by scholars. These include Nahapiet and Ghoshal (1998) and Wenger (1998) who conducted a study of communities of practice; Van der Krogt (1998) who proposed a model of a learning network; and Argyris and Schon (1996) who proposed thinking on Model-II corporate learning. The three-dimensional social capital model of Nahapiet and Ghoshal (1998) is illustrated in figure 3.2.

Figure 3.2: Social Capital Model


These aspects of social capital are structural, relational or cognitive. Among those, the relational aspect deserves special attention since it defines the personal associations that individuals have established over the course of time. The main aspects of the relational dimension include: confidence; consent; hospitality; standing; principles; liabilities, anticipations; individuality recognition. The relational aspect enables the development and distribution of knowledge due to the fact that it provides access to a precious connection sets of knowledge and stimulates drive for cooperation (Nahapiet and Ghoshal, 1998).

A model of social capital has been applied by many scholars, such as Arregle *et al.* (2007), to highlight the doctrine and modify it for the corporate field. Social capital can have content or process perspectives. The former comprises three dimensions: structural, relational and cognitive. Structural refers to the links between the participants, relational to the type and quality of links and cognitive to the long-lasting associations resulting from the participants’ collective interpretations, systems and
representations (Nahapiet and Ghoshal, 1998; Yli-Renko et al., 2001). A process perspective is innately more dynamic. It allows social capital to be created and evolved through four factors: stability, interaction, interdependence and closure. Of the four elements, stability (the time factor) is the most crucial representing the goodwill generated over a given length of time (Bourdieu, 1986).

A social network is successful only when the four elements are employed by the participants. A rise in stability leads to more clarity as participants become aware of their commitments to each other because of their shared continuity (Misztal, 1996).

More interactions between the actors enhance and sustain the responsibilities both parties have towards each other, thus raising social capital (Bourdieu, 1986). Stability also boosts the mutual trust of the participants apart from setting standards of mutual cooperation (Hitt et al., 2002). Interdependence is another vital element in this equation. Independence of the participants erodes the social capital thus making it necessary for them to protect and develop it by fostering interdependence. The more the interdependence between the participants, the higher the social capital is likely to be (Coleman, 1990; Nahapiet and Ghoshal, 1998).

Closure refers to the closeness of the members of a network. It is a boundary developed to differentiate members as ‘us’ with non-members as ‘them’ (Etzioni, 1996). It clarifies the degree of connection members have and can impact the group’s behavioural norms (Portes, 1998; Adler and Kwon, 2002; Portes, 1998). In other words, closure is the relationship of the members that encourages observance of the set norms (Coleman, 1988). This makes it difficult for members of the group to indulge in any opportunistic activity as the close bonds prevailing within may result in strong group sanctions against them (Portes, 1998). The compelling group norms ensure that there is no requirement for any control systems or legal contracts to be undertaken by the members while undertaking any transaction (Coleman, 1988). This, in turn, endows the group with an identity, trust and norms (Coleman, 1990) and a distinctive code and language to adhere to. A change in any of the four factors is likely to impact the flow of social capital by maintaining, modifying, strengthening or damaging it, which eventually affects its stock (Portes, 1998).
To measure social capital Spellerberg (2001) developed a model in which attitude and behaviour can be taken into account given the interdependent relationship that exists between human and social capital.

![Figure 3.3: Spellerberg’s Framework for Measuring Social Capital](image)

Source: Spellerberg (2001, p. 20)

The Spellerberg (2001) model assigns behavioural aspects to various actions carried out by people, especially regarding behaviours with both the ability to dilute social capital and those that suggest high levels of social capital. The social network and social behaviour are the focus of the model, with particular emphasis on involvement and participation in those networks.

Spellerberg (2001) identified the following as potential indicators: first of all, it incorporates all types of giving to others outside an individual’s family or residence. Second, involvement with voluntary organisations, as a measure, evaluates the likelihood of individuals willingly offering time to pursuits that may not result in the
receipt of direct benefits. This also assesses social interactions between individuals arising through formal organisations in the society.

Third, it helps to establish how much attention an individual pays to external events, particularly in terms of local community events. Fourth, involvement in local community events and interest groups is indicative of a vested interest in the local community, and incorporates involvement at both regional and national level. Finally, complying with social rules and norms that create the framework and support structure for social capital, this measure determines who will accept responsibility by following both written and unwritten rules and undertaking responsibility for others.

Values and attitudes place an emphasis on the feelings, beliefs and values of individuals. It is common for individual actions to contradict the beliefs and opinions held by those individuals. However, honestly expressed attitudes and values show people’s view of the world and the ideological base from which they operate. Attitudes and values play a significant role in the measurement of social capital due to the ideas, requirements and suppositions driving and sheltering the social interactions that take place within civil communities (Spellerberg, 2001).

Spellerberg (2001) argued that attitude measurement incorporates the following: first, belief about self, which is intimately connected to an individual’s identity, sense of worth and personal sanctions. Second, attitude with respect to others, which incorporates exhibiting tolerance towards others, the extent to which freeloaders are tolerated, and the level of the individual’s optimism. Third, trust and reciprocal association, which incorporates the degree of confidence with respect to others, expectations in terms of reciprocal support and concern for the interests of others. Fourth, attitudes regarding social institutions and government, which assesses individual feelings and perspectives on social institutions and government. Fifth, values and mores forming a support network within which social capital develops, comprised of significant beliefs and values likely to form the basis upon which social capital is developed and maintained. Finally, future perspective and confidence in the future, an assessment of the degree of positivity held by individuals with respect to their own future.
3.10 Relationship between Social Capital and Human Capital

Social capital is viewed as a social networking aid that helps members of society to work competently and efficiently by the use of knowledge that they gain through the networks to which they belong. Human capital is a part of social capital that displays the knowledge, education and skills that individuals possess. Social capital, in short, manages the relationship between diverse sets of individuals in society through various means of communication, which is advantageous for all concerned. While social capital generates benefits for society, the effects of human capital can be of two kinds: firm-specific and task-specific (Gibbons and Waldman, 2004).

Individual human capital is identified as comprise of three types of resource. Human capital resources gathered at the organisational level represent the human capital of the organisation. There are three categories of human capital identified, namely: social capital; intellectual capita; emotional capital. Social, intellectual and emotional human capital are characterised by the strength of interrelationships between them. Benefits result from networking connections and feedback loops.

For example, the development of social capital is based on relationships built from the integrity associated with emotional capital. As asserted by Coleman (1988), social capital allows social organisation and if the individuals are bound together by emotional ties, they can exchange information easily. In other words, social capital enriched by emotional ties eases the creation of intellectual capital. Similarly as per Nahapiet and Ghoshal (1998, p243), social capital is “the collectively-owned capital” that is established through social activities. The concept is built upon the notion of a network of relationships that leads to the development of emotions such as social status or recognition owing to a part of a network.

The development of intellectual capital is facilitated by access to expertise and skills external to an organisation, and the promotion of knowledge sharing within an organisation. External expertise constitutes relational or customer capital that is obtained through knowledge of market channels and acquired from a relationship with suppliers, customers and industry associations. In short, the basis of intellectual capital is tapping into the knowledge of an organisation’s external relationships. The role of the organisation is to facilitate the diffusion of information that employees obtain from
external relationships through conversations, training and workshops, so that knowledge constituting intellectual capital can be created (See table 3.1).

**Table 3.1: Variables of Human Capital**

<table>
<thead>
<tr>
<th>Individual</th>
<th>Intellectual</th>
<th>Social</th>
<th>Emotional</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Knowledge, capacity to learn, skills and expertise built over time.</td>
<td>Who you know and how well you know them</td>
<td>Self awareness, self esteem and personal integrity that individuals need to convert their knowledge into action.</td>
</tr>
<tr>
<td>Organisational</td>
<td>a. Accumulation of knowledge, skills and expertise that all members collectively possess and b. The knowledge and expertise that may be owned or embedded in the organisation (i.e. patents, IT based knowledge systems, specialized processes of work).</td>
<td>Structure, quality and flexibility of the human networks both a. inside and b. outside the company. a. Internal: through recruitment of cohorts, joint training in which people get to know one another, job rotation through different departments and functions, long-term employment and strong internal cultures, people build formal and informal relationships that are strongly related to the way (how) things get done in the co. b. External: through corporate account management, strategic alliances, relationship marketing, supplier partnerships.</td>
<td>a. The accumulation of individual self awareness and self esteem and b. the stock of pride, trust and inspiration which together create a bias for speed and action in rapidly evolving markets. Related to how things get done within an organization; how policies are carried into practice on a day-to-day basis.</td>
</tr>
</tbody>
</table>

Source: Foong and Yorston (2003, p.8)

Social capital enhances the productivity of activities and contributes to the collective actions (Nahapiet and Ghoshal, 1998). Social associations, and thus social capital, are critical in terms of impacting the progress of human as well as intellectual capital. Considered at the individual level, people with more potent personal connections, meaning superior social capital, are likely to generate better return rates for their investment in human capital (Garavan et al., 2001). However, the actual importance of social capital is apparent at the corporate level. As mentioned by Nahapiet and Ghoshal (1998), social capital enables the progress of mental capital as a result of its influence on the state of affairs that are essential for communication and amalgamation.

Earlier in the chapter, three elements of social capital were mentioned: the structural, relational and cognitive dimensions. The structural dimension is the formation of
various communication methods that assist in the collection of knowledge and know-how (Nahapiet and Ghoshal, 1998). The relational dimension defines the existing relationships in the network subjectively, formed by the member’s experience over a period of time. The cognitive dimension allows members to furnish a subjective meaning to the goals of the group. It is an individual’s knowledge-gaining endeavour that helps the member understand and interpret the way information impacts members. Collectively, these elements affect the intellectual capital (IC).

3.11 Social Capital and Intellectual Capital

IC is the collective knowledge that comes from employees, network relationships and organisational routines of an organisation (Kong, 2008). It is an essential element for organisations to work on for their advancement and keeping ahead of the competition (Kong and Prior, 2008).

IC can be defined as the economic worth put on three intangible factors of an organisation namely human capital, social capital and organisational capital (Kong, 2008). IC is a subset of intangible capital where ‘intangible’ assets are those with no physical presence and ‘assets’ are elements that can provide profits to the organisation at a later date (Schiuma and Lerro, 2008). Some academics, such as Black and Boal (1994) and Kong and Prior (2008), are of the opinion that a sustained profit occurs only when all kinds of capital, human, organisational and physical, are used collectively and therefore constitute the intellectual capital. As such capital varies from one organisation to another, and some firms have no capability to obtain the beneficial resources that others have, the collective use of the above mentioned capitals lead to the generation of a competitive advantage.
Social capital has an effect on the circumstances crucial for IC development through exchange and amalgamation. This association is displayed in Figure 3.5

**Figure 3.5: Social Capital in the Creation of Intellectual Capital**

*Source: Nahapiet and Ghoshal (1998, p. 251)*

Social capital concentrates on the connections between people and generates the background for linkages that cannot be copied with their implicit, exceptional and resilient features. Gratton and Ghoshal (2003) argued that social capital is dependent on the two notions of friendliness and dependability, suggesting that the intensity and strength of these linkages, and possible aspects of influence, establish important reservoirs of occasions and knowledge or value accretion and fortification. Social capital contributes to corporate procedures. When people have good social linkages, the probability of them knowing an individual having the expertise or competence that is needed is higher, which decreases the cost of seeking such a person.

Moreover, a potent social set of connections can improve the fulfilment of group principles and the degree of confidence. Corporate social capital also suggests that, at the cultural dimension, the communication of opinions will rise as a result of a collectivist culture since individuals get together more frequently than an individualist culture (Adel and Kwon 2000). Occasionally, social capital can create non-functional results, such as when group attitudes lead to the rejection of people from outside the group (Sobel, 2002). This effect can take place at the national level, when resilient historical public groups suppress development through a number of actions, including preserving an uneven percentage of national assets and deteriorating the wider social
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capital in the society (Adler and Kwon 2002). Strong groups can curtail opportunities, for example, as occurs with the caste system in India where the rigidity can hold back individuals from success. At times, social capital also results in limitations on individual freedom, as in the purdah system in northern India, which is a practice of wearing a veil: it is representative of complex behaviours that prevent women from interacting with men on an equal basis and keeps them from building immediate access to assets (Sharma, 1978). It can also exert extreme pressure on some successful members of the network who are then provoked and pushed into rejecting their group membership (Narayan, 1999).

Social capital can also lead to other damaging results. Certain influential groups have been known to indulge in corruption on an immense scale. Such networks encourage and admit only known individuals to the network to support their misdemeanours with no hindrance whatsoever (Evans, 1989; Mauro, 1995; World Bank, 1997). Some solidarity groups can also pull their successful members down to level them with others (Portes, 1998).

A study carried out by Fletcher (1998) identified this effect while examining the academic performance of students from similar middle class and upper income groups in an Ohio suburban school, which included both black and white students. It was identified by Fletcher (1998) that racial differences created harmful effects on the social capital development efforts of black students who were intent on studying and improving their academic performance, while white students jeered their peers for ‘trying to be white’, thus affecting their schoolwork.

In the context of social capital in the Middle East, especially UAE, it is essential to mention *wasta*. This is discussed in detail in the following section.

3.12. Wasta and Nepotism

*Wasta* is defined as the capability of an individual to make use of linkages with individuals who are capable of and willing to transform the progress of natural happenings on the individual’s account (Whiteoak *et al.*, 2006). *Wasta* is defined as “connections, clout, influence or favouritism comes from an Arabic root”(Whitaker, 2009, p1). In other words, *Wasta* is someone who acts as an intercessor. The
intermediary role attached to *wasta* involves using influential power on someone to perform a service in favour of a relative, friend or acquaintance. Through using influential power, *wasta* gains prestige and honour, but the person who is receiving the favour is expected to pay back the favour sometime in the future (Whitaker, 2009).

According to Cunningham and Sarayrah (1993), *wasta* fulfils two varying functions, which are constructive, lawful and ethical, such as settling disputes among individuals or group members. They can also be negative, unlawful and doubtful, such as acquiring economic advantage that other parties are prevented from reaching (Cunningham and Sarayrah 1993; Whiteoak *et al*., 2006). However, *wasta* is generally considered with its negative aspects, opposing the historical constructive function it performed in intervention (Hutchings and Weir 2006).

The tradition of *wasta* has a long history in the countries of the Middle East. Wasta indicates Arab support, both the action and the individual that intervenes and negotiates (Cunningham and Sarayrah 1993). It has, however, not been studied empirically or documented in the relevant literature. Despite its positive traditional role, it has now come to signify and play an unwelcome part in organisational behaviour where it is used for employment in jobs, either discreetly or explicitly (Haajenh *et al*., 1994). Actually *wasta* is discrimination and preferential treatment, where priority is given to the family or kin instead of corporate goals (Branine and Analoui 2006). More importantly, *wasta* is used to obtain benefit by individuals who are not entitled receive it. In other words, *wasta* causes maladministration or defective management (Whitaker, 2009).

*Wasta* is used for a job applicant to influence the employer into hiring the individual, regardless of his/her qualifications or the lack thereof. This unlawful and unfair practice results in hiring an unsatisfactory individual who may not be productive enough for the organisation, whilst refusing better, more qualified and potentially more productive candidates who could have contributed more fruitfully to the organisation. This practice has driven numerous well-educated and qualified GCC nationals into leaving for other developed countries to seek suitable jobs in a fair and transparent manner (Haajenh *et al*., 1994).
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Wasta is the Arabic term used for nepotism, which has historical roots in various disciplines such as biology, anthropology, religion, psychology, political science, law and economics (Aldraehim et al., 2012). There is no commonly agreed definition of nepotism. Ford and McLaughlin (1986, p.97) define nepotism as “the employment of relatives including spouses possibly in the same organisation”.

Wasta can also lead to negative social capital as it resists good governance and reform. Governments in the Middle East are seen to avoid utilising their resources to tackle sensitive negative social issues. Studies have shown that while the previous generations in these countries were able to find jobs in the public sector domain rather easily, the younger generation in their pursuit of jobs in the private sector finding s it rather difficult, and the practice of wasta seems to have reared its head even more strongly than before (Whiteoak et al., 2006).

Nepotism has implications for human resource management. From this perspective, nepotism is defined by Padgett and Morris (2005, p34) as: “the practice of showing favouritism during the hiring process toward relatives or spouses of current employees in an organisation”. Ciulla (2005) expanded this definition by adding the employment of incompetent candidate. Thus, nepotism creates a tendency towards corrupt decisions and practices, and therefore reduces the professionalism, ethicalness and competency of any firm. This is due to its negative effects on human resources practices, where friendship or blood relationship are put forward in choosing employees from possible candidates (Ford and McLaughlin, 1986).

Despite these drawbacks, Abdalla et al. (1998) put forward the positive contributions of nepotistic practices. These include:

- efficiency gains in finding faithful employees;
- the expansion of the pool of candidates in a way to include all possible individuals;
- creating a family-oriented working environment that can boost employee morale and job satisfaction;
- triggering competition between family members where the company can gain higher benefits in terms of productivity and effectiveness;
• the employment of younger yet difficult generations, and therefore keeping them off the streets; and
• fostering oneness and collaboration between family members and therefore the continuity of the firm is ensured as nepotism aids in nurturing family ties and pride of ownership (Abdalla et al., 1998).

Nepotism is a topic that is mostly discussed in family businesses and generally referred to as the employment of family members (Donnelley, 1988; Yeung, 2000). However, nepotism exists in non-family businesses, too. In their study, Laker and Williams (2003) examined the impact of nepotism in a non-family business, specifically focusing on its effect on employee satisfaction and organisational commitment. Their findings showed that nepotism has both positive and negative aspects; it reduces recruiting and training costs, lowers employee turnover and dissatisfaction, as well as increasing loyalty to the organisation, employee morale and trust. However, nepotism triggers perceptions of favouritism, reduces employee discipline and increases fraud as well as breach of confidentiality (Laker and Williams, 2003).

Tu et al. (2006) found, in a Chinese example of wasata, that the performance appraisal results did not constitute an important factor of career development. Instead, it is the position and good behaviour, such as trustworthiness and consistency, that is an important element for promotion at workplace. Thus, Chinese organisations usually practice seniority in the promotion of employees. These kinds of actions are observed frequently enough in GCC countries to have a destructive influence on the efficiency and performance of companies. The removal of dedication, and ultimately giving up of jobs by the individuals that are affected, in a negative manner constitute the main corporate results of wasata in both industries (Hayajenh et al., 1994).

More broadly, based on the implications of nepotism, it can be said that wasata can limit economic development, social change and welfare (Dahan and Gaviria, 2001). In other words, wasata can limit the formation of cultural, economic and social capital in a society where the main component is human resources that enable social exchanges (Bourdieu and Passerson, 2000).

According to Bourdieu and Passerson (1990), wasata harms the establishment of a fully functioning cultural capital. In fact, insufficient cultural capital reduces the
opportunities for working class or poor people to gain access to economic opportunities: this in turn keeps these groups from benefiting from social capital. According to Wated and Sanchez (2011), understanding cultural values provides a better understanding of nepotism. This is discussed in the following section.

3.13 Culture

Culture is defined in many ways. For instance, according to Hofstede and Hofstede (2005, p.389), it is “the collective programming of the mind which distinguishes the members of one group of people from another”. Culture is suggested as constitute of layers, as emphasised by Skok and Doringer (2001). Culture is also regarded as a collective phenomenon considering its nature, which contains distinct features shared by people living in the same society (Hofstede, 1991).

Despite the existence of several definitions, factors contributing to culture are mostly agreed by the scholars: “history; geography; political system; wealth; social structure/stratification; religion; education; language” (French, 2010, p.20). These factors evolve into: “rules, customs, responsibilities, and morals of a society which in turn influence interpersonal deeds” (Aldraehim et al., 2012, p.655). In other words, culture influences how people think consciously and subconsciously; how they make decisions and, more importantly, it affects how they perceive, feel and act towards others (Sweeney and Hardaker, 1994).

In the case of the UAE, Islam is found to be an important contributor to how social manners, customs, responsibilities and practices of society are defined. In addition, the tribal system is also an important factor influencing national culture. Tribal systems based on kinship determine how an individual is placed in the society, and therefore it is an important contributor in explaining his/her success or failure (Aldraehim et al., 2012).

National culture also affects organisational culture, which is defined as: “the way in which people set personal and professional objectives, perform tasks and administer resources to achieve them” (Sweeney and Hardaker, 1994, p.4). In terms of organisational culture, the effects of national culture are highly visible in the Arab culture. As asserted by Aldraehim et al. (2012), intergroup relations are highly
important where individuals are expected to have good relations with relatives and they are required to offer help when needed; individuals are highly attached and committed to the group and avoid disconnection and individualism. Due to the collective nature of the relationships, members in-group are provided employment opportunities or privileges by those who are in more powerful positions.

Wated and Sanchez (2011, p.200) argued that “dominant cultural values such as collectivism may predispose individuals to perform nepotism”. This is because, in cultures where collectivism is high, individuals are interdependent and have strong in-group ties. The role of cultural values on nepotism becomes visible favouring in-group benefits. In fact, favouring group members’ interests is made without considering whether a particular decision is fair or discriminating (Turner et al., 1979).

A reflection of national culture on organisational culture can be found in firms’ economic performance. From the economic perspective, the fundamental principle of the Islamic religion is facilitating social wellbeing (Hesse et al., 2008). Islam is a set of rules that encompasses the religious as well as the secular existence of society and individuals. Matters of politics, society and economy must correspond to laws of religion with a moral obligation towards God. According to Beekun and Badawi (2005), Islam is not merely a belief system, but a way of existence. Allah designates all human beings to accept, benefit from and convey the things he has supplied them with. As a result, according to Islam, wealth is a gift provided to the individual by Allah and, thus, must be employed in a manner that is efficient and useful so as to generate the greatest amount of yield and to adhere to His direction of creating universal success and integrity (Aribi and Gao, 2010).

Islam also aims to embed social responsibility within society by requiring the distribution of Zakat by people and businesses, and supports charitable contributions so as to create balance amongst the wealthy and the needy. Islam defines Zakat as: “One of the five pillars and it’s a must for all Muslims to make a payment annually under the Islamic law on specific items of property and it’s a unique method for poverty alleviation as wealth is transferred from well-off people to worse-off people” (Hassan, 2010, p.265). Thus, the ethics of business are merged with various other daily Muslim ethics (Pratten and Mashat, 2009). It is believed that principles of Islam have influence on human capital development owing to the fact that it shapes an individuals and an
organisation’s perceptions, feelings and acts towards others. Hence, cultural variables, e.g. religion, women’s role, family, norms and values in Arab countries have a direct and indirect effect on the implementation of HRD system in any Arabic organisation (Marqurdt et al., 2004).

3.14 Islamic Banking

3.14.1 Definition of Islamic Banking

Islamic banking can be defined as the means by which banking operations are conducted in accordance with the principles of Islam. Given this definition there is an expectation that Islamic banks do not follow the same philosophies and objectives as their Western and traditional counterparts, and that they conduct themselves in accordance with the Islamic teachings (Osman, 2007).

There is a requirement for Islamic business organisations to meet and fulfil the responsibilities and obligations imposed on them, and to engage only in business considered legitimate and legal. Honesty, equity and justice are the cornerstones upon which it is expected that all transactions are based. In a similar manner, the principles of Shari’ah govern the building of relationships between Islamic banks and preferred sources of funding. Shari’ah prohibits the acceptance of specific interest or fees for loans of money (Kahf and Ahmad, 1980).

Kahf and Ahmad (1980) maintain that, from a theoretical perspective, this relationship is governed by the three general principles of belief in the Day of Judgement, life in the hereafter, and the Islamic notions of wealth and success that prevail over the economic activity undertaken by Muslims (Kahf and Ahmad, 1980; Osman, 2007).

There is an expectation that these three principles will significantly impact on Muslim decision-making process, and will also have a significant influence on Muslim perceptions of Islamic banks. The first principle mentioned above influences the behaviour of the provider of the funds, that is the depositor of funds and their decision-making process. This has a significant influence in the course of action selected, together with immediate potential returns (Azahari, 2009).

Consequently, this means the decision to conduct a transaction with an Islamic bank is not driven by profit motives but is instead designed to achieve the blessing of Allah.
Haron and Azmi (2009) argued that providing support for programmes that help improve Muslim society is another way to achieve the blessing of Allah.

The intention of Islamic banks is to achieve the objective of implementation and realisation of the economic and financial principles of Islam in the banking and finance industry (Warde, 2000). An Islamic bank has been defined by the Organization of Islamic Conference (OIC) as a financial organisation operating in accordance with statutes, rules and procedures that expressly demonstrate the commitment of the organisation to the principles of Islamic Shari’ah and its application to the receipt and charging of interest on any transactions it conducts (Warde, 2000).

Economies are characterised by operating restrictions imposed by Islamic banking. Despite similarities to free market economies, there are certain specific restrictions on transactions of an economic nature. The forbidding of fixed or pre-determined rates of return on financial transactions is one such restriction (Warde, 2000). The variable rate of return based on real economic activity is the Islamic substitute for fixed interest rates. As a result, the focus moves to the adoption of a variety of techniques, such as equity participation and sharing of profit and loss (Warde, 2000). It is evident that partnerships with other investors will be formed using deposits made and their own equity funds under the new system, with Islamic banks and financial institutions relegated to the role of agent.

Hassan (1999) claimed the shift to a system dependent on the sharing of profit and loss (PLS) from a system based on interest will essentially see Islamic banks operating under an equity-based system. This system means that depositors provide equity capital and, in return for the use of their capital, receive dividends paid from the bank’s profit rather than a fixed rate of interest.

The Islamic banking system is characterised by the total and complete ban on the payment and receipt of interest on any transaction (Richardson, 2006). The principles of Islam forbid Muslims to receive or pay interest (riba), irrespective of the purpose for which funds are lent and irrespective of the rates of interest charged (Richardson, 2006). Attempts have been made to differentiate between the concepts of usury and interest, and between lending for consumption and lending for production (Mannan, 1970). Arguments have also been put forward suggesting that riba is used to refer to usury.
practiced by small lenders and does not apply to interest charged by contemporary banks (Mannan, 1970; Khan, 1986). It is also argued by Khan (1986) and Mannan (1982) that *riba* is not involved in situations where interest is charged on loans for production, yet none of these arguments have been accepted. With the exception of a few dissenters, the majority of Muslim academics agree that there is no fundamental difference between *riba* and interest (Khan, 1986). The following passages use both terms interchangeably.

The prohibiting of interest under Islam does not mean capital has no cost in the Islamic financial system (Richardson, 2006). Although capital is acknowledged as a key production factor, Islam does not permit capital to make a prior or predetermined claim in the form of interest on any productive gains from use of the capital. Clearly this raises the question as to what replaces the interest rate system within the boundaries within the Islamic framework. As Kahf (1982) suggested, profit sharing has been a feasible alternative to interest. Under Islam, a capital owner is legitimately entitled to share profits made by an entrepreneur through the utilisation of capital. Ghayad (2008) argued that profit sharing is permitted under Islam due to the existence of the profit-sharing ratio, while interest is not permitted due to the fact that the interest rate of return is predetermined.

### 3.14.2 Basis of Islamic Banking

The essential aim of the Islamic finance system is to fulfil the teachings of the Holy Quran instead of pursuing the objective of generating maximum returns on financial assets (Zaher and Hassan, 2001). The fundamental principle of Shari’ah law, or Islamic common law, is the prohibition of contracts deemed exploitative on the grounds of *riba* or interest, or usury and unfair contracts involving undue risk or speculation (*Gharar*), which is the prohibition of carrying out doubtful contracts with uncertain results. Under *Shari’ah* law such contracts are unenforceable.

According to Siddiqi (1999), the Quran does not condemn investments yielding fair or legitimate profits, or that return economic or social ‘added value’ if those investments are deemed morally acceptable. There are two more applicable principles that are essential to the development of insight into Islamic finance. The first is to recognise the fact that Islamic law reflects the absoluteness of the commands of Allah (as the equivalent of the Western God), which are deemed to govern all aspects of Muslim life.
The second is that Islamic finance has a direct connection to Islamic spiritual values and the concept of social justice (Haniffa et al., 2003).

Nicholas (1994) points out the lack of separation between the mosque and the State, and the same lack of separation between business and religion. Muslims who observe the Muslim religion are prevented from taking out mortgages, carrying debt on a credit card or investing in securities tied to fixed incomes such as T-bonds or T-bills, and from investing in any other financial security instruments promising a guaranteed return under Islamic law. These conditions do not imply that Islam prevents Muslims from making money or requires that Muslims participate in an all-cash or barter system. However, it does mean that all parties involved in financial transactions under Islamic law carry an equal share of risk and profit pertaining to a given venture, and that no single party to a financial contract is the recipient of a predetermined return on investment (Salehi et al., 2011).

For example, in reality those who make deposits in Islamic banks are essentially shareholders who receive dividends when the bank returns a profit, or who lose a portion of their investment if the bank makes a loss. This means the Islamic banking system functions in a similar manner to the Western equity financing system (Salehi et al., 2011). Both investors and lenders are entitled to a decent rate of return – the only aspect that becomes an issue under Islamic law is the certainty of the return which can be more or less. According to Zaher and Hassan (2001), this represents a direct correlation between investment and profit. This is the primary point of differentiation between the Islamic banking system and the traditional or Western-style banking system, which operate in order to pursue the sole organisational objective of maximising shareholder investment and wealth.

*Fiqh al-mu’amalat* is a common law principle that forms the foundation of the Islamic financial system (Jonsson, 2006). This law is intended to consider issues of justice, equity and fairness with regards to all business transactions conducted under Islamic law, with a view to promoting entrepreneurship, property rights protection and the transparency and sanctity of obligations under contract. The axioms of the Islamic code, referred to as *Shari’ah*, dictate that an economic transaction is allowed if it is in relation to activities that are free of *riba* (interest), *gharar* (uncertainty), *masir* (gambling) and *non-halal* (prohibited) (Jonsson, 2006). Due to the sense of social responsibility and
ethics that underlie Islamic law, the new breed of Islamic investment has significant appeal to both Muslims and non-Muslims seeking an investment in products with a social conscience (Jonsson, 2006).

Islam is not the exclusive domain of prohibition of interest on commercial transactions. The practice is common to all three major world faiths such as, Jew; Christians; Muslims (Jonsson, 2006) with origins in the Abrahamic faith. However, the Quran does not contain an explicit justification of why transactions based on predetermined interest rates are prohibited. Nevertheless the belief lies with the fact that the main reason for the banning of such transactions lies in the desire to eradicate all forms of injustice in commercial transactions (Jonsson, 2006). This may seem to be in superficial conflict with the basis of traditional finance with respect to fundamental concepts, such as the value of money in terms of time; however the Islamic financial system operates under a mandate of return on capital (Salehi et al., 2011).

Nevertheless, this return on capital is heavily reliant on the performance of the financial activity. It is the taking of risk rather than the passage of time that is deemed to justify the capital return. Another point to note is that the activities of lending and financing are two entirely different areas of Islamic finance (Salehi et al., 2011). Ariss (2010) observes that lending comes under the category of charity to support those in need by way of altruistic loans, while financing is the second most common activity in the area of business financing in which the return is associated with the investment rate of return.

The basic premise of Islamic banking is the extension of the fundamental principles of the Islamic religion to economic activities, in a manner that facilitates social wellbeing. The principles of Islamic finance provide contractual security and ensure a mutually beneficial balance is upheld between borrowers and lenders (Hesse et al., 2008). Under Islamic law, there is an implication in any financial transaction that suggests that direct involvement in asset performance (referred to as asset layer), and the allocation of a set of unambiguous rights and obligations to providers of financial services for which there is an entitlement to receive appropriate return in the form of state-contingent payments (Azahari, 2009). Sale and purchase of debt contracts with the intention of earning a gain as interest (riba) is prohibited under Shari’ah law, as is earning profit not attached to
real economic activity or asset transfer. There is also legal ambiguity surrounding the enforceability of contractual claims.

_Shari’ah_ law only permits interest-free forms of finance connected with economic activity, and prohibits any economic activity involving pork, alcohol, firearms, adult entertainment or gambling. _Shari’ah_ law does not prohibit earning profits, or the receipt of payment associated with asset use; this is as long as investment risk is split evenly between lender and borrower, and profits made are made in line with the principles of _Shari’ah_. Hesse _et al._ (2008) point out that returns cannot be assured and are only realised when investments generate profits.

### 3.14.3 Islamic Finance and Banking

Risk-sharing is the operational foundation of the Islamic financial system in terms of provision lending, borrowing and investment functions (Herrera and Lopez, 2012). This structure facilitates the determination of productivity based on market forces, as opposed to _a priori_ ‘interest rate fixing’ to undermine a free market mechanism stimulation of speculation and capital aggregation (Khan and Bhatti, 2008). The basic premises of the Islamic financial system are the provision of an optimal rate of capital production and efficient capital employment to facilitate sustainable economic growth and equal access to fair opportunities (Herrera and Lopez, 2012).

The Islamic banking and financial system is almost 40 years old. The late 1940s saw the acknowledgement of the conceptual basis of development of the Islamic banking sector, and over the next 20 years, a model developed that was adopted by Middle Eastern countries to facilitate the establishment of their own banks (Khan and Bhatti, 2008). The 1970s witnessed the establishment of many acclaimed Islamic banks, including Nasser Social Bank Cairo (1972), Islamic Development Bank (IDB) (1975), Dubai Islamic Bank (1975), Kuwait Finance House (KFH) (1977), Faisal Islamic Bank of Sudan (1977) and Dar Al-Maal Al-Islami (1980) (Khan and Bhatti, 2008). In the 1980s the emerging Islamic banking industry took the world by surprise with the decision made by the three Muslim countries of Iran, Pakistan and Sudan to convert their economies and financial sectors to Islam (Khan and Bhatti, 2008). This was because Islamic banking and its financial system provides an ethical and efficient substitute to the interest-based conventional financial system (Khan and Bhatti, 2008).
As a response, and to attract petro-dollar deposits and local Middle Eastern and other clientele, Western financial market operators established their own Muslim subsidiaries or dedicated Islamic windows (Herrera and Lopez, 2012). The active pursuit of innovation and diversified products, client and market portfolios, such as Sukuk, wealth management, hedging funds, corporate finance and liquidity management enabled growth in the Islamic finance industry.

The three primary global locations for Islamic financial operations are the Middle East, South Asia and Southeast Asia. The majority of the population in the Middle East are Muslim, with the region recognised as the ‘motherland’ for Islamic banking and finance (Herrera and Lopez, 2012). In the Middle East, the Islamic banks were experienced a great deal of support from wealthy individuals, governments and other state institutions (Khan and Bhatti, 2008). The Middle East is also home to the majority of regulatory and supporting bodies involved in the Islamic financial sector. The dual banking system recently supported the revival of Islamic banking in South Asia. Under conditions of increasing public and market demand, Bangladesh adopted more stringent Islamic banking policies (International Finance Corporation, 2007).

The most progressive and comprehensive form of Islamic finance has been developed in Indonesia, Malaysia and Singapore in an attempt to attract Middle Eastern Islamic business and other business. Europe and the US also show signs of increasing momentum regarding Islamic finance (International Finance Corporation, 2007). Today, Western territories are more willing to modify banking and tax laws to accommodate the operation of Islamic financial practices in these markets. There has also been worldwide growth in the number of ethically-based organisations and individuals undertaking transactions with Islamic financial institutions (International Finance Corporation, 2007).

On a global basis there is a rapid growth of Islamic finance. There are currently over 700 Islamic banks and finance providers throughout 75 countries, managing US$ 1.8 trillion assets in 2013. Considering the figure of US$ 1.3 trillion in 2011, there has been a 20% annual growth rate ever since (Ernst and Young, 2013). According to Abduh and Omar (2012), a report released by the IMF shows that Islamic banking is one of the global financial industry’s fastest-growing segments, with recorded growth over the past
ten years of 1015%, and has a global increase forecast of 15% per year to reach US$1 trillion by 2016.

3.14.4 Historical Roots of Islamic Finance

Western banking was introduced to Islamic finance by the Ottomans in the latter part of the 19th century in order to finance Ottoman expenditure (El-Gamal, 2006). Certain members of the Islamic legal profession approved of contemporary banking practices’ however, the majority disapproved, believing them to be violations of the principles of Islam pertaining to usury, *riba* in Arabic, and equivalent to the Hebrew term *ribit*. The classic biblical interpretation of usury refers to the charging of any interest on loans, as opposed to the more contemporary interpretation of charging exorbitant rates of interest on loans (El-Gamal, 2006).

The disapproval of Western finance and banking practices lasted throughout the European Colonial era, which endured until halfway through the 20th century. During the middle of the 20th century, the Islamic revival was a key aspect in the development of intellectual and social foundations of the independence movement characteristic of this period. Kahf (2002) claimed that, for many of the intellectual forefathers of the movement, the definition of an Islamic economic system complemented political and economic independence.

Early works on the subject known as “Islamic economics” concentrated on development issues at the macroeconomic level (Ahmed, 2010). Theoretical discourse surrounding Islamic economics resulted in more practical discussions of Islamic finance, which developed into a legal argument questioning how Muslims can replace conventional financial practices based on *riba/usury* with alternatives under the Islamic system (Ahmed, 2010).

El-Gamal (2006) states this alternative contract is referred to as *mudarabah*, essentially the equivalent of the Commenda contract of medieval Europe and the Jewish Heter Isqa, developed with the intention of circumventing interest-based transactions under Jewish and early Catholic law (El-Gamal, 2006). The emphasis on partnerships still endures in some Islamic financial practices, for example as a replacement for bank deposits bearing interest. Ahmed (2010) claimed that, Nevertheless, practitioners of
Islamic financial services were assisted by the Islamic legal profession in developing and delivering similar alternatives to the majority of financial products, including a number of debt instruments and fixed-income investment options.

3.14.5 Instruments of Islamic Banking
Implementation of the fundamental aspects of the Islamic banking system has seen Islamic banks develop a number of innovative instruments that remain within the confines imposed by Islamic law (Warde, 2000). The regulatory legal principles and codes of conduct that govern Islamic economic transactions can trace their heritage back to the early days of Islam in Arabia (Warde, 2000). Elaborate attempts were made by Muslim academics in the middle ages to establish the essential principles to guide Islamic finance and banking. The intention was for the principles to regulate economic activity undertaken by Muslims and is applicable today (Warde, 2000).

The most significant of these principles is that pertaining to the forbidden *riba*, defined as the predetermined fixed rate of return on economic transactions. The Quran states the charging and payment of interest is forbidden by Allah but trade is permitted. All interest is prohibited under Islam, whether paid on deposits or charged on lending (Warde, 2000).

Primary sources of funding for Islamic banks include paid-up capital, and deposits and reserves. Paid-up capital is constituted of money from shares, which adheres to the *musharaka* principles of Islamic Shari’ah. According to Hassan (1999), *musharaka* refers to a joint venture involving two or more people who endorse the capital fund and are entitled to participate in fund management and profits earned, and are under obligation to bear their proportion of any loss.

3.14.6 PLS Instruments
There is a general consensus regarding the acceptance of the principles behind PLS in Islamic legal and economic written works as the foundations of financial transactions. Under the principles of PLS, financiers are entitled to receive a return on any loans provided the financier is willing to share investment risk and bear any possible loss in the event a project fails. Legal academics developed two instruments that are employed by Islamic banks, that of *Mudarabah* and *Musharaka* (Jonsson, 2006).
Mudarabah financing involves the provision of capital by the bank and the provision of effort by the entrepreneur who exercises complete control over the business venture. In the event of a loss the bank will not receive a return; also, a negative return will be generated on the investment, which means the entrepreneur receives no return on effort invested. In the event a gain is made, returns are divided in accordance with a pre-negotiated equity percentage (Jonsson, 2006).

Under a unit agreement between the bank as the lender and the entrepreneur as the mudarib, the banks agree to finance a project run by the entrepreneur on the basis of a profit or loss sharing arrangement. Under the terms of the agreement, the mudarib agrees to pay back capital invested, together with a share of any profit, and acts as project manager whereas the bank assumes the role of capital provider. Mudarabah capital is widely recognised as the ultimate form of Islamic financing in capital markets.

Under a Mudarabah contract, banks will request that investors permit a management company to invest the funds into any form of risky investment. Following investment, the investors retain very little control over management of the investment fund. A partnership based on a Mudarabah contract is also able to be made for a fixed period of time. In the event of a loss the bank will bear the entire loss (Arshad and Ismail, 2011).

Application of the principles of Mudarabah to banking results in the recognition of three parties, namely (1) capital user alias the entrepreneur, (2) the bank, which, in addition to assuming the role of managing trustee also becomes a capital user, and (3) capital supplier, or those who make deposits to the bank (Arshad and Ismail, 2011). A relationship comprised of two steps is present between the bank and those who make deposits to the bank with regards to sharing of profit. Initially the capital user and the bank share the profit in line with an agreed percentage or return ratio; the bank then shares its return with its investors in line with a specific ratio or percentage (Arshad and Ismail, 2011).

The Musharaka (participation in equity and financing) operates as a cooperative under which the Islamic bank involved in a commercial transaction supplies funds that are mixed with business and other funds. All capital providers have an entitlement to become involved in fund management but may change not to do so. Partners share profits in accordance with respective capital contributions (Hesse et al., 2008). Equity
financing is the closest Western equivalent of Musharaka financing. Islamic banks have the freedom to invest in variable dividend common shares of business interests.

It also permissible for Islamic banks to participate in share underwriting where there is an absence of conflict of interest. To summarise, the entrepreneur and the bank are joint providers of capital and joint project managers under Musharaka financing. Losses experienced are carried in direct proportion to the capital contribution, whereas the proportional distribution of profit is open to free negotiation. Hassan (1999) argues that both these types of financial instrument are regarded as a form of equity investment, although those under Mudarabah financing may be more similar to a limited partnership and Musharaka financing is more similar to conventional equity stakes accompanied by rights to control.

3.14.7 Murabaha - Deferred Payment Sale

The essence of a Murabaha transaction lies in its structure as a cost-plus profit financing transaction. In this, a material asset is bought by an Islamic institution on the basis of a customer request via a supplier. A deferred sale transaction is then initiated by the Islamic institution with a mark-up reflective of the profit made by the institution (Zaher and Hassan, 2001).

The responsibility for all primary commercial terms is pre-determined by the customer in association with the asset seller. Asset mark-up rates cannot be modified before the contract expires. Mark-up is established on the basis of the relationship to an interest rate index, such as the London Inter-Bank Offered Rate (LIBOR) or US-short T-Bills rate, in association with the credit rating of the customer, size of transaction and type of good under finance. Murabaha offers adequate flexibility to enable its application in real estate transactions and financing projects; however, from an historical perspective, its primary application has been in trade financing (Zaher and Hassan, 2001).

Several legal issues may be faced by Islamic institutions under Murabaha finance transactions. The first is that Islamic institutions are not permitted to receive excessive profits from a client. Situations in which profit is deemed “excessive” may be subject to remedies including the return of the portion of profit deemed “excessive” to the client. The second involves the legal issues of rejection of goods (Zaher and Hassan, 2001). Non-conformity is a legitimate basis for rejection by the client, which results in the bank assuming ownership of the goods. To remove the possibility of rejection of goods,
the customer usually assumes the role of bank agent with regards to establishing acceptable conformity of the goods ahead of official acceptance (Zaher and Hassan, 2001). The third is that, as a consequence of ownership of goods, the Islamic financial institution may be subject to contractual and statutory liability such as warranties. Zaher and Hassan (2001) argue for the limitation or disclaiming as far as possible of such liabilities using indemnities provided by customers.

3.15 Importance of Human Resources in Islamic Banks

3.15.1 Islam vis-à-vis Training and Development

Training and development is considered a part of human resource practices; in any Islamic organisation Islam plays a vital role in performing human resource functions according to the Shareh (Hashim, 2009). Hence, Quran and Hadith is based on honesty and fairness in trade, encourages people to attain skills and knowledge, and pays tribute to those who strive in order to earn a living (Hashim, 2009). Through training, employees will be able to achieve the organisation’s goals and have the skills and knowledge required to be more productive. Hence, the required skills and knowledge implies continuing education and training in order to perform the work efficiently and effectively. Palo and Padhi (2003, p.2) refer to training as: “a process of updating the knowledge, skills, bringing attitudinal and behavioural changes, and improving the ability of the trainee to perform his/her task efficiently and effectively”. According to the Quran, a basic qualification for Man to be a representative of God on earth is knowledge.

God said ‘(2:30): “When the Angels questioned Adam’s suitability for representation, God cited Adam’s knowledge to convince them” (Al Quran, 2:30) Two main points can be extracted from these verses from the Holy Quran: First, Adam was regarded as an earthly representative of God on earth on the basis of Knowledge. Second, those among the sons of Adam who have the knowledge are more justifiable to represent God. Men who have knowledge exceed others and reduce the reception of reprimand to those gifted with knowledge and understating in the presence of their, God and favour them over others (Hashim, 2009).

God said (58:11): “Are those who know equal to those who know not? But only they who are endowed with understanding keep this in mind”. It was indicated by Ali (2005)
and Hashim (2009) that training programmes mostly depend on Western techniques and practices, with no adequate differentiation made to create a relevance that covers the gap of cultural and work ethic differences (Hashim, 2009; Ali, 2005). In addition, there is lack of prominent management innovation in Muslim countries (Ali, 2005). Nevertheless, Islamic training and development comprehends all aspects of moral and spiritual development of people to their physical development. Training and development also increases faith in God and enhances knowledge and training of employees at the highest levels (Altalib, 1991). According to Hashim (2009), Islam emphasises the importance of work in order to have a successful life and encourages individuals to pursue perfection, knowledge and excellence in all that they do.

It was stated by Bilal et al. (2010) that in order to gain additional skills and knowledge, organisations should encourage their employees to engage in training and development programmes. These programmes develop a clear and better career path for employees, and can also enhance productivity of the organisation. It is compulsory in the Islamic ethical system for all to attain knowledge. Such knowledge and skills do not refer only to basic knowledge of Islam, but it is also obligatory to acquire knowledge and skills needed for a career, in order to fulfil the employment contract. Hence, dual qualities in the workforce are emphasised by Islam, which are the moral quality and the professional quality (Sadeq, 1990).

3.15.2 Training Needs Assessment

A Training Need Assessment (TNA) is an important activity for any organisation. In order to identify employee training needs from who should be trained and how, it is necessary for organisations to set their training aims and objectives to achieve their future expectations through an appropriate training system. The literature (Garavan et al., 2007; Bowman and Wilson, 2008) establishes that a TNA is the base of any training system. It is considered an important element in the valuable generation of information, where it has value in establishing which problems can be resolved through different stages of training need analysis followed by training design, training delivery and training evaluation (Durmun, 2008). TNA definitions are provided in the table below.
Table 3.2: TNA definitions

<table>
<thead>
<tr>
<th>Source</th>
<th>Definitions of TNA</th>
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<tbody>
<tr>
<td>Landy and Conte (2012, p. 319)</td>
<td>“Three-step process of organizational, task and person analysis required to develop a systematic understanding of where training is needed, what needs to be taught or trained and who will be trained”</td>
</tr>
<tr>
<td>Werner and Desimone (2008, p17)</td>
<td>“Process by which an organization’s HRD needs are identified and articulated. It’s the starting point of the HRD and training process”.</td>
</tr>
<tr>
<td>Tracey (2004, p.678)</td>
<td>“The first step in the training process. Designed to identify performance gaps that can be remedied by training. It consists of surveillance, investigation, and data analysis”</td>
</tr>
<tr>
<td>Arthur et al.(2003, p.235)</td>
<td>“The process of determining the organization’s training needs and seeks to answer the question of whether the organization needs objectives, and problems can be met or addressed by training”.</td>
</tr>
</tbody>
</table>

A TNA helps to identify the gap between employee skills and the skills needed in the job for individuals to achieve high performance in their career (Werner and Desimone, 2008). Brown (2002) indicated that a TNA in the context under which human resource development will take place consists of four points.

- Firstly, an explicit problem area in the organisation: HR must identify the problems in order to find the most appropriate training (if training is the answer) to be directed towards the organisation.
- Secondly, management can gain support by giving training where it is a “nice thing to do”. This stance can be placed directly at the doorstep of poor (or non-existent) TNAs. However, in order to get management support, training must have a direct and tangible effect for the organisation.
- Thirdly, evaluation should be developed before the training is conducted, because the evaluations that are made after the training programme may not be valid. Hence, by conducting a TNA at the beginning, trainers will be able to measure the effectiveness of the programme.
- Lastly, costs and benefits of the training should be determined through the TNA by recognising the problems and insufficiencies of performance, which will help
HR departments to indicate the cost of the training needs required (Brown, 2002).

It was stated by Griffin (2003) that training typically refers to teaching technical and operational employees how to perform the job for which they were employed. Training is important to achieve organisational objectives, where it is considered a process whereby people attain competencies that help them in their career (Mathis and Jackson, 2004). A TNA is conventionally an analytical process that takes place before training to identify the gap between what the organisation needs and managers actual skills, knowledge and attitude (Agaia, 1996). The rationale of formal needs assessment is to recognise training objectives (Kozlowski and Salas, 2003).

3.15.3 Importance of TNA

TNAs are recognised as important by Human Resource managers. Nevertheless, many training programmes are designed around giving personal TNAs instead of strategically identified organisational needs (Anderson, 1994). Sometimes a TNA is performed either in an ad-hoc manner or on the basis of trial and error (Anderson, 1994).

The TNA plays an important role in designing training and development plans linked to organisational objectives, and more attention should be paid to assessing TNAs in terms of selecting more practical approaches, taking into account the workplace environment of employees (Agaia, 1996). Recent years have seen a higher demand for both internal and external TNAs requested by organisations (Agaia, 1996). Anderson (2000, p.9) that:

\[ \text{the needs assessment in the starting point in the training process. It is the phases} \]
\[ \text{in which an organisation’s needs are identified, forming the foundation of an} \]
\[ \text{effective training effort. The needs assessment tells where and what kind of} \]
\[ \text{training programmes are needed, who needs to be included, conditions under} \]
\[ \text{which training will occur, and criteria to guide program evaluation.} \]

Horwitz (1999) indicated that, in order to achieve organisational efficiency, important contributions cannot be made unless a systematic TNA is developed. In order to meet international standards, modern organisations should give enormous importance to TNAs. According to the International Standards Organisation (ISO), organisations
should preserve documented procedures for training needs assessment. It is also obligatory that organisations train all their personnel who perform those activities that affect work quality (Quazi and Jacobs, 2004).

Training is considered an investment that requires time, money and effort. However, efficient and effective investment can be achieved by appropriate and systematic TNAs (Elbadri, 2001). Training needs assessment is a cogent approach that identifies training needs in a cost wise and oriented mode (McClelland, 1993). This process not only lessens the cost of training but also determines the cost of the training programme (Brown, 2002). TNA also helps to schedule budgets for training programmes (DiLauro, 1979).

3.15.4 TNA in Islamic Banks

Training is an important tool for enhancing the attitude, skills and knowledge (ASK) of people. It directs a person to develop their efficiency and effectiveness in their workplace by obtaining improvements and amending their professional knowledge, developing skills that are applicable to work and adopting appropriate attitudes and behaviour towards other people, as well as the workplace (Mirza and Riaz, 2012).

As Islamic banking is based on the Sharia interest-free banking system, it endures its operations in a way that benefits society as a whole. It also protects against violating human dignity in achieving a balance between organisational and social interests. It possesses distinctive procedures and functional features in comparison to the traditional banking system (Mirza and Riaz, 2012). Knowledge and skills are used to help organisations to encourage innovations by implementing new technologies. It also helps to identify the trainee’s ability and potential capability whilst they are in the training programme where they can focus on highlighting the areas that they are lacking (Bohlander and Snell, 2010).

3.15.5 Types of Training in Islamic Banks

Islamic bank training may be divided into three types, ideological, theoretical and practical. Ideological training is associated with the Quran, Sunnah and Shariah issues on banking. The theoretical training provides an understanding of the knowledge and values of the importance of Islamic banking. Practical training provides people with the
essential skills to perform their job; it also can be conducted through on-the-job or off-the-job training (Mirza and Riaz, 2012).

The Prophet Mohammad (Allah bless him and give him peace) said:

“Whoever is given a fatwa without knowledge, his sin is but upon the person who gave him the opinion” (Abu Dawud, 3.321).

*Fatwa* is an opinion of a legal expert of one or more Islamic specialists; it is the highest level of qualification granted to a transaction, product and or institution in the Islamic finance industry (Ethical Institute of Islamic Finance, 2013). Both Islamic finance and Islamic banking customers regard fatwas in all their transactions. However, Islamic banking training programmes continue to turn to academic and professional bodies for Shariah accreditation. Islamic finance is mainly about Islam, while accreditation is not only about the sanctity of a specific hall of academia or the credentials of a professor, it is about the proper Islamic science qualifications of the accreditor in the case of the application of Islamic commercial law and qualified individuals issuing the fatwa (Ethical Institute of Islamic Finance, 2013).

In general, training can be delivered by two techniques; on-the-job training is a method in which employees attain relevant knowledge and skills at work (CIPD, 2007). This type of training is the most common type of training at all levels in an organisation, due to its flexibility and significance to what employees do. On-the-job training is important in progressing newly recruited employees, developing new skills and techniques in interns, teaching employees new skills when new tools and methods are introduced, and updating and upgrading skills (Sloman, 2001). This indicates that on-the-job training involves multifaceted techniques and involves a number of practices and procedures, rather than upgrading skills and knowledge of existing staff.

However, off-the-job training was defined by Hodgetts and Kroeck (1992, p.375) as: “*Training provided away from the job site*”. This kind of training can be gained through external education institutions, such as universities, colleges and other training centres (Armstrong, 2006).

The UAE Government is paying attention to the importance of training and education because of the Emiratisation policy, and has started to collaborate with educational
institutions (Randeree, 2009). For example, the Dubai Islamic Bank (DIB) has been awarded “Best Emiratisation CEO Award” for its achievement in maintaining 45% Emiratisation from the entire workforce within the organisation (Dubai Islamic Bank, 2012). The Dubai Islamic Bank has a unique six month training programme, the “Emirati” that aims to improve knowledge in banking, and the professional skills of Emirati national graduates within the Islamic banking sector (Randeree, 2009; Dubai Islamic Bank, 2012).

The “Emirati” programme has two steps. First is theoretical training on Islamic banking principles, Shariah-compliant products, customer service and policies and procedures of Islamic finance. Second, practical training in different departments of the bank is provided. To make a training programme more productive it should be designed in such a way that fulfils the needs of senior management to bottom-level workers. However, the importance of knowledge and education in the community was emphasised by scholars, such as Healy and Cote (2001) as it will lead to accelerating the rapidity of transformation and development within a nation, and encourages employees’ productivity, beliefs and dedication toward their career (see Sections 3.5 and 3.13).

3.15.6. Goal Setting

TNAs and goal setting are interconnected. TNAs are a systematic procedure that determines and categorises organisational goals (Heraty and Morley, 2000). It is important to identify training and development goals as well as organisational goals before conducting a TNA where it will help to strengthen and enhance the organisational climate (Leat and Lovell, 1997). Bowman and Wilson (2008) indicated that goal setting is essential to the process of TNAs, and to human resource development interventions in setting organisational goals. Iqbal and Khan (2011) highlight that TNAs provide a road map to achieve organisational objectives in order to balance the demand and supply between training programmes and needs. TNAs should be conducted according to the mission and management goals of the organisation (Chang and Chiang, 2012).

3.15.7 Employee Development

Virmani (2000) stated that personal development for employees is recognised in many organisations through TNAs. People are considered as an asset of the organisation, and
they should evaluate their training needs assessment in order to make them honest and loyal (Uhlmann, 1973). On a personal level, TNAs should be inaugurated by an ultimate focus on people’s activities encompassing their task roles. The challenges that face the training profession could be taken by successfully performing TNAs, as it will help management to make the right decisions regarding employee development (DiLauro, 1979).

3.15.8. Managing Change

TNAs should be considered when a new technology, new product, new mission or rules and regulations in the organisation are introduced (Collins, 2001). It was indicated by Chiu et al. (1999) that, when preparing for change, training needs should be comprehended by collecting and analysing data in order to make sure that new work procedures are introduced efficiently to employees. Training managers should devise effective training programmes to meet the new changes through different steps. These include collecting data, analysing data, providing information on decision making, establishing solutions and then implementing training (Chang and Chiang, 2012).

TNAs should be ungraded when an organisation introduces change in order to match the training need with organisational objectives; this would avoid the risk of overdoing training or doing too little training (Desimone et al., 2002). Sometimes structural change may occur such as new job analysis, personal planning and promotions (Dessler, 2008). It is also essential at the time of downsizing to prepare employees to be able and ready to do their work in line with organisational standards (Desimone et al., 2002).

3.15.9 Career Development

Career development has been defined by the Department of Education and Science (Patton, 2006, p.2) as:

*A set of job-related roles which individual will undertake throughout life; where it comprises self-employment and salary and the different positions that the person will hold over the years during unemployment and unpaid occupations such as students and voluntary workers.*

Career development has been distinguished in both theory and practice (Rees et al., 2005). TNAs are being recognised for career development and delivering guidelines for the career development of employees (Schneier et al., 1988). Brown (2002) stated that career development is one Human Resource element that requires assessment for the
training and development of employees. The results of TNAs are shown as having significant implications for job security and career patterns of the workforce; also they help to develop an elite knowledge and skills with high potential initiatives (Clarke, 2003).

TNAs are crucial for the career development of employees because the decisions regarding knowledge, skills and abilities are made through needs assessment (Schneier et al., 1988). Agnaia (1996) indicated some elements for TNAs in relation to career development of employees in the organisation, such as, new employees within the organisation, promotion of workforce, continuous development persistence, or to deal with work change. The aim of TNAs is to gather and evaluate information on what is currently being done and what should be done in future through questionnaires, tests and check-lists (Altalib, 1991). It is important for top management and employees to be aware of the importance of TNAs in order to develop and upgrade their knowledge, skills and abilities.

UAE career development is not well developed because of the role of public sector and cultural issues such as wasata, and the governments lack of control over life-long learning. Highly-skilled employees are assets and expatriates more than satisfy these requirements (Freek, 2004; Al-Ali, 2008). Organisations have difficulty in identifying the training needs required for nationals; by having a clear career development plan it will motivate nationals and retain them in the organisations (Abdelkarim, 2002). It has been found that 52.4% of national employees feel they do not have career guidance or enough training in their companies, which affected their retention (Abdelkarim, 2002). Morada (2002) and Freek (2004) also argued that UAE organisations learning environments lack job descriptions and career plans for nationals. However, the results of the TNA are shown as having a significant relationship to job security and career patterns of the workforce, as well as helping to develop elite personnel with high potential initiatives within the workplace (Clarke, 2003).

3.15.10 Trainee’s Motivation to Learn

To attain optimum levels of learning motivation, a trainee’s ability to learn is imperative according to the concept of trainability. According to Desimone et al. (2002) trainability is considered an idea of ability perception and motivation of the work environment, i.e. Trainability = (Motivation x Ability x Perception of the work environment).
Chapter Three: Literature review

e ncourages individuals to know precisely what is required of them to reach the set goals, the path that needs to be taken, and the persistence needed to achieve the said objectives. Therefore, motivation is an integral part of management; the top management of an organisation should be able to motivate their subordinates sufficiently and capably (Islam and Ismail, 2008). Training professionals should have proper knowledge, skills, and abilities to identify training programmes according to individual and organisational needs in a precise and cost effective manner (Sandwith, 1993).

3.16. Research Conceptual Framework

Together, social capital and culture variables indicated to have an influence on the development of human capital and create a conceptual framework for building strong and supportive relationship. This framework illustrated at figure 3.6

![Conceptual Framework](image)

**Figure 3.6: Conceptual Framework**

One of the main objectives of this study was to attempt to develop a conceptual framework for human capital capacity building in Islamic banks. Figures 3.6 provide an attempt to develop a comprehensive framework based on the literature, in relation to human capital capacity building in Islamic banks in the UAE. Culture and Islamic principles shape individual attitudes and behaviour, and affect their social capital.
elements: these include trust, attitude and behaviour, networking and wasa. The higher social capital that individuals have, such as networking and trust, then the higher the organisational engagement toward the organisation. Moreover, in order to retain employees, organisational behaviour should give training and development and have a clear career path to retain highly skilled individuals that will lead to a high performance for the managers in Islamic banks. All these elements not only operate in an Islamic banking environment, which is different to a conventional banking environment because of the Islamic principles and social culture but also operates within the context of the Emiratisation policy. The whole sample of seven Islamic banks were investigated in the UAE, further research is needed to advance this framework.

Table 3.2, Indicates the constructs and scale items that were summarises the literature as main constructs at this point of the thesis. In the following section, six hypotheses logically tied to research objectives were established. The development of the hypotheses for this research was based on an extensive literature review. The six hypotheses were identified for testing shown at table 3.3. The development of theses hypotheses and the methodology to test them are discussed in chapter six.
Table 3.3: The development of the framework constructs for this study is identified in the table below as several themes emerged from the literature.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Scale items</th>
<th>Section</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Capital</td>
<td>Training and development</td>
<td>3.4</td>
<td>Enyekit et al. (2011); Al-Ali (2008); Greenhaus &amp; Wormley (1990); Brown (2002); Griffin (2003); Mirza &amp; Riaz (2012); Bohlander &amp; Snell (2010); Ferdous &amp; Razzak (2012); Morrow (2001); Gait &amp; Worthington (2008).</td>
</tr>
<tr>
<td></td>
<td>Training need assessment</td>
<td>3.6</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>3.15.1</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.15.2</td>
<td></td>
</tr>
<tr>
<td>Skills and knowledge</td>
<td></td>
<td>3.7</td>
<td>Wilkins (2002); Askary et al. (2014); Lalovich (2010); Godwin (2006); Modarress et al. (2013); Al-Waqfi &amp; Forstenlechner (2010).</td>
</tr>
<tr>
<td>Career development</td>
<td></td>
<td>3.15.7</td>
<td>Mathis &amp; Jackson (2004); Agnia (1996); Quazi &amp; Jacobs (2004); Chang &amp; Chiang (2012); Virmani (2000); Clarke (2003); Mirza &amp; Riaz (2012); Lowson (2002).</td>
</tr>
<tr>
<td></td>
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<td>3.15.8</td>
<td></td>
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<td></td>
<td></td>
<td>3.15.9</td>
<td></td>
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<tr>
<td>Social Capital</td>
<td>Culture</td>
<td>3.13</td>
<td>Hofstede (2005); Skok &amp; Doringer (2001); Wated &amp; Sanchez (2011); Aribi &amp; Gao (2010).</td>
</tr>
<tr>
<td>Trust</td>
<td></td>
<td>3.8</td>
<td>Spellerberg (2001); Nahapiet &amp; Ghoshal (1998); Whitaker (2009); Aldraehim et al. (2012); Ying et al. (2011).</td>
</tr>
<tr>
<td>Wasta</td>
<td></td>
<td>3.12</td>
<td>Spellerberg (2001); Whiteoak et al. (2006); Haajenh et al. (1994); Aldraehim et al. (2012); Padgett &amp; Morris (2005); Turner et al. (2012); Fiebelg (2000).</td>
</tr>
<tr>
<td>Networking</td>
<td></td>
<td>3.9</td>
<td>Spellerberg (2001); Shaw et al. (2005); Gibbons &amp; Waldman (2004).</td>
</tr>
<tr>
<td>Attitude and behaviour</td>
<td></td>
<td>3.9</td>
<td>Spellerberg (2001); Griffin (2003); Mathis &amp; Jackson (2004); Mirza &amp; Riaz (2012); Sloman (2001).</td>
</tr>
<tr>
<td>Culture</td>
<td>Islamic principles</td>
<td>3.14.2</td>
<td>Hassan (2010); Herrera &amp; Lopez (2012); Bilal et al. (2010); Ali (2005); Heshim (2009); Asyraf &amp; Nurdianawati (2007).</td>
</tr>
</tbody>
</table>
### Table 3.4: The development of Hypotheses

<table>
<thead>
<tr>
<th>H</th>
<th>Statement</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>There is a significant correlation between social capital and human capital variables</td>
</tr>
<tr>
<td>H2</td>
<td>There is a significant correlation between social capital and culture/ Islamic principles</td>
</tr>
<tr>
<td>H3</td>
<td>There is a significant correlation between Human capital and culture/ Islamic principles</td>
</tr>
<tr>
<td>H4</td>
<td>After controlling the demographic set of variables (gender, age, religion, level of edu, years of IB, years of CB), then culture and Islamic principles set of variables (power distance, Masculinity/femininity, uncertainty avoidance, individualistic/collectivist, Islamic values and Islamic ethics), and the set of variables of social capital (networking, trust, attitude and behavior and wasla), the unique variance in the human capital of training and development is explained.</td>
</tr>
<tr>
<td>H5</td>
<td>After controlling the demographic set of variables (gender, age, religion, level of edu, years of IB, years of CB), then culture and Islamic principles set of variables (power distance, Masculinity/femininity, uncertainty avoidance, individualistic/collectivist, Islamic values and Islamic ethics), and the set of variables of social capital (networking, trust, attitude and behavior and wasla), the unique variance in the human capital of skills and knowledge is explained.</td>
</tr>
<tr>
<td>H6</td>
<td>After controlling the demographic set of variables (gender, age, religion, level of edu, years of IB, years of CB), then culture and Islamic principles set of variables (power distance, Masculinity/femininity, uncertainty avoidance, individualistic/collectivist, Islamic values and Islamic ethics), and the set of variables of social capital (networking, trust, attitude and behavior and wasla), the unique variance in the human capital of career development is explained.</td>
</tr>
</tbody>
</table>
3.17 Summary

This chapter demonstrates the research development of a framework for human capital capacity-building in UAE Islamic banks in order to counteract the challenges of Emiratisation, and improve the human resource development practices of senior Emirati managers in Islamic banks. The chapter begins by defining the concept of human resources management, and continues with an exploration of the resource-based view approach to human resources. Moreover, a critical evaluation of human capital and social capital concepts and the relationship between them. In the second section, a definition of Islamic banking is proposed, followed by the basis of Islamic banking and historical roots of Islamic finance, and its instruments are discussed. This is followed by an investigation into the importance of human resources in Islamic banking, which indicates the necessity of assessing the training procedure within the Islamic banking system. This chapter culminates in the development of a conceptual research framework and six-hypothesis development that is used to inform this research design. The conceptual framework adopted for this research presented the key factors that influence the development of human capital in Islamic banks in the UAE.
Chapter Four: Research Methodology

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4.1 Introduction

This chapter presents the methodology used for sampling, analysing and presenting the findings in the study. The research objectives were achieved through exploring secondary research and conducting primary research. For the purpose of this study, several sources were consulted, including refereed journals, online databases and governmental reports and statistics. In reviewing the literature, the researcher used a deductive approach in order to explore the existing data and test theories through primary research. By adopting an analytical and critical approach, the researcher was able to define any relationships found between the existing theories and primary research. A discussion of the reliability, validity and ethics of the research is also offered at the end of this chapter.

4.2 Essence of the methodology in the research

Every research project needs to have a philosophical base because, in addition to the practicality involved with the research, in terms of “how to research?” and “what to research?”, a research project has a deeper concern; this is “why to research?” (Holden & Lynch, 2004, pp. 2-3). The answer to the why research questions can only be established through developing a philosophical perspective, is because it leads researchers to make a number of assumptions concerning the reality (ontology), knowledge (epistemology) and methodology. The underlying philosophy has to be combined with the theoretical assumptions of the researcher to create a suitable methodology. The philosophical assumptions made by a researcher would have a considerable impact on the “what to research?” aspect of a research project. This is due to the fact that the methodological choices are consequential to the ontological and epistemological dimensions and, therefore, the methodology of a research project should follow the philosophical assumptions made at early stages. A well thought-out research project is created through appropriate questions and methods generated by the researcher from these assumptions. Most of the time, the questions and their answers are developed from the philosophical stance taken by the researcher, together with the methodology used (Bisman, 2010). Research philosophy has two constituents: epistemology and ontology. These are discussed in the following sections.
4.3 Research design

The research design refers to the plan devised to undertake a research project efficiently. Through the design of a research study, the researcher hopes to reach the correct conclusion or examine a given hypothesis (Polit et al., 2001). It is a research framework that ensures that the study is undertaken by successfully overcoming any hindrances in the pursuit of a conclusion (Burns & Grove, 2003). Some academics see it as a plan that defines the time, methodology and places from where data can be collected before being collated and analysed (Parahoo, 2000).

Based on the objectives of the research, the research design can be classified under three categories: descriptive, exploratory and explanatory (Ghauri & Gronhaug, 2010). Descriptive research answers the questions regarding what is happening in a situation and encourages the researcher to study the ‘why’ element of the ongoing research to reach the answers. It forms the basis of any research project and can be presented in an abstract or concrete form (Ghauri & Gronhaug, 2010).

Exploratory research, as the name suggests, is concerned with the identification of the problem that is then assessed using novel approaches (Robson, 2002). Explanatory research looks at the ‘how’ and ‘why’ of the study project, an element that is extremely imperative to all research projects. The basics of the study are examined in detail to reach the answer to the question of ‘why’ the research is being undertaken, for instance, why a certain phenomenon is likely to be influenced by another one in the environment (Saunders et al., 2011).

In line with the adopted research philosophy and research approach, this study is designed as an explanatory research, in order to ascertain the relationship between social capital, human capital, training and development, national culture and Islamic values in the context of UAE Islamic banks. The intention is to determine the possible relationship between the elements of human capital and social capital within the context of national culture and Islamic banking, where individual and organizational aspects are brought together in a single framework.

According to Spellerberg (2001), social capital and human capital are interdependent and, therefore, individuals’ attitudes, behaviours and values are the key determinants of
human capital. Based on Spellerberg’s (2001) model of the measurement of social capital (see Chapter 3 section 3.9 for more details), this research incorporates behavioural aspects, attitudes and values in human capital development. This is because these factors shape the actions of individuals by means of influencing their ideas, actions and expectations, as well as their social interactions within the community.

As stated by Davenport (1999), attitudes, behaviours and values are intangible resources and employees own this capital, thus, they are the decision makers of when, how and where they will utilise it. The role of organisations in human capital development is to encourage their employees to use their capital through organisational training and development practices. National culture, mainly the religion of Islam, is believed to be an important determinant of human capital development, due to the influence of Islamic principles on individuals’ and organisations’ perceptions, feelings and actions towards others, through requiring the facilitation of social wellbeing (Hesse et al., 2008) and embedding social responsibility (Pratten & Mashat, 2009). Therefore, we include these factors in the model and try to identify the main drivers of human resources management for Islamic banking.

4.4 Epistemology: objectivism

Epistemology consists of the definition of knowledge in a particular sphere and the viewpoint of the individuals about this knowledge that they believe they possess (Collis & Hussey, 2013).

A definition propounded by Crotty (1998) is very apt and states that epistemology is a theory of knowledge that is deep-rooted in theoretical perception and thus, by default, in the methodology as well. Therefore, it can be said that epistemology takes into account the fundamental motivation of the research, the methods used, together with the possible means of gaining further knowledge in the future. It helps the researcher create knowledge through inquiry. This knowledge can be obtained in two ways: exploration of available resources and feelings. The former takes into account the facts available to the researcher and the latter incorporates the viewpoints, feelings and rationale (of the sample population?) to create a comprehensive picture. In this situation, Crotty (1998) proposed three epistemological viewpoints, which were constructivism, objectivism and subjectivism.
Chapter Four: Research Methodology

Constructivism discards the opinion that there is still an unbiased truth which remains to be discovered. In fact, truth and its explanation are made out of our mind’s conflict with the world. The constructionist standpoint upholds that different people might create meaning in different methods, yet in comparison to the same reality, such as among individuals from different cultures or generations (Feast & Melles, 2010).

Objectivism maintains that a purposeful reality exists that is not dependent on one’s experience and consciousness, that individuals carry inherent meaning inside them in the form of senses that are formed through sensory observations (Matthews & Auckland, 1992), and that anybody can find this ‘objective truth’ if they cautiously approach it in an appropriate manner.

Subjectivists claim that meaning is enforced by human opinions, minus the role of the object (Crotty, 1998). This suggests that what is alleged is what is “existent”, and that no essential true reality is there that is present independently of one’s judgment (Feast & Melles, 2010).

Crotty (1998) asserted that the epistemological and theoretical perspective informs the choice of methodology and methods, in order to address the aims and objectives of the research. The research approach is based on Crotty’s (1998) perspective, as demonstrated by Figure 4.1, below.

![Figure 4.1: Research approach utilised in this research; Source: Synthesised from Crotty (1998)]
4.4.1 Ontology

Research ontology is considered to be the analysis of the nature of life and survival. Sutrisna (2009) and Bryman (2007) have offered two prevalent categorisations of the research ontology, objectivism and constructivism (subjectivism). In relation to constructivism (subjectivism), the implications credited to them are concerned with people, as proposed by Sutrisna (2009).

Constructionism perceives the presence of "objects”, yet challenges the objectivism view by asserting that there is no objective certainty revealed in the truth, and explanations come into existence by interacting with realities (Crotty, 1998). Hence, there is no meaning without common sense involving that meaning and the reality is out there waiting to be discovered. On the other hand, subjectivism challenges both constructionism and objectivism by indicating that meaning is not a result of interaction between the subject and object; however, it enforces meanings on the object (Crotty, 1998). Accordingly, as opposed to constructionism where importance is brought from the object, subjectivism apparently asserts that information is shaped out of nothing. Notwithstanding this, the building of importance from emptiness is beyond individual capacities and all significance is produced using consideration, regardless (Crotty, 1998).

Thus, there is not one sole reality and every single person creates a diverse reality that implies the presence of several realities. Conversely, in relation to objectivism, reality is proposed to be free of the people, as mentioned by Bryman (2007), which implies that the reality is distinct and different people experience it in a similar way.

Sexton (2007) proposed that realism and idealism are considered to be the most important viewpoints of the research ontology. Realism admits one impartial reality in a research that is experienced by diverse people. Conversely, idealism proposes a constructive reality that will reflect numerous realities, as observed by different people in a research. Realism, as is evident from the term, has an established structure and character that is apparent, while idealism is a subjective concept where a new and, as yet, unexplored reality is perceived differently by individuals (Gomm, 2008).
Chapter Four: Research Methodology

4.5 Theoretical perspective: post-positivism

A theoretical framework is driven from the philosophical approach and reinforces the methodology by providing the sense and criteria for the context undertaken to make a better understanding of the world (Crotty, 1998). In this research, the theoretical framework provides the background for understanding the experience and perceptions of key stakeholders in the Islamic banking sector, in order to develop a best practice model of capacity building in relation to human capital, within the UAE. In this context, the epistemological position of the research is further divided into one philosophical perspective, which is post-positivism.

Post-positivism gives an alternative to the conventions and supports positivism for directing the methodical analysis. For a post-positivist researcher, realism is a flexible thing; in fact, it is a conception of those people who are participating in the research. Reality does not live in a space, its configuration is affected by its setting and, therefore, several creations of reality are likely (Hughes, 1994). Proctor (1998) advised that, among the many issues that affect reality - culture, cultural beliefs, gender and instructions are the most important. Commonly-agreed beliefs towards gender influence cultural rules or instruction and, therefore, affect the way a social structure is established. In fact, these widely-held beliefs about gender create differences and inequality between individuals in a society (Ridgeway & Correll, 2004). Beliefs held towards gender roles construct cultural rules and differences between gender or race become the main determinant of how social relations are organised (Ridgeway & Correll, 2000). They identified the complex link between a person’s attitudes, behaviour, external structures and socio-cultural problems. They accepted that the objective reality that is suggested by the positivist philosophy can be realised as one facet or element of reality. In explaining the essence of post-positivist philosophy, Forbes et al. (1999) advised that post-positivism is interested in forming and probing for a “warranted assertibility”, that is to say, proof that it is right and proper reasoning for the presence of the experience. This is in contradiction to the positivist approach of creating demands to complete reality through the creation of generality and standards.

The critical realism stand is taken for this research for the post-positivist philosophy. It is thought in critical realism that there is a reality that is free of our thoughts regarding it that science can study (Patomari & Wight, 2000). The post-positivist even thinks that all
recordings are laden with theory and that scientists are integrally prejudiced by their cultural exposure, global views, etc (Patomari & Wight, 2000). Post-positivism discards the relativist concept of the diversification of diverse perceptions, the idea that people cannot comprehend each other as they come from diverse cultures and experiences (Mouthinho & Hutcheson, 2011).

As Letourneau and Allen (1999) stated, post-positivist methods ‘give way’ to both quantitative and qualitative methods. The post-positivist critical realist identifies that every finding is imperfect and can have mistakes, and that all theory is changeable.

The post-positivist critical realist thinks that the purpose of science is to persistently grasp the goal of having it correct concerning reality, as every amount is imperfect. Therefore, the post-positivist highlights the significance of numerous observations and measures, (every one of them might have dissimilar kinds of mistakes) and the requirement to utilise it over these numerous error-filled sources to aim to get a better understanding regarding all the happenings in reality (Patomari & Wight, 2000). This is defined as critical multiplism (Guba & Lincoln, 1998). Critical multiplism indicates that, as in positivism, the requirement for precision, logical reasoning, rigour and care to prove it is essential, but it is different from positivism as it is not restricted to only that which can be actually be seen. Multiplism is concerned with the fact that research can usually be advanced from different angles. Multiple viewpoints can be utilised to outline the objectives of the research, to select the questions for research, systems and analyses, and to deduce conclusions (Cook, 1985).

In brief, post-positivist methods assert that reality is subjective, for there are several realities as every person has a dissimilar reality, owing to her/his individual observations. Therefore, several ways are required to acquire a reality that is created by triangulation from several imperfect perceptions. The researcher connects with the people who are being researched and outcomes are the result of this connecting process, with an emphasis on the importance and comprehension of the position or the circumstance that is under scrutiny.

Embarking from the theoretical perspective, and in order to achieve the objectives of this research, a post-positivism approach was seen as the most appropriate. This was because the research involved investigating the experiences of senior managers who
work in the Islamic banking sector to develop a framework for human capital capacity building in UAE Islamic Banks, in order to counteract the challenges of Emiratisation and to improve the human resource development practices of senior Emirati managers in Islamic banks. The research was carried out through using questionnaires. The model will present an outcome of commonly-constructed reality among senior managers in the Islamic banking sector.

<table>
<thead>
<tr>
<th>Paradigm</th>
<th>Positivism</th>
<th>Post-positivism</th>
<th>Pragmatism</th>
<th>Constructivism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logic</td>
<td>Deductive</td>
<td>Primarily deductive</td>
<td>Deductive + Inductive</td>
<td>Inductive</td>
</tr>
<tr>
<td>Epistemology</td>
<td>Objective point</td>
<td>Modified dualism.</td>
<td>Both objective and subjectively points of view.</td>
<td>Subjective point of view. Known and known are inseparable</td>
</tr>
<tr>
<td>Axiology</td>
<td>Inquiry is value free.</td>
<td>Inquiry involves values, but they may be controlled.</td>
<td>Values play a large role in interpreting results.</td>
<td>Inquiry is value-bound.</td>
</tr>
<tr>
<td>Ontology</td>
<td>Naive realism.</td>
<td>Critical or transcendental realism.</td>
<td>Accept external reality. Choose explanations that best produce desired outcomes.</td>
<td>Relativism</td>
</tr>
<tr>
<td>Causal linkages</td>
<td>Real causes, temporally precedent or simultaneous with effects.</td>
<td>There are some lawful, reasonable relationships among social phenomena. These may be known imperfectly. Causes are identifiable in the probabilistic sense that changes over time.</td>
<td>There may be causal relationships, but we will never be able to pin them down.</td>
<td>All entities simultaneously shaping each other. It’s impossible to distinguish causes from effects.</td>
</tr>
</tbody>
</table>

Table 4.1: compares positivism, post positivism, pragmatism and constructivism.

4.6 Methodology: case study

Crotty (2005, p.3) identified the research methodology research stage as: “the strategy, plan of action, process or design lying behind the choice and use of particular methods and linking the choice and use of methods to the desired outcomes”. One of the main objectives of using a case study strategy is to gain data and different points of view, with regard to a single case over a period of time. Case study methodology is specifically concerned with carrying out research through exploring a phenomenon that occurs in real life (Denscombe, 2010). However, it was indicated by Robson (2002,
p.178) that a case study was: “A strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real-life context using multiple sources of evidence”. Consequently, case studies have a clear benefit, compared with other research methodologies, in the answering of questions such as how, why and what with regards to a particular phenomenon.

Furthermore, (Yin, 2009) highlighted that using case studies is the method of choice to investigate a phenomenon that is not promptly discernable in the context. A case study can be used as a strategy aimed at understanding human behaviour in a certain context, though deducing their case as a single community or a group. The use of a case study strategy is useful when the researcher has no or less control of the phenomenon being investigated and when the context is not distinctly identified. It was indicated by McMillan and Schumacher (2001), that a case study can be investigated in depth bounded cases over time and can be grounded in a single or multiple cases and use different resources and techniques to collect the data. Additionally, case studies can be collected to reach the best possible responses that will help to answer the research aims and objectives.

A case study strategy can employ both qualitative and quantitative methods (Myers, 2009). Hence, case study strategy can employ different data collection methods, such as archival records, interviews, documentary analysis and questionnaires (Yin, 2003; Saunders et al., 2009). In this research study, a quantitative method was chosen, in order to provide a comprehensive picture and rich description of the factors to develop a framework for human capital capacity building in UAE Islamic Banks, in order to counteract the challenges of Emiratisation and to improve the human resource development practices of senior Emirati managers in Islamic banks.

<table>
<thead>
<tr>
<th>Context: Human Capital capacity-building in UAE Islamic Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case: United Arab Emirates</td>
</tr>
<tr>
<td>Abu Dhabi Islamic Bank</td>
</tr>
<tr>
<td>Ajman Islamic Bank</td>
</tr>
<tr>
<td>Al Hilal Bank</td>
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<tr>
<td>Bank of Sharjah</td>
</tr>
<tr>
<td>Dubai Islamic Bank</td>
</tr>
<tr>
<td>Emirates Islamic Bank</td>
</tr>
<tr>
<td>Noor Islamic Bank</td>
</tr>
</tbody>
</table>

Table 4.2: the single case study design with the seven embedded units of analysis used in this study.
Case studies can use any source of data that will help the researcher to have a better understanding of the cases. Hence, a case study can utilize and develop theory related to the cases as it helps to affirm the hypothesis to emphasise the phenomenon studied. In addition, it offers a further exploration to discover casual relationships between variables (Vissak, 2010; Jensen & Rodgers, 2001) to understand why and how certain things have happened (Yin, 2003). Also, it provides a rich understanding and descriptions of the context at their natural setting (Yin, 2003). Moreover, the presence of more than one research objective permits case study researchers to identify the constructs required to develop a theory and then test those constructs using a questionnaire (Darke et al., 1998). Nevertheless, a single case study is more appropriate when it affords access to information that is hardly accessible to researchers. Consequently, it offers more previously unknown insights (Yin, 2003).

In a case like the UAE culture, the literature identifies a lack of using quantitative data in investigating the social capital, culture and Islamic principles and human capital issues for UAE nationals to statistically identify the workplace issues. Most of the rest of the studies in the UAE are based on a qualitative methodology. Consequently, it is valuable to employ a quantitative research to identify the skills, knowledge and attitudes of senior Emirati managers in relation to retention issues, development of human capital in the sector and to understand their view of Islamic banking practices within the context of policy implications, i.e., the Emiratisation policy. According to Yin (2009), it would be a unique case and the single case study design can be suitable for this.

Another reason for using a case study in this research is because it examined different international conceptual frameworks of human capital (see Chapter 5), according to Yin (2009), a single case study can be used when it represents a critical case for testing a theory that has not been tested before.

### 4.7 The choice of the quantitative research approach

Qualitative and quantitative methods of research have been viewed by many researchers as complementary when choosing the most appropriate method/s for the investigation (Creswell, 2013; Thomas, 2003; Krathwohl, 1993). They argued that, while some paradigms may appear to lead a researcher to favour qualitative or quantitative approaches, in effect no one paradigm actually prescribes or prohibits the use of either methodological approach. It has, therefore, become inevitable that both approaches need
to be applied for effective research. Paradigms that overtly recommend mixed methods approaches, allow the question to determine the data collection and analysis methods applied, collecting both quantitative and qualitative data and integrating the data at different stages of inquiry (Creswell, 2013).

A qualitative, quantitative or mixed methods approach must be taken in order to focus and conduct a research strategy. Qualitative research is often undertaken in exploratory research where attitudes and opinions are recorded in open-ended questions; these are useful when the interviewer is unsure of the answers to the questions or when they are hoping to come across new ideas regarding an issue (Buglear & Fisher, 2007). However, Easterby-Smith et al. (2002; p.135) argued that qualitative research is “limited by the feasibility of coding and analysis”. In contrast, quantitative research addresses “what factors or variables influence an outcome” (Creswell, 2013, p.75). Quantitative methods gather a range of beliefs on closed or restricted questions that are recorded in tables and graphs, as this statistical measure “lends itself to statistical analysis” (Hair et al., 2007; p.152). This is a pre-structured (closed questions) approach that allows the author to easily quantify and record the research material already found when inputting many respondents’ views and opinions (Buglear & Fisher, 2007).

4.7.1 Quantitative research

The quantitative paradigm is fundamentally more scientific and employs empirical research that helps disclose the truth about the subject being researched. It is essentially based on “the assumption of determinism, meaning that all events are fully determined by one or more causes” (Johnson & Christensen, 2008, p.33). However, the interpretations can still vary even within this perspective, based on individual philosophical understanding. According to the ontological perspective, “the reality of a subject does not alter with varying individual perceptions” (Guba & Lincoln, 1994, p.110). In other words, from the ontological aspect, the reality is free from subjective perceptions of individuals.

The proponents of this epistemological perspective are of the view that researchers can undertake their study without colouring it with their own stance on the subject, or being influenced by the subject enough to modify their own opinion, as long as the quantitative related tools are designed in an unbiased manner. The supporters of this epistemological outlook think that researchers can commence their research devoid of
distorting it with their personal standpoint on the matter or be swayed by the matter adequately to change their own belief (Guba & Lincoln, 1994).

Sale et al. (2002) debated that, with this viewpoint, all phenomena can be condensed into particular and dividable variables that symbolise the reality or truth. In relation to the study, the connotation of reality can signify the condition of things as they are, or seem to be, instead of what an individual might want it to be, if apparent, reachable or comprehensible by philosophy, science, theology or some other method of analysis. In this way, reality might comprise both life and oblivion, although principally, “to exist” is regularly limited to being (Sale et al., 2002, p.46).

Quantitative research involves using methods in a value-free structure to compute the variables involved and to reach a conclusion (Denzin & Lincoln, 2011). The assumption of qualitative research is that the relationship between variables investigated in a study can be established through measuring and numerical analysis. Research ignores the process; the inquiry is completed within in “a value-free framework” (Denzin & Lincoln, 2011, p.8). These methods include tools, such as questionnaires or structured interviews, which may be administered in a written format or through questioning participants orally. The sample sizes used for analysis are typically much larger than those in qualitative research so that sufficient information for the analysis can be gathered from the sample population and to see if there are any sub-groups within the sample and the findings can be generalised (Carey, 1993).

The quantitative paradigm reflects on how the results derived are compatible with the situation in the world. Golafshani (2003, p.4) described quantitative research as having “charts and graphs illustrate the results of the research”. Quantitative research allows the researcher to familiarise him/herself with the problem or concept to be studied, perhaps to generate hypotheses to be tested.

In this paradigm, the emphasis is on facts and causes of behaviour (Golafshani, 2003). Quantitative research is often described as taking a more objective, scientific approach to the topic under scrutiny, with the intention of reaching and explaining observable facts, rather than subjective views of individuals and groups. Denscombe (2003, p.10) crystallised the differences as the use of “words or numbers”, with words being used as the “unit of analysis” for qualitative research and numbers for quantitative. Saunders et
al. (2011) expanded on this, explaining that meaning is deduced from numerical data that is collected, analysed and presented in the form of diagrams or statistical information.

Accordingly, a questionnaire was considered to be the most appropriate type of tool to be employed in the current research. Such a questionnaire provides a high degree of anonymity in which respondents can feel free to answer the questions. The researcher met with the respondents face-to-face and gave them a paper-based questionnaire, which was collected after they had finished. The questionnaire methodology was selected for different purposes: first of all, it helped to get a high response rate by directly contacting the respondents. This is exceptionally important because the UAE culture is secretive and most UAE citizens do not like to provide information about their work, especially figures.

The researcher was carefully balanced the needs of consent, confidentiality and openness in respect to the study, by meeting the respondents face-to-face to increase the participation in the studies and to build trust. Secondly, it is difficult for a female researcher to get data from these institutions because males are considered to be dominant over females in the UAE. Hence, the socio-cultural traits of respondents differ from one geographical location to another within the Emirates. Some banks are located in cosmopolitan locations with lots of Western influence; here people were more open and responsive. However, in some locations in the Emirates it was hard to collect data because they considered it sensitive according to their logic and culture; here people were less receptive in their response to the questionnaire and this reduced the number of respondents in the study. Finally, this method was effective and cheaper compared to other methods of administering questionnaires.

4.7.2 Qualitative research

The qualitative standard seems to be established as per the epistemology of the constructionist and interpretivist philosophies. In the past, the qualitative practice arose due to the increasing disappointment and dissatisfaction with the outcomes of quantitative studies (Guba & Lincoln, 1994). Principally, the simple supposition directing the qualitative standard is that reality is created by people who are socially active during the process of research (Pring, 2000). This standard stresses that reality is a product of the researchers’ values and researchers themselves are not free of it. The
occurrences are observed holistically so that a complete picture related to the topic under investigation can be drawn. Difficult phenomena cannot be reduced to independent elements (Weirsma, 2000). Qualitative research takes daily exposure and regular life as its topic and questions the meaning it creates. Communication is assigned in normal practices.

At the level of ontology, the qualitative viewpoint declares that there are numerous truths or realities (Sale et al., 2002; Pring, 2000). The multiplicity is on the basis of researchers’ intellectual creation of what they think to be true. There can be several realities, just like there are several researchers (Pring, 2000), but eventually, truth or reality is created in a social setting (Sale et al., 2002). Henceforth, reality or truth is dynamic; it is always changing (Pring, 2000). Truth is a product of the values of the researchers because it is developed through negotiations with other people involved in the research. In this perspective, the main assumption is that truth cannot be grounded in an objective reality.

As per epistemology, the researcher is merely the data assembling device and, therefore, admission to truth can only happen internally in the mind of a researcher (Miles & Huberman, 1994). Miles and Huberman (1994) observed that the researcher is likely to become personally engrossed in the topic. It is possible that the researcher might be aware of predicted results, although qualitative data results are much less likely to be generalised. This is due to the fact that qualitative research is conducted with a relatively low number of participants; the intention is to develop a deeper understanding of the phenomena so that it sheds light on specific issues involved with a topic under investigation, which later leads to the development of a theory.

A primary principle upon which qualitative research is based is acceptance of the fact that there are multiple perspectives of understanding and explaining the world. Qualitative research is not an attempt to predict future events. Instead, it is an attempt to understand human behaviour in a specific environment at a given time (Amaratunga et al., 2002).

Qualitative research cannot have pre-determined responses and is based on questions probing the personal beliefs and values of the respondents in order to reach a conclusion. It is an attempt to obtain answers from respondents and thus attempt to
comprehend the social aspects of life through the responses of the participants of the research (Bogdan & Biklen, 1992).

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Quantitative</th>
<th>Qualitative</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aim</strong></td>
<td>Indicate relationship between constructs through testing and validating hypotheses about a social reality.</td>
<td>Understand and provide description and understanding about a social reality from participants’ perceptions.</td>
</tr>
<tr>
<td><strong>Ontology (nature of reality)</strong></td>
<td>Objective/ single reality that can be measured and validated.</td>
<td>Subjective/ multiple realities.</td>
</tr>
<tr>
<td><strong>Epistemology</strong></td>
<td>Positivism/ post positivism.</td>
<td>Constructivism/ interpretivism.</td>
</tr>
<tr>
<td><strong>Theoretical approach</strong></td>
<td>Deductive.</td>
<td>Inductive.</td>
</tr>
<tr>
<td><strong>Data emphasised</strong></td>
<td>Numbers.</td>
<td>Words.</td>
</tr>
<tr>
<td><strong>Data gathering method</strong></td>
<td>Self-administrated questionnaire, survey, single case designs.</td>
<td>Case studies, focus group, ethnography, interviews.</td>
</tr>
<tr>
<td><strong>Data analysis process</strong></td>
<td>Calculate statistics that describe a population or assess the probability of error in inferences about hypotheses.</td>
<td>Search for patterns and meanings in narratives, not numbers.</td>
</tr>
<tr>
<td><strong>Role of researcher</strong></td>
<td>Independent and act as an observer.</td>
<td>Involved in the process as they become engaged in the research setting.</td>
</tr>
<tr>
<td><strong>Generalisation</strong></td>
<td>Statistical generalization.</td>
<td>Analytic generalization.</td>
</tr>
</tbody>
</table>

Table 4.3 : Comparison Between Quantitative and Qualitative Approaches.

5.7.3 Deductive approach

A deductive approach to research begins with a general theory or question about a subject of interest (de Vaus, 2001). For example, an economist might be interested in the extent to which education influences an individual's earnings. The theory may hold that the more education a person acquires, the more money they earn.

The relationship between data and theory (which comes first) is a philosophical conflict that has existed between researchers for many decades (Easterby-Smith *et al.*, 2002). The deductive approach implies a theory with observed facts at first, proceeding through a deductive understanding of the phenomena (de Vaus, 2001). Analysis by method of experimental observation is the procedure associated with deductive research. Development from the regular to the explicit is a crucial standard of the deductive approach.
Chapter Four: Research Methodology

Hussey and Hussey (1997) described the inductive research standard as a concept that has been created based on the information of experiential reality. This subsequently comprises the deduction of regular occasions from explicit occasions that reflect the converse of deductive research, for it shows development from information of a distinct occasion to the creation of commonly relevant laws or patterns.

However, a deductive approach was identified by Ghauri and Gronhaug (2005, p.15) as “gathering of facts to confirm or disprove a hypothesised relationship among variables that have been deduced from propositions”. In other words, the reasoning in a deductive approach is made by investigating the existence of a possible relationship between variables so that assumptions derived from theories can be tested.

Deductive reasoning is initiated with a hypothesis that needs to be tested. Quantitative data is then collected for testing this hypothesis (Bryman & Bell, 2012). Care needs to be taken during the sampling of data to remove the information that is not pertinent to the research subject and to use only the relevant and appropriate data. It should be a precise and tight study undertaken through models and concepts that help the researcher present the relevant facts succinctly, yet clearly, before analysing them and interpreting them so as to reach a suitable conclusion (Saunders et al., 2011).

4.8 Practical research paradigm

A research paradigm refers to the set of ideas and beliefs that regulate a research study and includes the subject, techniques and interpretive analysis modes used in the study (Bryman, 2004). Basically, a paradigm is a concept derived from various assumptions and epistemological evidence about a certain reality. These beliefs can be conflicting, as they may have their origins in different cultures and global perspectives with varying beliefs and may, therefore, subliminally influence the thought processes and evaluations of the researchers themselves (Tashakkori & Teddlie, 1998).

In the field of social and behavioural sciences, paradigms fall in two categorisations. However, these categorisations have been termed differently by various academics. For instance, Guba and Lincoln (1989) termed them as scientific and naturalistic, whereas Tashakkori and Teddlie (1998) called them positivist and constructivist, both are opposing schools of thought. For this study, the research paradigm is based on
deductive reasoning, as the intention was to reach the reality through exploring multiple realities and triangulating them across to construct the theory.

4.9 Methods of data collection

A practical situation was carefully chosen in developing the approach to this study as practicality offers a merging of approaches. In addition to this, practicality gives a foundation for utilising one method’s approaches by way of a ‘third alternative’: one more choice for social researchers in case they find that both the quantitative and qualitative research used singularly cannot give sufficient findings for the specific portion of research they are thinking of (Johnson et al., 2007; Tashakkori & Creswell, 2007).

On the basis of the objective of this study, that is to create a framework for human capital capacity creation in Islamic banks in the UAE, a survey methodology using a questionnaire was selected to be suitable for the examination. The research required investigating the awareness of senior Emirati managers regarding the current human capital development actions happening within the UAE banking segment, examining their outlooks and awareness regarding matters of retention, creating an awareness of Islamic banking practices, and the effect of these actions on human resources management in addition to recognising the opposing effect the Emiratisation policy on human capital development attempts in the UAE. The fundamental motive for utilising a questionnaire approach was because human capital as a notion and an administration matter has changing concepts that vary from one person to another. This study will also use an exploratory approach, in order to allow the researcher to develop further ideas from the key findings in the literature and existing theoretical models.

Research projects generally employ two kinds of data: primary and secondary. Primary data are gathered by the researcher specifically for the research project in hand. Secondary data refers to information that has been collected for other projects and is thus already available for other future research projects (Sekaran & Bougie, 2009). The present study utilised both primary and secondary data.
4.9.1 Secondary data

Both primary, as well as secondary, data are important while undertaking a research project. The available secondary data is used to generate a theoretical structure and methodology for the investigation of the topic. However, necessary care needs to be taken while incorporating secondary data into the research. The available data, which may have been collated for another research study, may not be entirely appropriate for the needs of the current project. The data may be insufficient for the new research or may be totally irrelevant. The information may also have been gathered from a totally different set of respondents who belong to a geographically or culturally different area and, hence, the data may not be applicable for the new research; even the subject may be basically different. This may necessitate the researcher to use the data as it is without modifying it in any way and, therefore, it may not be entirely appropriate (Boslaugh, 2007). As Saunders et al. (2011) stated, secondary data is of three types: documentary secondary data, survey-based secondary data, and multiple source secondary data. Both multiple source and documentary secondary data were used in this study. The kind of data and its sources are described below:

- **Documentary secondary data**: This research uses documentary secondary data from different origins, comprising books, newspapers and academic articles. The academic articles and books were used for making a conceptual structure for the study. Books on human capital and social capital were accessed from the library of the university. Online journals were used to obtain the most recent academic papers. In this circumstance, human capital, social capital and Islamic banking related academic articles were acquired from different academic databases; these included Science Direct, Emerald, Business Source Premier provided by EBSCO Host, etc. Additionally, newspaper articles were also obtained by searching on the Google search engine.

Secondary data was also used to collect information about human capital development practices of banks in different countries. The reason for this was to accomplish the third objective of this study: to identify the frameworks crafted for developing human capital for the banking sector. This objective was achieved by undertaking a web-based search of best practices in human capital
and analysing the training and development practices of conventional banks operating at an international level. The reason for this analysis was to draw a framework for Islamic banks, based on the best practices in the banking industry. For the analysis of human capital development practices of banks in different countries, information published on the websites of selected banks were mainly utilised, e.g., HR strategies, training and development, and staff development strategies. In addition, case studies published by scholars were also used in order to bring the in-depth nature of the human capital frameworks developed by the selected banks, such as HSBC, YES bank, RBS and the Negara Malaysian bank. The sample was shaped according to their current practices of human capital and their success in the banking industry. Different constructs were identified as main factors used in practice; factors that were used in forming HR regulation and helped in the development of their human capital. An analysis was established according to their locations; size; global growth, current practices of human capital in order to enhance the conceptual framework constructs that were identified from the literature. In addition to the practical aspect of human capital development programmes developed at the organisational level, similar efforts developed at the national level were also investigated. For this purpose, the Malaysian human capital development programme was examined and discussed in detail so that a comprehensive human capital development framework that was applicable for the whole Islamic banking sector in the UAE could be formed.

Figure 4.2. The process of identifying the main constructs of the study

- **Multiple source secondary data**: Together with the documentary secondary data, this research utilised multiple source secondary data from two origins. The first origin was the country reports that are published by national and international organisations, such as the OECD, and the second was the IMF who published the *World Economic Outlook*. The country reports were utilised to
establish the background data for the study, which, in this case, was the UAE. The reports were located by searching on the Internet. The citations of these sources are given within the text, as well as in the reference listing.

4.9.2 Primary data

Primary data is information gathered for the research project in precise detail and it can be collected through surveys, interviews and diaries. For this study, direct information was gathered by the administration of questionnaires to participants in the study (Wegner, 2010).

4.10 Questionnaire

The questionnaire as a research instrument is a very effective mode for generating precise and relevant primary data. The researcher puts the questions directly to the respondents through a written questionnaire to elicit their attitudes, reactions, behaviour and activities relating to the subject being researched. The data gleaned is then analysed (Wisker, 2001).

The format and the framework of the questionnaire administered to collect primary data is generally modified to suit the respondents. Generally, self-administered questionnaires are sent to the participants via post or email and, once completed, the participants return it to the researcher in the same way it was delivered.

Questionnaires have been defined by many authors, such as Chisnall (2005, p.128) who emphasised that the:

*Questionnaire is a method of obtaining specific information about a defined problem so that the data after analysis and interpretation result in a better appreciation of the problem.*

In a more elaborate manner, Fink (1995, p.1) defined a questionnaire as:

*A survey is a system for collecting information to describe, compare, or explain knowledge, attitudes, and behaviours. Survey involves setting objectives from information collection, designing research, preparing a reliable and valid data collection instrument, administering and scoring the instrument, analyzing data, and reporting the results.*
Chinsall (2005) noted that surveys are an important instrument of the research design. Quantitative methods are considered to be an efficient way of collecting data, as they are inexpensive and allow the measurement of responses to a limited number of questions from a large number of respondents (Ackroyd & Hughes, 1992). The results of quantitative measures are very scientifically reliable and avoid respondent bias (Gill, 1995). Hence, it helps the researcher to study different variables at the same time. Moreover, questionnaires can provide quick results and provide anonymity and confidentiality for the respondents (Gephart, 2003).

4.10.1 Justification for the chosen research instrument

The reasons for choosing a researcher-completed questionnaire survey as the main study instrument was mainly due to it being a sensible and effective way of collecting the data (de Vaus, 2001). It was also considered to be the most appropriate and effective method, taking into account the personal and socio-cultural traits of the respondents in the Islamic banking sector in the UAE. During the pilot study, it was observed that selected participants would decline or not respond well to telephone or email questionnaires. To increase participation in the study, the questionnaires were administered in person and the participants were asked to complete them. This allowed the collection of first-hand information immediately and increased the participation rate.

4.10.2 Design of the questionnaire

The design of the questionnaire can be explained in terms of language style and order of questions. These are explained below.

*Language style:* The survey for this research was developed in English by the researcher and translated into Arabic by a bilingual expert to prevent any misunderstanding in comprehending the questions. The period for conducting the questionnaire survey was planned as three months, negotiating access and questionnaire collection, which was held in June, July and August 2013. In order to increase the response rate of the questionnaire, permission was gained from every bank where there was a research approval office, where a person discussed the research questionnaire and approved it. After that, the researcher was allowed to administer the questionnaire in the organisation. A list of the appropriate staff at each bank was provided; they always encouraged researchers, as long as the confidentiality of the respondents was respected, making the data collection a willing exercise.
Ordering of questions: It was suggested that the design of the questionnaire should be acceptable and easy to understand by addressing the types of questions, question sequence and the length of questions. This was because, as asserted by Schuman and Presser (1981), attitudes towards the sequence of questions can influence the research results. In other words, the order of the questions may inhibit participants’ willingness to answer the questions raised in the survey. To increase the willingness of participants to answer the survey, the questions ranged from general to more specific ones. For example, questions on personal information, such as age, which were considered as the most sensitive questions, were placed at the end of the questionnaire.

4.10.3 Questionnaire content

It was emphasised by Miller (1993), that research should be aimed at indicating and estimating the problem area as much as possible and the question sequence should be considered in the questionnaire design. In this research, the questionnaires were structured as closed questions, which were divided in to three main types: checklists, fill-in items, and Likert-type questions from 1 (strongly disagree) to 5 (strongly agree), plus some open-ended questions. The questions were adopted from the existing literature that is generally related to human capital, social capital and culture/Islamic principles (See Table 4.4).
<table>
<thead>
<tr>
<th>Construct</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training and development</td>
<td>Enyekit et al. (2011); Al-Ali (2008); Greenhaus &amp; Wormley (1990); Brown (2002); Griffin (2003); Mirza &amp; Riaz (2012); Bohlander &amp; Snell (2010); Ferdous &amp; Razzak (2012); Morrow (2001); Gait &amp; Worthington (2008).</td>
</tr>
<tr>
<td>Skills and knowledge</td>
<td>Wilkins (2002); Askary et al. (2014); Lalovich (2010); Godwin (2006); Modarress et al. (2013); Al-Waqfi &amp; Forstenlechner (2010).</td>
</tr>
<tr>
<td>Career development</td>
<td>Mathis &amp; Jackson (2004); Agnaia (1996); Quazi &amp; Jacobs (2004); Chang &amp; Chiang (2012); Virmani (2000); Clarke (2003); Mirza &amp; Riaz (2012); Lowson (2002).</td>
</tr>
<tr>
<td>Culture</td>
<td>Hofstede (2005); Skok &amp; Doringer (2001); Wated &amp; Sanchez (2011); Aribi &amp; Gao (2010).</td>
</tr>
<tr>
<td>Trust</td>
<td>Spellerberg (2001); Nahapiet &amp; Ghoshal (1998); Whitaker (2009); Aldraehim et al. (2012); Ying et al. (2011).</td>
</tr>
<tr>
<td>Wasta</td>
<td>Spellerberg (2001); Whiteoak et al. (2006); Haajenh et al. (1994); Aldraehim et al. (2012); Padgett &amp; Morris (2005); Turner et al. (2012); Fiebeig (2000).</td>
</tr>
<tr>
<td>Networking</td>
<td>Spellerberg (2001); Shaw et al. (2005); Gibbons &amp; Waldman (2004).</td>
</tr>
<tr>
<td>Attitude and behaviour</td>
<td>Spellerberg (2001); Griffin (2003); Mathis &amp; Jackson (2004); Mirza &amp; Riaz (2012); Sloman (2001).</td>
</tr>
<tr>
<td>Islamic principles</td>
<td>Hassan (2010); Herrera &amp; Lopez (2012); Bilal et al. (2010); Ali (2005); Heshim (2009); Asyraf &amp; Nurdianawati (2007).</td>
</tr>
</tbody>
</table>

Table 4.4: The sources of the questionnaire items.

**Part one of the questionnaire:** This section is concerned with determining human resource practices that affect human capital, such as skills and experience, career development, training and development, training needs assessment, employee development, goal setting and managing change. This part of the questionnaire was divided into three parts: A, B and C. Section A aimed to determine the level of investment in human capital where it can be established by the knowledge, capability, skills and behaviour of employees, combined with the time and effort they spend in building their abilities and developing themselves (see Appendix one).

Section B aimed to identify the level of social capital through investigating variables, such as organisation culture, attitude and behaviour with respect to others, trust and reciprocal associations, attitudes regarding government policies, such as the Emiratisation policy, networking and values, and Wasta (nepotism).

Section C aimed to explore culture aspects through Hofstede’s (1991) dimensions of culture, namely power distance (where it reflects the values of powerful and less powerful members in the society), uncertainty avoidance (to measure the extent to which people in societies feel threatened by ambiguity), masculinity/femininity (to measure to what extent the dominant values in society are masculine and how men and
women track their job opportunities), and individualism/collectivism (to identify whether people have a strong relationship with groups and social networks, or if they are expecting to take care of themselves as individuals).

**Part two of the questionnaire** was concerned with questions about exploring the Islamic banking culture. The section determined the knowledge that senior managers had of Islamic banking products, training and development in Islamic Banks, their level of motivation and career development; to cover Islamic training and development in all aspects, commencing from the moral and spiritual development of man to the physical development. These questions were developed, based on the main findings of the research discussed in the review of literature.

**Part three of the questionnaire** was concerned with demographic information about the respondents’ personal background, such as age, gender, religion, years of experience, academic qualifications and job title. Questions about the training programmes and type of training courses they have attended and whether it has had an impact on their performance were also included.

The main aim of this part was to obtain a profile of the respondents working in each bank. This part was placed at the end of the questionnaire, allowing the respondents to have time and self-confidence in answering personal questions, taking into consideration the country’s cultural restraints when requesting personal details, such as education level and age, which are very sensitive issues for UAE nationals. Open-ended questions were placed at the end of the questionnaire to gather information about the recruitment process, training needs analysis at the bank and the influence of the Emiratisation policy on career development.

**4.10.4 Pilot Questionnaire**

To achieve a high level of validity, the questions were tested through a pilot study. According to Saunders *et al.* (2011), a pilot study helps to improve the questionnaire and identifies errors before the initial fieldwork has taken place; it should be applied to a similar population to the research sample. Furthermore, it is important to the researcher to receive suggestions and to have a chance to correct aspects of the questionnaire and make appropriate modifications in terms of the wording and sequencing of the questions before the questionnaire is distributed to gather real data.
Chapter Four: Research Methodology

(Litwin, 1995). As a part of a pilot study, a researcher should check every completed pilot survey in order to make sure that respondents understood the context of the questions and to indicate the time needed to complete a questionnaire (Saunders et al., 2011).

It was added by Baumgartner and Strong (1998) that a pilot study helps in determining whether appropriate information is provided, or if more questions should be added to the questionnaire. It also helps to reduce bias, rectify any vagueness and assess the reliability and validity of the questionnaire.

Based on the above, a questionnaire was piloted in the study in order to increase the level of validity. The questionnaire was piloted through two stages. The first stage was from April 2013 until May 2013 through my academic supervisors; this was to make sure that all questions were appropriate and suitable. In the second stage in June 2013, the questionnaire was sent to fifteen branch managers of some selected conventional banks with Islamic product sections in the UAE, where the researcher had face-to-face meetings with them for the purpose of completing the questionnaire and discussing the questions with them, if appropriate.

The pilot study indicated that the wording of some of the questions needed to be modified to avoid error and to increase respondent participation. Some minor changes were also made to questions relating to trust and reciprocity; in these, the word “wasta” was removed and the questions reworded accordingly, because some of the respondents in the pilot study skipped those questions and they were not answered. Eventually, the questionnaire was designed according to the comments provided from the piloted respondents, thus confirming the validity of the research studied.

4.10.5 Sampling

In simple terms, sampling means using data from a certain part of a population in order to get information about it as a whole (Saunders et al., 2011). In this research study, purposive sampling was found more appropriate because the topic in hand required collecting information from participants who were working in Islamic banks and in a managerial position. The main advantages of using purposive sampling are listed below:

1- Unlike probability theory, where the choice is made randomly, purposive sampling allows for selections that are specific to the research (Trochim, 2006).
As a non-probability sampling method, purposive sampling enables examination of the topic with the experts.

2- Non-probability sampling is more precise and suitable when a small sample size is called for (Saunders et al., 2011).

3- Purposive sampling is helpful in a situation when a researcher wants to reach the targeted sample quickly (Trochim, 2006).

4- Non-probability sampling is useful in cases where there is a likelihood of very few available respondents (Saunders et al., 2011).

In this research, purposive sampling was utilised in line with the objectives of the research. Purposive sampling is a non-probability form of sampling; it suggests choosing participants, based on personal judgment or their expertise in relation to the topic under investigation, rather than random selection of units. In fact, this sampling is discretionary, in a way “representative”, of the population of interest without sampling at random (Bryman, 2004). Purposive sampling is commonly used in studies based on very small numbers of areas or sites; it aims to sample participants in a strategic way with direct reference to the research objectives. It gives a guideline of what a group of people should be focused on and sampled for (Elder, 2009).

It was considered essential that the survey would only be collected from senior bank managers who play an important role in the decision-making process within the UAE Islamic banking sector and give guidance on how to make it better where they also are the ones who influence and guide the people around them to make effective decisions that will enhance the organisation’s prosperity. These senior managers are those who are actually responsible for determining and carrying out the management process.

4.10.6 Sample size and response rate

Although Islamic banks have more than 700 branches throughout the UAE, only a handful of people at the head offices were able to answer the questions. In each of these offices, there was a team of five or six senior managers who were joint signatories and decision makers. Therefore, these senior bankers formed the target population of the surveys, since only their point of view could explain the training and management processes to satisfy the aims and objectives of the research. On average, each bank has
no more than twenty senior bankers. The researcher tried to make an appointment and meet each and every senior manager to complete the questionnaire. Therefore, the total number of Islamic banks in seven emirates of the UAE sample total was 320. However, not all participants replied and participated in the structured interviews, therefore, the total responses were 182. The researcher made an appointment and met every senior manager to complete the questionnaire face-to-face. Of these, 182 were completed for analysis, giving an effective response rate of 57%, which is considered satisfactory. According to Baurch and Holton (2008), if the average response rate for a questionnaire in management and research science is 52.7% or more, then this is considered satisfactory.

Table 4.5: Number of distributed questionnaires

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total population</td>
<td>320</td>
</tr>
<tr>
<td>Refused to participate</td>
<td>80</td>
</tr>
<tr>
<td>Unreachable</td>
<td>38</td>
</tr>
<tr>
<td>Distributed questionnaire</td>
<td>202</td>
</tr>
<tr>
<td>Incomplete</td>
<td>20</td>
</tr>
<tr>
<td>Valid</td>
<td>182</td>
</tr>
</tbody>
</table>

Table 4.6: Number of Participants

<table>
<thead>
<tr>
<th>Name of the bank</th>
<th>Sex</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>Abu Dhabi Islamic Bank</td>
<td>17</td>
<td>8</td>
</tr>
<tr>
<td>Ajman Islamic Bank</td>
<td>15</td>
<td>7</td>
</tr>
<tr>
<td>Al Hilal Bank</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>Bank of Sharjah</td>
<td>23</td>
<td>8</td>
</tr>
<tr>
<td>Dubai Islamic Bank</td>
<td>30</td>
<td>18</td>
</tr>
<tr>
<td>Emirates Islamic Bank</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>Noor Islamic Bank</td>
<td>9</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>106</td>
<td>76</td>
</tr>
</tbody>
</table>
4.11 Data analysis

According to Cavana et al. (2001), different steps should be taken before analysing the data and these involve preparation of data, statistical analysis, accuracy of data and testing the hypotheses to achieve accurate information and results.

![Quantitative data analysis process diagram]

**Figure 4.3: Quantitative data analysis process**

*Source: Cavana et al. (2001)*

The four steps helped to organise the information gathered for analysis, to ensure the achievement of correct and consistent data. Through collecting the questionnaire, the researcher prepared to edit data to maintain completeness and validity of the information collected before coding. (Cavana et al., 2000).

Participant’s coding should be taken into account through analysis to prevent errors in transferring the data from the surveys. A separate coding sheet should be used to record each subject or case before being entered onto the computer; this involves defining and labelling each variable in the questionnaire and assigning numbers to each of the
potential responses (Pallant, 2010). The quantitative data was analysed statistically with the help of SPSS software, Version 22. Answers to the items that were intended to measure human capital, social capital, Islamic banking knowledge and training and development assessment were analysed with the help of key descriptive statistics – mean, median and standard deviation – in order to determine average scores and their reliability in terms of dispersion. It was stated by Kerlinger (1986) that using statistical analysis helps to reduce large amounts of data into a manageable form. It also assists in determining the sample and population of the research and to achieve reliable inference with the data. The analysis was then expanded with factor analysis, followed by correlation analysis, in addition to hierarchical regression analysis.

4.11.1 Exploratory factor analysis
Factor analysis is a statistical technique applied to reduce a large number of variables into smaller items, forming a manageable set of underlying factors with a minimum loss of information (Pallant, 2010). This technique is helpful in analysing the interrelationship between a large number of variables, and it identifies the existence of significant relationships among the original variables and for extracting the main factor (Lu et al., 2007). The variables that are correlated with each other, and highly independent of other subgroups of variables, are condensed together into a factor (Tabachnick and Fidell, 2011). Exploratory factor analysis (EFA) was used in this study because the objective of factor analysis is to reduce a large set of variables into a smaller set of factors. EFA does not identify variables as independent or dependent, but it is an interdependence method that helps to determine the primary factors that are identified in a set of data (Tabachnick and Fidell, 2011). Factor analysis provides a summary of data related to human capital, social capital, culture and Islamic principles elements, so that coherent subsets independent of each other could be extracted and validate respondents’ ability to distinguish between two variables (Tabachnick and Fidell, 2011).

According to Pallant (2010), there are two main steps that should be considered before adopting a factor analysis technique: the sample size of the study and the strong interrelationship among variables. Factor analysis views sample size of less than 50 as very poor, 100 as poor, 200 as fair, 300 as good, 500 as very good, and 1,000 as excellent (Tabachnick and Fidell, 2011). Researchers such as Arrindell and Van der Ende (1985) argue that if a factor has four or more loadings greater than 0.6 then it is
reliable, regardless of sample size. Furthermore, factors with 10 or more loadings greater than 0.40 are reliable if the sample size is more than 150 (Field, 2005). Moreover, it was suggested by Pallant (2010) that some authors emphasise sample size and ratio of respondents to items. Tabachnick and Fidell (2011) point out that five cases for each item are adequate. The sample size obtained in this study fulfilled the sample size requirements as the total number of cases was 182 (N=182).

To ensure a better result and assist in the factorability of data and true representation of the sample achieved, two statistical measures were applied to test the data: Barlett’s test of sphericity, to test the presence of correlation among the variables with at least some of the variables (Bartlett, 1954), and Kaiser-Meyer-Olkin (KMO) value to indicate the sampling adequacy to measure the proportion of common variance in the variables (Kaiser, 1974). For the factor analysis to be adequate and appropriate for the presence of correlation among variables the Barlett’s test of sphericity should be significant (p < 0.05) (Hair et al., 1998). The KMO index ranges between 0 to 1, with the following values of 0.6 proposed as the minimum value for a good value of a good factor analysis; a KMO value of 0.5 and below is considered to be unacceptable (Tabachnick and Fidell, 2011). The sampling measures adequacy value exceeded .50 for both tests and each variable (Tabachnick and Fidell, 2011; Pallant, 2010).

4.11.2. Factor extraction
Pallant (2010) indicated that factor extraction convoluted the least number of factors that can account for a common interrelationship among the set of variables. The researcher should be able to decide the number of factors that best explains the underlying relationship between the variables. There are different types of techniques used such as principal components, principal factors, alpha factoring, and unweighted least square. Two different techniques can be used in an extraction of factors to produce the variables structure in the analysis; principal components analysis (PCA) and common factor analysis (CFA). The main difference between them is the way the communalities are used to specify (CFA) and develops a mathematical model from which factors are estimated and it is more complicated than PCA. On the other hand, PCA decomposes the original data into a set of linear variations and assumes that the total variance of the variables can be accounted for by the means of its components, consequently that there is no error variance (Dunteman, 1989; Field, 2000;).
Principle components analysis (PCA) is used in this study because common factor analysis (CFA) is more restricted to components and its assumption where it only uses a latent dimension and is more theoretically based (Hair et al., 2006). CFA was chosen where theory and literature in an area of investigation are limited (Gorsuch, 1983), as in the current research study, as it will give information to the least minimum number of factors (Field, 2000; Hair et al., 2006). In this study, Kaiser’s scree test and varimax were used to extract factors. Kaiser’s criterion test is one of the most common techniques used, where only factors with an eigenvalues greater than 1.0 or more are considered to be significant (Pallant, 2010).

Hair et al. (2006, p.120) state that “using the eigenvalue for establishing a cut-off is most reliable when the number of variables is between 10 and 50”. The scree test is another technique that can be used; it is a graphic test where it plots every eigenvalue of the factors and helps to retain an optimum number of factors above the break point in the plot (Pallant, 2010).

4.11.3. Factor rotation
Factor rotation is a method used to indicate the number of factors in a set of data, and to interpret them where it presents a pattern of loading so that interpretation becomes easy (Pallant, 2010). There are two methods that can be used to identify factors: orthogonal (uncorrelated) and oblique (correlated). While orthogonal rotation makes interpretability easier to report, oblique rotation identifies the correlation between variables but is hard to interpret and to report (Tabachnick and Fidell, 2011). For this study, an oblique approach with Varimax rotation (an oblique technique) was used over the orthogonal rotation approach for several reasons: it was used in order to decrease the number of variables that have high loading on each factor; it is computationally faster and easier to interpret each factor because the correlations are clearer and will allow for correlations between factors, and this method is simple and faster. It is expected that human capital, social capital, and culture dimensions will be correlated with each other; this was the rationale for choosing this type of rotation (oblique approach) (Pallant, 2010; Tabachnick and Fidell, 2011).

4.11.4. Reliability
Reliability is a scale to which a measure is consistent and stable in the result of a test or scale (Field, 2005). Coefficient alpha, also called Cronbach alpha, is a very popular
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reliability measure, with values ranging from 0.7 and 0.8 and overall components indicates acceptable Cronbach alpha. However, when dealing with psychological constructs, values less than 0.7 are acceptable because of the diversity of the measured concepts (Kilen, 2005). The Correlated Item-Total Correlation (CITC) should also be checked where it shown in the Item – Total Statistics, and it indicates the degree to which every item correlates with the total score; values less than 0.5 indicate that the item is measuring things different from the scale as a whole (Pallant, 2010). If the scales of overall Cronbach alpha are very low, less than 0.7, then items with low correlation should be removed (Kilen, 2005; Pallant, 2010).

A hypothesis was developed and introduced as a statement about two or more constructs that attempts to identify the relationship between them. However, the study developed six hypotheses (see Chapter 6 section 6.36) which were identified and tested and were derived from analysis of the data from seven Islamic banks in the UAE. The development of the hypotheses for this research was based on an extensive literature review. The hypothesis testing was tested through correlations and hierarchical regression.

4.11.5. Correlations

Correlation refers to the linear relationship between two variables. The correlation coefficient is a measure of the association between two numerical variables, usually denoted as x and y. It is a symmetrical relationship: if x is correlated with y, y is correlated with x. The value of the correlation coefficient lies between +1 and -1. A positive coefficient indicates that a high value of x tends to be associated with a high value of y, and a negative coefficient indicates that as the value of x increases, the value of y is likely to decrease. A coefficient of +1 is a perfect positive correlation between x and y, while a coefficient of -1 is a perfect negative correlation (sometimes referred to as an inverse correlation). A coefficient of 0 means that there is no relationship between the two variables (Crow, 2006).

4.11.6. Hierarchical regression

Regression analysis is a body of statistical techniques in which the form of the relationship between a dependent variable and one or more independent variables is established, so that knowledge of the values of the independent variables enables a
prediction of the value of the dependent variable or likelihood of the occurrence of an event if the dependent variable is categorical. Regression analysis is a method by which quantitative social science seeks to establish how things are caused. The objectives are both scientific description and prediction. The underlying assumption of the regression analysis is that if the form of relationship between things that are measured is known, it is possible to predict the value of the caused thing (Bryne, 2006).

In hierarchical multiple regression analysis, the researcher determines the order that variables are entered into the regression equation. The hierarchical multiple regression allows the researcher to decide which order to use for a list of predictors. This is achieved by putting the predictors, or groups of predictors, into blocks of variables. The computer will carry out the regression, taking each block in the order that it is entered into SPSS 22. Thus, it provides a way of forcing the variables to be considered in the sequence chosen by the researcher. With hierarchical regression analysis, the researcher decides which should be the first predictor, the second predictor, and so forth. This order of the blocks is likely to be chosen on theoretical grounds. One common procedure is to put variables that need to be statistically controlled in the first block. The consequence of this is that the control variables are partialled out before the rest of the blocks are analysed (Howitt & Cramer, 2008). This is discussed further in Chapter 6, section 6.7.

These statistical analyses aimed to test and measure variables, in order to evaluate and revisit the research’s conceptual framework developed at the end of the literature review and to develop an appropriate model. The underlying intention was to scrutinise to what extent national culture, human capital, social capital, Islamic banking knowledge and training and development assessment were analysed by senior managers working in the Islamic banking sector in the UAE.

4.12 Validity

Validity refers to the legitimacy and soundness of the data. It pertains to the correct depiction of the event being researched (Saunders et al., 2011). The data can be validated in two ways: internally and externally. Internal validation occurs when the assumptions are tested acceptably; external validation is said to take place when the results of the research are applicable to the environment at large (Bisman, 2010).
According to Litwin (1995) there are different types of validity, such as: face, content, construct, predictive and concurrent. They are summarised in the table below:

**Table 4.7: Validity Framework of Litwin**

<table>
<thead>
<tr>
<th>Type of Validity</th>
<th>Characteristics</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Face</td>
<td>Casual review of how good an item, or group of items, appear.</td>
<td>Assessed by individuals with no formal training in the subject under study.</td>
</tr>
<tr>
<td>Content</td>
<td>Formal expert review of how good an item, or series of items, appear.</td>
<td>Usually assessed by individuals with expertise in some aspect of the subject under study.</td>
</tr>
<tr>
<td>Criterion: Concurrent</td>
<td>Measures how well the item or scale correlates with “gold standard” measures of the same variable.</td>
<td>Requires the identification of an established, generally accepted, gold standard.</td>
</tr>
<tr>
<td>Criterion: Predictive</td>
<td>Measures how well the item, or scale, predicts expected future observations.</td>
<td>Used to predict outcomes, or events, of significance that the item or scale might subsequently be used to predict.</td>
</tr>
<tr>
<td>Construct</td>
<td>Theoretical measures of how meaningful a survey instrument is.</td>
<td>Determined usually after years of experience by numerous investigators.</td>
</tr>
</tbody>
</table>

*Source: Litwin (1995, p. 45)*

In this research, validity was ensured through different stages:

- Survey questions were established according to the aims and objectives to ensure all research areas were covered.
- The study was supervised by two knowledgeable supervisors to make sure of its validity; they made sure that the research process and outcomes matched the aims and objectives of the study research.
- Several books relevant to questionnaire design, such as those by Oppenheim (2000), Saunders *et al.* (2011) and Bryman (2012), were consulted.
- The questionnaire was presented by a statement representing the aims of the questionnaire and the procedures of what will happen to the data gathered. Therefore, the respondents had a full idea about the research’s aims and objectives that would help them to answer the questions appropriately.
• The questionnaire was divided into different sections, to give it a friendly layout to prevent any confusion. Additionally, every part started with a short brief that described the aim of each section.

• Questionnaires were distributed in English and Arabic; to ensure validity of the Arabic, an authorised translator was hired to translate the survey and avoid ambiguity when the results were translated.

• Participants (senior managers) were given a consent letter ensuring their anonymity participating in the research.

• To achieve validity, a self-administrated method was employed; the researcher delivered the questionnaire by hand to each respondent.

4.13 Ethical considerations

Ethics is a self-explanatory term and refers to the moral code and regulations that researchers need to follow during research (Dawson, 2009). Undertaking research can give rise to various ethical dilemmas for the researcher. These include personal rights and privacy matters of the respondents, in addition to the presence of sensitive issues. Care needs to be taken to protect the subject’s identity, as well as the information given, in such a manner that none of the information can be directly linked to any one respondent. The major issues that researchers have to keep in mind are participant relationships, access, differing needs of various respondents, cultural differences, financial limitations and resource concerns (Dawson, 2009). It is also extremely crucial that the respondents are not coerced into participating in the study and that they do so entirely on a voluntary basis.

For this particular study, The Cardiff School of Management Research Ethics Committee granted ethics approval. The researcher ensured that respondents were informed about the subject and purpose of the study. They were also assured that the information would be used only for academic purposes, with their identities kept confidential and anonymous. A consent form was signed by the participants with the assurance that they would be allowed to withdraw from the study any time they so wished (See Appendix two). Additionally, all participants were free to withdraw at any time during the questionnaire. This is because the UAE culture is secretive and most UAE citizens do not like to give information about their work in figures. The author
was careful to balance the needs of consent, confidentiality and openness in respect of the study.

However, the letter from the researcher’s workplace (i.e., Abu Dhabi Police) was not helpful, as the letter should have helped with access but it had a reverse negative affect because information was averted from sharing and was considered confidential. This was because they interpreted that the information would be used in different ways other than the proposed research objective. It is difficult for a female researcher to get data from these institutions because males are considered to be dominant over females in the UAE. Hence, socio-cultural traits of respondents differ from one geographical location to another within the Emirates such as Ajman and Sharjah. Some banks are located in cosmopolitan locations with lots of Western influence; here people were more open and responsive. However, in some locations in the Emirates it was hard to collect data because they considered it sensitive according to their logic and culture; here people were less receptive in their responses to the questionnaire and this reduced the number of respondents in the study.
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Figure 4.3: A research design and research method for current research
4.14 Summary

This chapter, the research aim, the nature of the research method and the specific research questions to be investigated have been outlined. This study adopts a quantitative approach (deductive) for data collection. Moreover, the study will follow both the positivistic paradigms to investigate the research objectives. Results of the research and data analysis are presented in Chapter 6.

The next chapter will examine selected human capital development programmes run by international banks as well as at a national level in Malaysia, to set industry benchmarks that will help compare similar programmes run by Islamic banks in the UAE. Following the critical review of the above-mentioned concepts,
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International Banks

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5.1. Introduction

This chapter examines selected human capital development programmes run by international banks as well as a national level in Malaysia, to set industry benchmarks that will help compare similar programmes run by Islamic banks in the UAE.

5.2. The Royal Bank of Scotland

The Royal Bank of Scotland (RBS) started operations towards the end of the 1990s. It functioned mainly in the United Kingdom with 35,000 staff. Gradually, it grew over the years, and is now counted among the world’s largest financial institutions. Its current strength is 135,000 employees in the 30 countries where it operates, with 35 million customers and 40 brands. In 2006, the bank’s operating profits stood at £9.4 billion (Gates, 2008).

In the initial stages of the bank’s functioning, the human resources segment of the bank was transactional rather than strategic (Gates, 2008). However, this changed in 1997 when Neil Roden was appointed the human resources director. Roden changed the bank’s strategy and, from being an order-taker, the bank followed a business partner and shared services model. The result of implementing this new strategy was that the human resources segment of the bank became more focused on business and was more value-driven than previously. It incorporated centres of excellence, a shared services infrastructure and business-relevant human resources teams (Gates, 2008).

The bank has adopted a programme of growth by acquisition ever since. In 2000, the bank acquired the National Westminster Bank (NatWest) for US$30 billion; this was its largest acquisition up to that date (Vault, 2014). By this time its human resources model was well entrenched in the organisation. The organic growth of the bank, together with the multi-brand strategy, has helped it enormously as it has been able to capitalise on the benefits of the high awareness that its acquisitions had in their home markets (Gates, 2008). Frank Goodwin, the former chief executive of the Group between 2001 and 2009, set his objective of making the bank the world’s ‘Most Admired Bank’. He intended to accomplish this by adopting a strategy of differentiation rather than pure
cost leadership. The acquisition of NatWest merged with this aim perfectly (RBS, 2014).

To ensure this goal was achieved, emphasis was laid on making staff more efficient while providing optimum service to customers, which created an impact. A Toolkit called RBS Global Human Capital Strategy & Toolkit was devised by the bank to achieve its new goals (Stokdyk, 2007). The management of RBS clarified its goals and the ways of achieving them, thus avoiding ambiguity. It highlighted its assurance to service delivery and business results while assisting the local, divisional and corporate management to harness the available human capital in a more effective manner (Stokdyk, 2007).

The management of RBS discovered early on that one of the factors of potential success is investment in staff. Focussing on its employees was the way to go forward if the Group had to meet its objective of being counted among the world’s most admired banking institutions, while showing better results than its competitors. Thus, considerable emphasis was placed on improving its HR policies that would boost employee morale and have a positive effect. This policy was eventually proved right when the application of these policies resulted in motivated employees who were engaged with the organisation, which further resulted in significantly improved business performance and results (IDS, 2007).

The Human Capital strategy Toolkit was developed by collaboration among the Group’s IT, communications and HR Shared Services segments, and comprised six modules including surveys, benchmarking, reports, measurement, research and business intelligence. This entire set of tools and resources was put online to enable HR professionals of the group to access them wherever they may be. They could identify matters of concern, try to rectify them, share useful and effective practices, and gauge the efficiency of their people strategy. Putting this Toolkit on the web also ensured that all concerned employees had constant access to the tools and efforts of the Group in one place and could avoid any replication (Groysberg and Sherman, 2008). The key elements of the Human Capital Toolkit are summarised in Table 5.1 below.
Table 5.1: Key Elements of the Human Capital Toolkit of RBS

<table>
<thead>
<tr>
<th>Toolkit Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Survey Toolkit</td>
<td>This element offers a do-it-yourself survey utility that allows business units to conduct ad-hoc and “pulse” surveys, view global survey results, and access more than 1,000 interactive tools</td>
</tr>
<tr>
<td>Reporting Toolkit</td>
<td>This knowledge bank allows visitors to read internal management reports and external human capital reports. It also provides access to presentations from throughout the group that staff can use in their own briefings without having to replicate all the drawings or reproduce all the text and explanatory documents</td>
</tr>
<tr>
<td>Benchmarking Toolkit</td>
<td>This component contains comparable metrics from a selected range of peer group companies.</td>
</tr>
<tr>
<td>Research Toolkit</td>
<td>This section offers access to external research that is collected and collated to avoid duplication of data while ensuring breadth</td>
</tr>
<tr>
<td>Measurement Toolkit</td>
<td>Human resources managers can use the metrics contained in this section to drill down to human capital measures for every cost centre worldwide.</td>
</tr>
</tbody>
</table>

Source: Gates (2008, p.15)

These efforts showed positive results and, by April 2008, the Group had 40 brands in 50 countries worldwide. The employee strength rose to 171,000 in the 5,000 business units that catered to about 40 million customers. The profits also rose, and out of the US$62 billion revenue that the Group showed in 2007, about US$21 billion was the operating profit; at this time, the Group’s total assets were in the region of US$3.8 trillion (Groysberg and Sherman, 2008).

In the same year, the Group put emphasis on measuring and employing people measures such as employee engagement, leadership effectiveness and turnover in order to seeking to quantitatively define how its people measures affected business performance (Martin and Gollan, 2012). This complemented the available business data such as business performance measures and customer service scores (Groysberg and Sherman, 2008). The strategy employed by RBS in generating and using a merged approach to attaining service excellence through people is displayed in Figure 4.1 and is discussed below.
The chief objectives of the human capital model devised by RBS are:

- Measurement of ‘employee proposition’ or people investments to gauge its efficacy and study its impact on the Group’s business performance;
- Helping line managers comprehend employee motivation and engagement by conveying action plans with no ambiguity and increasing employee motivation in their achievement of the set goals;
- Assessing the association between employee behaviour and business results (for instance, sales and customer relations);
- Encouraging business decision-making by looking to the future and forecasting business performance instead of highlighting only past performance (Mosby, 2003).

The human capital model devised by RBS assesses, among other things, the efficacy of employee proposition suggested within the model. It reveals how the various elements influence eventual business performance. Employee proposition includes:

- total reward;
- performance and development prospects;
- recognition;
- leadership;
- the actual work;
- product brands and repute in the market;
- relationship;
In order to hire and retain the best employees, RBS has developed an attractive and persuasive employee proposition, the proof of which is apparent from their results.

Figure 5.2: The employee proposition at the RBS

Source: IDS (2007)

Figure 5.2 shows the employee proposition that is employed at RBS. Management understands that each element involved in this model is likely to impact employees differently at various stages of their lives, or even their careers. This will influence their decisions about joining the organisation, continuing there or possible leaving, depending on how a particular element in this model affects them at a given stage (IDS, 2007). For instance, a young employee with no family as yet may look for a job that has good management opportunities, offers a high remuneration and holiday bonuses. On the other hand, an employee with a family may seek a family-friendly location of work and a job that offers childcare facilities, unambiguous job content and flexibility in work hours. It has been seen that, on average, hiring and on-board costs of an employee takes ten months to be repaid (IDS, 2007).

The make-up of the employee proposition ascertains the level of engagement an employee has with the organisation. This makes it imperative for the organisation to fully understand what motivates employees and encourages them to continue with their employment, thus avoiding any dissatisfaction they may harbour with the job, which
may spur them into leaving the organisation before they can begin to contribute to it. The RBS model reveals the elements within the employee proposition and HR initiatives that are likely to play a positive role in retaining employees and encouraging them to boost business performance (IDS, 2007; Groysberg and Sherman, 2008).

Figure 5.3 shows the integrated human capital measurement model of RBS (Gates, 2008). It evaluates which elements of employee proposition impact on the employee level of engagement the most, and prioritises them in a manner that is likely to be most profitable.

As is apparent, various elements of HR allow the organisation to ascertain those that appeal to prospective employees and help to retain them in RBS once they join. Various employee engagement scores are evaluated with different business metrics, such as branch profitability, customer service index and productivity, and some key people measures such as RBS leadership effectiveness index with the customer service index, branch profitability and productivity. This helps management discover important correlations and take action accordingly (Gates, 2008).
The statistical analysis of the data is drawn from a quantitative/tangible approach; the model reveals associations between employee engagement, productivity and staff turnover. It brings to light the fact that the more the engagement, the higher the productivity with a lower rate of staff turnover. Further analysis of position, age and tenure data also discloses affirmative links between engagement and seniority of the employee, age and engagement, and long tenure and engagement (Groysberg and Sherman, 2008). The analysis also proves that more engagement with the organisation leads to higher performance; the branches of the organisation that had employees with significantly high levels of engagement showed higher sales. Greater employee engagement also led to higher customer satisfaction scores (Groysberg and Sherman, 2008).

RBS started to employ another tool under a creative proposal called Service Excellence Through People, which has been devised with assistance from its partners ISR (employee survey research) and Harvard Business School (Groysberg and Sherman, 2008). The plan covers around 3,000 people in the Royal Bank of Scotland and NatWest retail branches. For most employees, the plan pays out up to £3,200 per year. However, employees in some roles within the retail branch team have more opportunity to provide higher levels of customer service and generate sales, so the plan has multipliers that increase the payment for particular roles (Robertson, 2011).

This tool is interactive and allows HR and line managers to access it to view the links and drivers for measures such as employee engagement, sales, leadership and customer service. This will make the organisation more efficient as the leadership will be able to view the Group’s business performance through a ‘single lens’, so to say, and reveal the efficacy of the organisation’s people strategy and the influence it has on its business performance. This will enable the leadership to institute suitable actions to help bring to par those branches that are not performing as well as others. It may not bring these branches to the highest level, but they may be able to raise their results to mid-level at least as the analysis will clarify the areas of concern (Groysberg and Sherman, 2008).

Thus, the human capital model is an efficacious tool for RBS that permits the organisation to ascertain the association between its people strategy (especially employee engagement) and business performance (IDS, 2007).
The review of the RBS model indicates that banks can make greater efforts at the organisational level and through employee engagement practices; it is possible to contribute to the development of human capital. The key element that can be drawn from the RBS model is that human capital development can be ensured by employee engagement practices. The key pillars are leadership, recognition of employees’ efforts and offering rewards accordingly, promoting work-life balance, empowering employees through giving autonomy, and embedding corporate image into the actions of employees in order to maintain the bank’s reputation. The importance of the RBS model is that it offers quantitative measures linking employee performance and organisational performance, and can be adapted by any bank regardless of their nature.

5.2 YES Bank

YES Bank is the fourth largest private sector bank in the Indian banking sector (YES Bank, 2013a). It was set up in 2004 by professionals from the banking sector with Rana Kapoor, a senior banking professional, as the founder. Top management are drawn from the banking field, and collectively they have managed to attain their objective of establishing a customer-centric, service-driven high quality private bank in India for ‘Future Businesses of India’. The apex bank of the country, Reserve Bank of India, even gave it the Greenfield license, the first one to be given in the previous 17 years, and is associated with investors with the best credentials (YES Bank, 2013a).

Since its inception, the bank has metamorphosed into a full service commercial bank that offers investment banking, corporate and institutional banking, business and transaction banking, branch banking, corporate finance and wealth management. It has two National Operating Centres in Mumbai and Gurgaon with 500 branches in 350 cities, and has over 1,050 ATMs operating in the country. The bank provides a wide variety of products and services, and provides high quality services in advising its retail as well as corporate customers. It also provides banking and financial solutions (YES Bank, 2013a).

YES Bank has, over the years, received many awards and honours nationally as well as internationally in various fields of banking such as Transaction Banking, Corporate Finance Investment Banking, Treasury and Sustainable Practices through Responsible Banking. Well-known media houses and global advisory firms have put forward Indian
Banking League Tables that list YES Bank among the Top and Fastest Growing Banks. The bank’s superior world-class IT infrastructure, its payment solutions, together with excellence in human capital, have all been acknowledged by various sources (YES Bank, 2013a).

YES Bank has at its core attributes such as trust, growth, human capital, technology, transparency and responsible banking. Set up and run as it is by professionals with experience in the field, the bank characterises the phrase ‘creating and sharing value’ that it achieves with its stakeholders. Its growth objectives are to develop the bank to be the Best Quality Bank of the World in India by the year 2015 (YES Bank, 2013a).

The bank’s ‘creating and sharing value’ ethos also extends to its employees. The bank has a robust Employee Value proposition in place that envisages an organisation that is run by a professional entrepreneurship. The bankers on its payroll join together to participate in giving the bank a direction; they also manage it together in a competent fashion and enhance its growth as a Young and Dynamic Bank of Emerging India. The bank realises the importance of human capital in an organisation, and that it is the superior quality of this capital that is likely to give it a sustainable advantage over its competitors. To develop this advantage, the bank nurtures a leadership amongst its employees, making meritocracy an integral part of the organisation wherein good performances and superior capabilities are suitably rewarded (YES Bank, 2013b).

The goals of YES Bank are:

- to project itself as a strong and robust employer brand;
- to achieve a preferred employer status in the Banking and Financial Services market;
- to draw high quality human capital to its fold, engage and retain it for the long term.

Meeting these objectives by hiring human capital by employing professional recruitment methodologies will enable the bank to create a team that will be on a par with the best internationally (YES Bank, 2013b).

Traditionally, recruitment to the bank was narrowly defined in a way to recruit those who have the necessary skills, but the bank is now attempting to focus on its business
plans and developing needed talent by recruiting pertinent skills, experience and competencies. Emphasis is also being given to the development of learning and development solutions that raise employee value, together with the growth of the bank (YES Bank, 2013b).

Human Capital management has another important element: that of developing a high performance culture. This has been incorporated by YES Bank that leads to a transparent and reliable performance management process, helping employees merge individual with corporate goals (which can be both qualitative and quantitative). This also helps inculcate team spirit, supporting the assertions of Silva et al. (2013), and ensuring cross-selling among the employees was found by the study of Aryee et al. (2013), who investigated the link between human capital and performance. The process also allows for a recognition strategy and rewards for each business (Mackey and Morris, 2013). Employees also receive a market-based salary structure that is flexible, and aids in retaining employees of superior quality by assisting them in wealth creation and asset building. As argued by Lazear and Rosen (1990), this remuneration structure encourages paying the most to acquire this human capital. Part of this wealth and asset creation comes from the bank offering stock options to its employees that creates a feeling of ownership among them (YES Bank, 2013c).

An important factor in YES Bank is the fact that it associates its external brand values that it conveys to its customers with those of its internal brand image that it holds for its employees. The management of the bank believes that connecting these core values will help the employees to fully absorb them and, in turn, convey them to the customers (YES Bank, 2013c).

![Figure 5.4: YES Bank’s Core Values](image-url)
Chapter Five: Review of human capital models in International banks

Source: YES Bank (2013c)

The employer brand at YES Bank is epitomised as the Employee Value Proposition (EVP), which is connected with the bank’s core values. All human capital management systems and processes are developed in a manner whereby they are able to convey this EVP to the employees (YES Bank, 2013c).

![Diagram of Employee Value Proposition at YES Bank]

**Figure 5.5: Employee Value Proposition at YES Bank**

Source: YES Bank (2013c)

The strong EVP of YES Bank is to ‘Create and Share Value’, and this helps it to develop a strong and efficient organisation that is run on the principle of professional entrepreneurship. All employees of the bank direct, manage and augment the bank’s growth to attain the goal of becoming the Professionals’ Bank of India and the Bank for Future Businesses of India (YES Bank, 2013d).

The bank is aware of the power of human capital and its ability to help it sustain a competitive edge in the world of finance and banking. To achieve its ultimate goal of being the Best Quality Bank of the World in India, the bank has, for the long term, invested and engaged in high quality human capital. This factor helps it in building a high performance culture that is a strong proposition for its stakeholders (YES Bank, 2013d). The bank follows certain practices and policies through its human capital lifecycle of acquisition, induction, performance management, career growth, retention and
succession planning. The main elements of the bank’s policies are shown in Table 4.2 below.

The human capital practices followed at YES Bank helped it to become an Employer of Choice among prospective employees, and this enables it to recruit and retain superior talent from not only India but also from all over the world (YES Bank, 2013d).

<table>
<thead>
<tr>
<th>Elements of Human Capital Model</th>
<th>Focus of the Policy</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES MENTOR</td>
<td>Employee Engagement</td>
<td>It focuses on engaging the Bank’s high potential human capital, ensure their finest wellbeing and integrate them culturally and professionally into the YES BANK mainstream through a team of select senior management team members identified as YES MENTORS.</td>
</tr>
<tr>
<td>YES Connect</td>
<td>Team Bonding Initiative</td>
<td>It is a platform to create bond with colleagues and share best practices to enhance individual, increase group productivity and improve the camaraderie amongst team members.</td>
</tr>
<tr>
<td>LEAP</td>
<td>Learning Enhancement Action Program</td>
<td>It focuses on executive development and aims to help the participating executives to gain exposure to wider areas of HCM.</td>
</tr>
</tbody>
</table>

Table 5.2: Key Elements of YES Bank’s Human Capital Model

<table>
<thead>
<tr>
<th>Elements of Human Capital Model</th>
<th>Focus of the Policy</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES - PERSONITY</td>
<td>Grooming, Wellness &amp; Attitude</td>
<td>It is a truly differentiated and unique proposition that is being propagated to focus and further pursue EMPLOYEE WELL-BEING and PROSPERITY</td>
</tr>
<tr>
<td>YES BUSINESS PARTNERS’ ENGAGEMENT MODEL</td>
<td>Relationship with Agencies like Executive Search Firm and Service Vendors “YESforYOU”</td>
<td>Celebrating bank’s success with its HCM business partners through sharing the bank’s business and financial updates to these business partners on certain intervals</td>
</tr>
<tr>
<td>YES BANK’S HRIS SYSTEM</td>
<td></td>
<td>It is a highly advanced and comprehensive HCM system referred as “virtual HCM Team” which provides a single window for YES - Executives to manage their HCM related requirements and routine transactions online with maximum convenience, transparency and minimum turnaround time.</td>
</tr>
<tr>
<td>PERFORMANCE MANAGEMENT</td>
<td>YES Talent Optimisation Program</td>
<td>The aim is to ensure a timely, unbiased, transparent &amp; result-oriented appraisal process which is driven completely by meritocracy and links rewards and recognition to individual performance and potential.</td>
</tr>
</tbody>
</table>

Source: YES Bank (2013d).
The YES Bank’s model of human capital shows similarity to the one applied by the RBS, and similarities can be drawn on performance management, employee well-being and organisational communications aspects. However, the YES bank made a unique approach to human capital development by including mentoring, training programmes for executives, and having an engagement policy for its key business clients. The differentiating aspects of the YES bank’s HRM model suggest the importance of creating engagement with employees and formulating a way of reinforcing engagement with key business partners. It is believed that the immediate effect of such engagement would become more visible in the organisational performance of banks.

5.3. HSBC

The HSBC group is one of the largest financial organisations in the world. It has 54 million customers and 254,000 employees in 75 countries. Producing pre-tax profits on a reported basis was US$22.6 billion, 9% or US$1.9 billion higher than that reported in 2012. On an underlying basis, profit before tax was 41% (US$6.3 billion) ahead of the year 2011, driven primarily by welcome reductions in loan impairment charges as well as in fines and penalties and customer redress costs.

These characteristics make HSBC special in the financial industry; they recognise the benefits to their customers and deliver a geographical and universal banking model that reshapes HSBC networking that has taken close to 150 years to build (HSBC, 2013). The cultural community describes HSBC and reflects its best aspects of its heritage; they have remained open and connected to their customers, regulations and wider community by building connections, being aware of external issues and collaborating across boundaries. HSBC values can be seen as a way of developing and promoting talent based on merit, they have a diverse culture and diverse workforce, which is a key for their organisation. Another key value that HSBC have is being dependable as a firm standing for what is right, delivering on commitments and being trustworthy, and taking personal accountability and common sense in empowering others (HSBC, 2013).

HSBC has changed their focus from an acquisition-based strategy (1946-2003) to a managing to grow business strategy (2004-2009) in order to reinforce local resources in different locations for the firms, gradually increasing their global customers. To
accomplish this target HSBC had to have a cultural shift in their operations as they operate independently (Ready and Cogner, 2008).

The new strategy aims to increase revenue through emerging markets and cost control; the focus on emerging markets requires talented leaders who are able to understand local and global strategies (Gokovis and Yardly, 2007). The people strategy at HSBC emphasises developing competence and commitment of employees to drive a sustainable high performance, thus a global talent management was implemented (HSBC, 2010).

To increase the ability of local talent while keeping up with worldwide standards, HSBC established its human capital assets and strategies in an implicit and adaptable way to suit local varieties. The firm now has companywide methods for evaluation, recruitment, performance, career development and leadership programmes, where local offices can adjust them to their own particular asset capabilities, cultural requirements and core values (HSBC, 2010). The HSBC global talent management process has three steps. First, to distinguish the senior business managers talent pool; second, to expand the talent pool beyond the senior manager level; third, to introduce development programmes for future pioneers as indicated by the level of experience and knowledge in the bank, to ensure a customised solution to retain the talent through the employee value proposition (Gokovis and Yardly, 2007).

Figure 5.6: Global Talent Management at HSBC

Source: Gokovis and Yardly (2007)
Identify the senior business manager talent pool: to develop and identify local talent while keeping up with global standards, HSBC relied on a different approach, whereby, at the point when making an evaluation every office must pick no less than two from the menu of tools, such as 360 degree feedback, panel reviews, interviews or self and manager assessment. They should also utilise a standard rating scale and incorporate performance data from the previous three years to help the organisation guarantee a level of objectivity and create a common measurement language over all the organisation’s locations (Gokovis and Yardly, 2007; Ready and Conger, 2008).

Table 5.3. The capability measurement was established in order to identify the performance and recruiting talent employee containing six core capabilities:

<table>
<thead>
<tr>
<th>Key Elements of the Human Capital of recruiting talent employee</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Driving business vision and brand</td>
<td>Aligned organisation vision with the strategy and drive change and innovation</td>
</tr>
<tr>
<td>Commercial judgment</td>
<td>Good decision making, entrepreneurial and Commercial thinking</td>
</tr>
<tr>
<td>Leading performance customer drive</td>
<td>Inspiring trust, driving execution and performance, inspiring and developing others, courageous leadership</td>
</tr>
<tr>
<td>Working with others</td>
<td>Building relationship and listening to others, valuing diversity, inspiring others, overseeing all things collectively, knowledge sharing and encouraging open and direct communication</td>
</tr>
<tr>
<td>Drive commitment and personal development</td>
<td>These components contain commitments, self-development through learning, driving self to accomplish aggregate objectives and adaptability</td>
</tr>
</tbody>
</table>

Source: Gokovis and Yardly (2007)

The core capability introduced a basis for talent assessment and a foundation for other employee decisions and strategy. However, in order to identify the talent pool for current and future potential employees, HSBC used a three value measurement capability rating, performance rating and individual objective. To help deliberate an overall identity set, HSBC produced a framework of capacity pools that tracked the jobs of high possibilities inside the organisation. After those employees had been recognised, they were designated to regional or strength unit capacity pools, which were regulated by close-by human stakes and claim-to-fame unit pioneers.

Employees in these pools are then picked from the work process for new assignments inside their area. However, supervisors of the pools promote those individuals who they
believe have the capacity to be part of top management with 3-7 years. The next step that HSBC made was to implement further programmes for those graduating from the HSBC analyst and associate programmes. After identifying the senior manager talent pool, the organisation started to focus on getting talent at all levels in the firm. The strategy expanded to include the possible business leaders over the following 3-7 years, after HSBC recruited junior talent from university campuses. Those junior talents were invested in as “next generation” managers, and over the course of the next 7-10 years, they became a high potential source of senior managers. Moreover, the high potential and business talent pool were created to identify the talent level between the next generation and senior business managers (Gokovis and Yardly, 2007).

7 – 10 years

Figure 5.7: A summary of the talent steps used in HSBC

Source: Ready and Conger (2007)

To enhance talent identification improvement, different development programmes were introduced in HSBC concentrating on the skills and knowledge that would be required by future employees. The programme was based on the six core capabilities mentioned earlier and individual career development requirements. Different programmes were also introduced such as leadership development programmes, coaching and executive training, and some were focused on sales and relationship management skills that aimed at both junior and senior management level in order to generate the HSBC growth strategy. HSBC had also development programmes created in collaboration with leading business schools, such as London Business School and Duke University, to emphasise global delivery capabilities and access to expert faculty (Ready and Conger, 2008).
Figure 5.8: Employee value proposition at HSBC

*Source: Ready and Conger (2007)*

Figure 5.8 above shows the employee value proposition that is employed in HSBC. This model shows a set of qualities that the labour market and employees can see, and the quality they could achieve through employment in an organisation (Corporate Leadership Council, 2006). The HSBC approach was to develop a customised retention programme designed to developing, motivating and retaining talented employees at the firm. This supported the continued people strategy execution and ensured a higher degree of profitability from representatives for the business (Ready and Conger, 2007).

The review of the HSBC model indicates similarity to the one applied by RBS and YES banks. The similarity can be taken on performance management, employee well-being and organisational communication elements. However, HSBC made its approach to human capital development different by focusing on training based on six core capabilities measurements, such as leading performance, working with others, commitments and personal development programmes, and having talent management policy as its key business to identify talented pool. The differentiating aspects of the HSBC model suggest the importance of cultural and social influences on talent decisions, for instance the talent nomination standards and instructions are subject to local understanding. This is why cross-cultural changes and social dynamics affect the consistency of the talent management process. It is believed that to improve the accuracy of these assessment processes, different tests were implemented such as
psychometric, personality and attitude and career development tests. Additionally, rather than regional recommendation linked to geographies, most talent nominations require sponsorship, and an existing group general manager that would represent the nomination during board deliberations.

5.4. Human Capital Development for the banking sector in Malaysia

One of the main sources of strength of the Malaysian Government’s Economic Plans is the human capital development (HCD). This is an attempt to grow the creativity, innovation and technical skills necessary to push the knowledge-based economy of Malaysia (Department of Higher Education, 2012). Recently, RM54.6 billion was allocated in the budget for 2014 for various schemes to support Malaysia’s human capital development (Idehen, 2014). The Financial Sector Blueprint 2011-2020 announced by Bank Negara Malaysia, the central bank of the country, comprises talent development as one of their main emphases, especially for the economic sector. It is expected that Malaysia’s economy will expand at an annual rate of 8-11% during 2011-2020, whilst their impact to the minimal GDP is expected to rise by 10-12% by 2020: in 2010 this was only 8.6% (Malaysian International Islamic Financial Centre, 2013). By 2020 Bank Negara Malaysia predicts that 56,000 more people would be needed to back the growth in the economic sector, having definite talents in capacities such as corporate finance, investment advisory services, Shariah advice and wealth management (Saudi Gazette, 2012).

Malaysia’s Islamic economic system has advanced significantly in the last ten years to become an advanced and proficient sector of the financial system in Malaysia. By the end of 2011, Malaysia’s Islamic economic trade supported 22% of the entire monetary resources, compared to only 6.9% in 2000, whilst hiring 11% of the economic sector’s personnel (Department of Higher Education, 2012). Furthermore, it is predicted that 22,400, or 40%, of the added 56,000 employees needed to back the Malaysian economic sector in the years 2011-2020, will be definitely required by the Islamic economic sector (Department of Higher Education, 2012). It is recognised that human capital plays a critical role in the growth and development of the financial sector in Malaysia.

To develop the necessary human capital in Malaysia, Bank Negara Malaysia undertook a strategic and active role. It was advocated by the Bank that investments in human
capital were instrumental in shaping improvements to the financial services industry, where knowledge, skill, competencies and capabilities have become key strategic drivers of productivity, competitiveness and growth (Bank Negara Malaysia, 2014b). The details of the human capital development efforts of Bank Negara Malaysia are explained below.

5.4.1. Bank Negara Malaysia

Bank Negara Malaysia was established on 26 January 1959 under the Central Bank of Malaysia Act 1958 (CBA 1958). The CBA 1958 has been repealed by the Central Bank of Malaysia Act 2009, which became effective on 25 November 2009. It is a statutory body wholly owned by the Government of Malaysia with the paid-up capital progressively increased, currently at RM100 million. The bank reports to the Minister of Finance, Malaysia, and keeps the Minister informed of matters pertaining to monetary and financial sector policies (Bank Negara Malaysia, 2014a).

Among the major roles of the bank is the prudent conduct of monetary policy, which has seen generally low and stable inflation for decades and thereby, preserving the purchasing power of the ringgit. The Bank is also responsible for bringing about financial system stability and fostering a sound and progressive financial sector. There is now in place a well-diversified, comprehensive and resilient financial sector, that is able to meet the increasingly sophisticated needs of consumers and businesses, and which has become a growth driver in the economy (Bank Negara Malaysia, 2014a).

The Bank also plays a significant developmental role, including the development of a financial system infrastructure with major emphasis placed on building the nation's efficient and secured payment systems. This is in addition to the necessary institutions (including Securities Commission, KLSE, now known as Bursa Malaysia and Credit Guarantee Corporation), which are important in building a comprehensive, robust and resilient financial system (Bank Negara Malaysia, 2014a).

Bank Negara Malaysia has a three-year (2011-2013) business plan focusing on giving clarity and emphasis towards accomplishing the bank’s objectives and polices towards the bank’s obligation. The bank’s strategic plan focussed on eight core attributes to strengthen the internal capacity and competency of the bank. These included building human capital capacity, risk management, financial resources management, and
physical and information technology; the rest of the core was focussed on external attributes such as communication and stakeholder engagement (Bank Negara Malaysia, 2011). Regarding human capital, the bank created a job family framework, which mainly grouped the jobs that have comparative qualities and description, for example, skills, aptitude and learning. Additionally having a comparative process into particulate families would empower the bank to adequately represent different human capital techniques, including recruitment, development, performance management and reward. The job family framework perceives the distinctive work commitments and accountabilities. It additionally empowers the bank to remunerate staff on a separated premise to better attract and retain talent. The job family framework continued within the bank during 2012; jobs were categorised into seven job families based on the similarity of the job description, and job titles were reviewed and changed accordingly.

Human capital management and development in the bank were incorporated to strengthen the profiling system framework. This framework was then used to reinforce the proficiency and vigour of the evaluation process for all levels of staff. (Bank Negara Malaysia, 2013). Internal assessors were also included in the process to enable the profiling and procedures to be directed internally. The framework plan was implemented to help a healthy talent channel in the long term, where ability for all missions were deliberately evaluated and developed for more challenging responsibilities.

The aim of this strategic initiative is to diagram tentative future arrangements for more thorough leadership development advancement specifically for individuals. The bank also introduced a better focus on new career development schema for separate job families and refinements of the banks leadership skills in order to encourage individual professional development, and to have better determination on the expectation of the position they will hold in the future and will help them to prepare themselves with the obliged specialised and initiative skills to continuously develop into more demanding roles (Bank Negara Malaysia, 2013). In accordance with the bank’s strategy and objectives, human capital development deliberation kept focusing on the learning priorities for employees to increase competency, performance and productivity by working with experts to organise and establish different learning interventions (Bank Negara Malaysia, 2011). Three programmes were introduced in the Bank; leadership
development programme (LDP), the corporate talent development programme (CTD), and individual development plan (IDP).

Table 5.4: Key elements of Human Capital programmes in Bank Negara Malaysia

<table>
<thead>
<tr>
<th>Key elements of Human Capital programmes in Bank Negara Malaysia</th>
</tr>
</thead>
</table>
| **Leadership development (LDP)** | - Guarantee a solid leadership pipeline with needed employee to enhance their leadership qualities.  
- Improve staff performance and support leaders moving along different levels in the bank. |
| **Corporate talent development (CTD)** | - This programme was designed for employees with high potential, and was intended to accelerate and provide targeted focus on development opportunities.  
- Building trust between supervisors and employees, and increase staff engagement and knowledge sharing. |
| **Individual development plan (IDP)** | - Focus on empowering employees in order to close development gaps.  
- Engaging employees and supervisors, and direct communication such as coaching and feedback sessions. |
| **Planning Self-Development (DA)** | - Ensure guidance among employees by introducing different learning techniques and resources.  
- Encourage self-directed learning between employees |


The bank has invested in building a talent pool for many years, and has contributed to nation building. In order to maintain elite and viable employees focused on their different operational levels, the bank introduced a performance improvement programme to help staff enhance their performance. Staff enlisted in this programme were provided with organised developmental mediations with support from their managers (Bank Negara Malaysia, 2011).
Moreover, the bank’s management were scholars who proceeded as an imperative development as a wellspring of talent pool for the bank. In 2013 the bank awarded scholarships to 54 scholars to continue their undergraduate or postgraduate education in selected universities. In addition, the Bank continued to support staff to look for further studies in significant fields by giving offering grants as a part of their talent management strategy (Bank Negara Malaysia, 2013).

Accordingly, bank sponsored scholars were admitted into top colleges, while consistent engagements increased their level of preparation for future entry into the Bank. In 2013, 76 returning students were effectively put in different offices focussed around their specialisation, investment and best fit (Bank Negara Malaysia, 2013).

In addition to these efforts, the Bank has spearheaded the establishment of various institutions to develop human capital. These include:

- International Centre for Leadership in Finance (ICLIF);
- International Centre for Education in Islamic Finance (INCEIF);
- Financial Sector Talent Enrichment Programme (FSTEP);
- Asian Institute of Finance (AIF);
  - Institut Bank-Bank Malaysia (IBBM);
  - Islamic Banking and Finance Institute Malaysia (IBFIM);
  - Malaysian Insurance Institute (MII).

The ICLIF Leadership and Governance Centre is an international, Asia-focused centre of excellence, committed to delivering practical and relevant solutions-based leadership and corporate governance programmes. Rather than ‘teaching’ leadership, the curriculum is designed to accelerate the self-discovery process and to provide tangible and usable ideas on how to create the required frameworks and conditions. In this institution, extensive experience and knowledge of leadership and corporate governance from the best global academic and commercial institutions to Asia are brought together (ICLIF, 2014).

To cater for the human capital requirements of the Islamic finance industry, the Government of Malaysia has enthusiastically used many schemes that could put Malaysia on course to becoming a worldwide leader. In 2005, Bank Negara Malaysia was the first regulatory body to present the first completely-devoted International
Islamic Economics University, the International Centre for Education in Islamic Finance (INCEIF), that provides postgraduate Master’s and PhD degrees, as well as Chartered Islamic Finance Professional (CIFP), a specialised chartered qualification (Geraci, 2013). INCEIF is the world’s first and only international university specialising in Islamic Finance, and was established to develop professionals and specialists in the field to sustain market competitiveness and take on the future challenges in the industry (INCEIF, 2014). The goal of INCEIF is to spearhead the development of Islamic Finance professionals that will help the country achieve its goal of becoming a leading hub for Islamic financial services (INCEIF, 2014). Up to 2014, INCEIF has had more than 2,000 students registered from over 80 countries. In 2010, the Prime Minister of Malaysia awarded INCEIF the “Project of National Interest” status, for their role in the growth of the human capital for Malaysia’s rising Islamic economics sector (Bank Negara Malaysia, 2014).

INCEIF has even been involved in vital tactical partnerships and associations with international organisations and academic institutions worldwide. These include the Islamic Financial Services Board (IFSB), the World Bank, and the University of Reading (UK), and the partnerships have been used to collaborate knowledge, learning and research (Department of Higher Education, 2012). In addition to INCEIF, Malaysia has a varied range of sources giving academic and training packages for Islamic finance. There are now more than 30 public and private education institutions that provide subjects associated with Islamic finance (Department of Higher Education, 2012).

FSTEP was established in 2007 to support the dynamic growth of the Malaysian financial industry, and this programme was developed as a result of the collaboration of the entire banking and insurance industry in the country. FSTEP is also brainchild of the Governor of the Central Bank of Malaysia, Y.Bhg Tan Sri Dato’ Sri Dr. Zeti Akhtar Aziz. Its objectives are to address the shortage of executives and nurture a pool of new talent to meet the needs of the Malaysian financial services industry. FSTEP provides a fully sponsored intensive training programme in banking and insurance for qualified graduates who are keen to pursue a career in the financial services industry (FSTEP, AIF, 2014).
AIF focuses on developing human capital across the financial services industry in Asia. Established by the Central Bank of Malaysia (Bank Negara Malaysia) and the Securities Commission Malaysia to lead the capacity building and standards setting for the financial services industry (FSI), AIF is committed to raising Malaysia’s role as a premier provider of comprehensive solutions for the financial sector across the region. To achieve this goal, AIF works closely with four affiliated training institutes, namely Institut Bank-Bank Malaysia (IBBM), Islamic Banking and Finance Institute Malaysia (IBFIM), The Malaysian Insurance Institute (MII), and Securities Industry Development Corporation (SIDC) (AIF.org.my, 2014).

AIF is dedicated to increasing Malaysia’s part as a leading source of complete solutions for the economic sector throughout the area. Malaysia’s industrial training is not restricted to beginners-level and mid-level experts only. The ICLIF Leadership and Governance Centre gives plans for senior executives/management, preparing them to develop prospective industry leaders for the financial sector (Department of Higher Education, 2012).

Figure 5.9: Human Capital Development Framework of Malaysia
Source: Department of Higher Education (2012)

With regard to industrial training, the Islamic Banking and Finance Institute Malaysia (IBFIM) is selected as an industry-related commercial body focussed on creating well-qualified, highly competent people and managers with the essential ability in the Islamic economic sector of Malaysia (Malaysia Islamic Finance Marketplace, 2014a). IBFIM is
similarly reinforced by an Institute, the Asian Institute of Finance (AIF) that operates jointly with its four associated organisations comprising (in addition to IBFIM), the Securities Industry Development Corporation (SIDC), Institute Bank-Bank Malaysia (IBBM), and the Malaysian Insurance Institute (MII) (Department of Higher Education, 2012).

Moreover, Malaysia is eager to cultivate a group of Shariah specialists who are knowledgeable about both commercial facets of Islamic financial processes and Islamic law of contracts. Thus, the International Shariah Research Academy (ISRA) was formed as an international research centre devoted to applied Shariah research in Islamic finance. The aim was to create Shariah specialists in capacities comprising current Shariah matters concerning hedging, liquidity management and risk mitigation (Malaysia Islamic Finance Marketplace, 2014b). Furthermore, ISRA gives several scholarships to skilled people having a Shariah background so as to cultivate skills necessary for giving services to the Islamic economic sector (Department of Higher Education, 2012).

Moreover, Bank Negara Malaysia has authoritatively created an endowment fund of about RM200 million, with the chief purpose of improving the awareness, research, skill and intelligent dialogue in the subject of Shariah and Islamic finance (Bank Negara Malaysia, 2005). Malaysia has even led the way by introducing Islamic capital market (ICM) human capital development schedules over the SIDC, the improvement and training division of the Securities Commission Malaysia (Department of Higher Education, 2012). SIDC provides a yearly Islamic Markets Program (IMP), intended for people coming from either developing or developed countries, and aiding them in examining the thinking and basics of ICM (SIDC, 2011). The IMP teaches applicants to differentiate between numerous ICM products, to assess Islamic equity, sukuk and products as a substitute method of funding and venture to orthodox products, and to evaluate the implications and basics of corporate governance, sound regulation and risk management in endorsing Islamic markets (SIDC, 2011).

A Curriculum and Training Task Force on Islamic Finance has similarly been established in Malaysia, controlled by the International Islamic University Malaysia (IIUM), and supporters signifying important shareholders of the Islamic finance education segment in Malaysia (Department of Higher Education, 2012).
This programme’s precise intention is to fill the gaps in the Islamic finance course and skill development so as to fulfil the increasing demand of the prosperous Islamic finance trade (Department of Higher Education, 2012). Specifically, the evolving of Islamic finance managers and specialists for the next generation continues to be a crucially important part of the Malaysian government and its officials, Securities Commission Malaysia and Bank Negara Malaysia. With several schemes in place, it seems that Malaysia is on the verge of becoming the worldwide leader in providing Islamic finance human capital. Going forward, Malaysia’s goal is to acquire worldwide acknowledgement and standing for its Islamic finance training and educational programmes.

The Negara Malaysia Bank’s model of human capital is different from the previous models discussed in this chapter, as it has a mixed approach to the programmes produced in banks to enhance employee career development, leadership and engagement in decision making, thus aligning with the bank’s objectives. It continues to play a part in human capital development capacity building through collaboration programmes with the Government to address the approaching difficulties of a gap in the supply of the staff qualified in Islamic accounts needed to help the business’ development (Bank Negara Malaysia, 2013).

The Malaysian Islamic financial sector is well developed, with sound regulatory frameworks and infrastructure to drive advancement in the worldwide Islamic industry in order to develop human capital in the Malaysian Islamic financial sector. Malaysia is on track to become a worldwide pioneer in the supply of Islamic account experts. Generally, aggregate deliberations by different purviews and multilateral bodies all around will help develop a skilled Islamic account workforce pool that could drive advancement, thus prompting a more extensive reach of the Shariah compliant budgetary results needed to meet the element needs of global markets (MIFC, 2013).

The Malaysian system is same as the UAE financial system in addressing human capital development, especially when it comes to collaborating with the government. Most recently, the UAE has launched a Dubai Centre for Excellence in Islamic banking and Finance (DCEIBF), with the intention of helping human capital advancement in the Islamic banking sector internally and globally through the execution of a complete educational programme (MIFC, 2013).
However, with the increased demand for trained and prepared employees in Islamic Banking, in order to develop human capital, the UAE needs to essentially increase its instructions in education and training options. While it has different training institutions and higher education programmes that target mid-level management in Islamic banking, it has a shortage of programmes that target new entrants intrigued by the industry or senior level management (Tahseen Consulting, 2013). Moreover, the UAE needs to have an organisation that provides research and development and analysis in the financial sector. The encounters of Malaysia demonstrate that research capacities and foundations have been a key structural peculiarity of Islamic managing of an account framework that prompts innovation and powerful regulation. Additionally, most of the postgraduate programmes in Islamic banking and finance are general Master degrees, with few courses identified as specific to Islamic banking as required by employers. The exceptions to this are Zayed University and Dubai Centre for Excellence in Islamic banking and Finance (DCEIBF), which have in-profundity course offerings in Islamic money and matters of trade and profit (Tahseen Consulting, 2013).

Figure 5.10: Human Capital Development Programmes of the UAE

Source: (Tahseen Consulting, 2013)
Chapter Five: Review of human capital models in International banks

The current training organisations and higher education institutions in the UAE target mid-level management in Islamic banking, and have no training programmes in leadership, research and scholarship that attract senior level management. In order to strengthen the position of Islamic banking worldwide, the UAE should improve its current education system and training techniques as this advances human capital. Furthermore, research projects to guarantee highly qualified training programmes concentrating on developing skills gaps amongst current employees, and establishing specific leadership training programmes for senior managers at the bank, enables innovation by empowering the knowledge of Sharia. Hence, Islamic banking in the UAE should offer a bridge between the financial sector and fresh graduates and banking graduates. They should prepare high quality research and development concentrated on determining likely aptitude gaps amongst current representatives to take an interest in the internationalisation of the operational and products being led by competitive Islamic financial organisations. While Malaysia’s human capital development programmes focus on all levels of management in the financial industry, especially in internationalising operation and product standards.

Figure 5.11: Malaysian Human Capital Development Programmes

Source: Tahseen Consulting.2013
Table 5.4. Summary of the main constructs that were used in practical of different human capital models internationally.

<table>
<thead>
<tr>
<th>Theme</th>
<th>RBS</th>
<th>YES bank</th>
<th>HSBC</th>
<th>Negara Malaysia Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training &amp; development</td>
<td>Investment in people, HC toolkit (research, reporting, survey)</td>
<td>Investment in people through leadership training and development to sustain a competitive edge; share knowledge.</td>
<td>Leadership training, global talent management programme. Provide scholarships.</td>
<td>Different training and development programmes, leadership programmes, strong education system. Provide scholarships.</td>
</tr>
<tr>
<td>Skills and knowledge</td>
<td>Job related skills</td>
<td>Job related skills, focus on hiring people with talents and experience.</td>
<td>Focus on talented leaders, skilled people.</td>
<td>Focus on creativity, innovation and technical skills to support the bank growth.</td>
</tr>
<tr>
<td>Trust</td>
<td>Share knowledge and experience with employees</td>
<td>Transparent and reliable process, recognitions</td>
<td>Commitment, inspire trust and developing others.</td>
<td>Commitment, individual’s development plan.</td>
</tr>
<tr>
<td>Networking</td>
<td>Employee propositions (Relationships between managers; colleagues; clients)</td>
<td>Focus on relationship internally and externally.</td>
<td>Building relationship and listening to other, knowledge sharing.</td>
<td>Building relationship and listening to other, knowledge sharing.</td>
</tr>
<tr>
<td>Attitude and behaviour</td>
<td>Recognitions, feedback.</td>
<td>Team spirit, employee well being and prosperity</td>
<td>Encourage sharing and encouraging open and direct communications.</td>
<td>Engaging employees and supervisors, and direct communications.</td>
</tr>
<tr>
<td>Culture</td>
<td>Work life balance, interest, shared goals, systems</td>
<td>Performance culture, finest wellbeing and integrate them culturally and professionally.</td>
<td>Understanding different cultures whenever they open branch in different countries</td>
<td>Performance culture, finest wellbeing and integrate them culturally and professionally.</td>
</tr>
</tbody>
</table>

This objective was carry out through a web-based search on existing best practice in international banking in order to identify different best practices models in human capital and analysing the training and development practices of conventional banks. The reason for this analysis was to draw a framework for Islamic banks, based on the best practices in the banking industry. For the analysis of human capital development practices of banks in different countries in Asia and Europe, information published on the websites of selected banks were mainly utilised, e.g., HR strategies, training and development, and staff development strategies in order to identify and match the main constructs themes that were identified from the literature review and will help in building the questionnaire and introduce the final conceptual framework.

The sample was shaped according to their current practices of human capital and their success in the banking industry. Different constructs were identified as a main factors used in practice; factors that were used in forming HR regulation and helped in the development of their human capital as its shown in (table 5.4). An analysis was established according to their size; location; global growth, current practices of human capital in order to enhance the conceptual framework constructs that were identified from the literature. In addition to the practical aspect of human capital development.
programmes developed at the organisational level, similar efforts developed at the national level were also investigated. For this purpose, the Malaysian human capital development programme was examined and discussed in detail so that a comprehensive human capital development framework that was applicable for the whole Islamic banking sector in the UAE could be formed.
Chapter Six: Data Analysis

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6.3 Training programme attended and type of training ................... Error! Bookmark not defined.
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   6.4.3 The reliability of each of the variables .............................. Error! Bookmark not defined.
   6.4.4 Factor Analysis for Social Capital ................................. Error! Bookmark not defined.
   6.4.5 The reliability of each of the social capital variables  .......... Error! Bookmark not defined.
   6.4.6 Factor Analysis for Culture ......................................... Error! Bookmark not defined.
   6.4.7 The reliability of each of the culture variables ................. Error! Bookmark not defined.
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   6.4.9 The reliability of each of the Islamic principles variables .... Error! Bookmark not defined.
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   6.9 Testing Hypothesis ..................................................... Error! Bookmark not defined.
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   6.9.2 H2 Test: ....................................................................... Error! Bookmark not defined.
   6.9.3 H3 Test: ....................................................................... Error! Bookmark not defined.
6.10 Normality: ....................................................................... Error! Bookmark not defined.
6.11 Collinearity ................................................................. Error! Bookmark not defined.
   6.12 Hierarchical Regression Analysis ....................................... Error! Bookmark not defined.
   6.12.2 Summary of Hierarchical regression analysis for training and development Error! Bookmark not defined.
   6.13 H5 Independent variable Skills and knowledge ..................... Error! Bookmark not defined.
   6.13.1 Summary of Hierarchical regression analysis for skills and knowledge Error! Bookmark not defined.
   6.14 H6 Independent variable Career development ....................... Error! Bookmark not defined.
Chapter six: Data Analysis

6.1. Introduction

This chapter includes the analysis for the quantitative data collected from seven Islamic banks in the UAE in order to develop a framework for human capital capacity-building in UAE Islamic Banks in order to counteract the challenges of Emiratisation, and improve the human resource development practices of senior Emirati managers. The chapter is structured into three sections. In the first section, a descriptive analysis of demographic variables is presented, introducing the profile of the participating employees. The descriptive analysis presents the findings from the survey respondent’s demographics and other with frequencies and data.

In the second section, Explanatory Factor Analysis (EFA) presents significant variables, training and development, career development and skills and knowledge. The measurement scale is assessed in this section with tests evaluating the reliability and validity ie, collinearity and normality tests.

In the third section, six hypotheses developed from the construct variables. The hypothesis testing was introduced through two tests, the correlation test and hierarchical regressions. Relationships between each pair of variables are examined by correlation test. The hierarchical regression analysis is conducted to identify the impact of two sets of variables on the development of human capital, including social capital constructs and culture constructs. The human capital management is addressed by training and development, skills and knowledge and career development. The aim was to pursue to explain a possible correlation between different experiences.
Section One: Descriptive Analysis

6.2 Sample Respondent Characteristics

The researcher distributed 350 questionnaires to senior managers working in Islamic banks in the UAE. The sample was drawn from seven Islamic banks: Al-Hilal bank, Abu Dhabi Islamic bank, Emirati Islamic bank, Ajman Islamic bank, Sharjah Islamic bank, Dubai Islamic bank and Al Noor Islamic bank. The researcher made an appointment and met every senior manager to complete the questionnaire face-to-face. Of these, 182 were completed for analysis, giving an effective response rate of 57%, which is considered satisfactory. According to Baurch and Holton (2008), if the average response rate for a questionnaire in management and research science is 52.7% and above then this is considered a satisfactory response rate.

Table 6.1 : Characteristics of Respondents, N = 182

<table>
<thead>
<tr>
<th>Demographic Variables</th>
<th>Category</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>106</td>
<td>58.2%</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>76</td>
<td>41.8%</td>
</tr>
<tr>
<td>Age</td>
<td>20-30</td>
<td>29</td>
<td>15.9%</td>
</tr>
<tr>
<td></td>
<td>31-40</td>
<td>76</td>
<td>41.8%</td>
</tr>
<tr>
<td></td>
<td>41-50</td>
<td>76</td>
<td>41.8%</td>
</tr>
<tr>
<td></td>
<td>&gt;50</td>
<td>1</td>
<td>0.5%</td>
</tr>
<tr>
<td>Religion</td>
<td>Muslim</td>
<td>168</td>
<td>92.3%</td>
</tr>
<tr>
<td></td>
<td>Non Muslim</td>
<td>14</td>
<td>7.7%</td>
</tr>
<tr>
<td>Education Level</td>
<td>School</td>
<td>1</td>
<td>0.5%</td>
</tr>
<tr>
<td></td>
<td>Diploma/HD</td>
<td>9</td>
<td>4.9%</td>
</tr>
<tr>
<td></td>
<td>Bachelor</td>
<td>85</td>
<td>46.7%</td>
</tr>
<tr>
<td></td>
<td>Master</td>
<td>87</td>
<td>47.8%</td>
</tr>
<tr>
<td>Job Title</td>
<td>Executive Vice President</td>
<td>7</td>
<td>3.8%</td>
</tr>
<tr>
<td></td>
<td>Senior Vice President</td>
<td>40</td>
<td>22%</td>
</tr>
<tr>
<td></td>
<td>Vice President</td>
<td>94</td>
<td>51.6%</td>
</tr>
<tr>
<td></td>
<td>Head Unit</td>
<td>33</td>
<td>18.1%</td>
</tr>
<tr>
<td></td>
<td>Area Manager</td>
<td>7</td>
<td>3.8%</td>
</tr>
<tr>
<td></td>
<td>Chief</td>
<td>1</td>
<td>0.5%</td>
</tr>
<tr>
<td>Years of Service in Islamic Banks</td>
<td>1-5 years</td>
<td>80</td>
<td>44%</td>
</tr>
<tr>
<td></td>
<td>6-10 years</td>
<td>87</td>
<td>47.8%</td>
</tr>
<tr>
<td></td>
<td>11-15 years</td>
<td>15</td>
<td>8.2%</td>
</tr>
<tr>
<td>Years of Service in Conventional Banks</td>
<td>1-5 years</td>
<td>91</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>6-10 years</td>
<td>43</td>
<td>23.6%</td>
</tr>
<tr>
<td></td>
<td>11-15 years</td>
<td>22</td>
<td>12.1%</td>
</tr>
<tr>
<td></td>
<td>16+</td>
<td>1</td>
<td>0.5%</td>
</tr>
</tbody>
</table>
The demographic profile of the survey respondents is presented in Table 6.1. Of the total respondents, 41.8% were female and 58.2% were male. With regards to age, the majority of respondents were in either the 31-40 years of age or 41-50 years of age groups, which were equally represented at 42% each. Of the remainder, 16% were between 20-30 years of age and one respondent >50. The findings show a low score for this age group because, according to the Ministry of Labour of UAE, the upper retirement age is between the ages of 60-65 years old (Khaleej Times, 2013).

As for religion, the majority of the participants were Muslims at 92% while non-Muslims constituted 8%. For education level, 48% of the respondents had a Master’s degree, 47% had a bachelor degree, 5% had a diploma, while only one respondent had a school degree. The findings for educational attainments indicate that most of the respondents are highly educated, holding bachelors or masters’ degrees.

The occupation distributions of the respondents are mainly senior positions: 52% were vice presidents, followed by senior vice-presidents (22%), head of unit (19%), executive vice-president, and area managers were equal (4%), and only one respondent was chief. Regarding the length of service in Islamic banks, 48% had served in their current institution for 6-10 years, 44% served for 1-5 years, and 8% served in their current institution for between 11-15 years. Regarding the length of service in conventional banks, half of the respondents (50%) served and had experience in conventional banks for 1-5 years, 24% served for 6-10 years, 21% served between 11-15 years, and one only served for more than 16 years in conventional banks.

### 6.3 Training programme attended and type of training

**Table 6.2 : Training programme attended and type of training**

<table>
<thead>
<tr>
<th>Types of Training in Count %</th>
<th>The impact on the training course on senior managers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
</tr>
<tr>
<td>Management Training</td>
<td>30</td>
</tr>
<tr>
<td>17%</td>
<td>58%</td>
</tr>
<tr>
<td>Product related Training</td>
<td>36</td>
</tr>
<tr>
<td>20%</td>
<td>58%</td>
</tr>
<tr>
<td>Personal skills Training</td>
<td>69</td>
</tr>
<tr>
<td>38%</td>
<td>46%</td>
</tr>
<tr>
<td>Sales Training</td>
<td>100</td>
</tr>
<tr>
<td>55%</td>
<td>32%</td>
</tr>
</tbody>
</table>
The majority of participants indicated that they had attended a training programme within the organisation. They were also asked to identify whether the training provided by the organisation was low, medium or high impact in regard to their roles in the organisation, and to indicate the trainings required to cover aspects of work that required development. The result shows that 55% of the total training given by the organisation was low; 58% had medium impact on the respondent’s role within both management training and product related training. This was followed by 46% in personal skills training, and 32% in sales training. Respondents also reported that the training programmes provided had a high impact on their role where 26% was given in management training, 22% in product related training, 15% in personal skills training, and 11% in sales training. This indicates that the training programmes given in the banks had a medium impact on the senior managers. This is not a surprising result because current training in UAE banks focuses on mid-level management training, which is not suitable for senior level management who need an extensive set of skills from planning, delegations and leadership training programmes. In order to have long-term success in human capital, investment in different training programmes is important in the banks in order to gain a competitive advantage in the market (Brum, 2007).
6.4. Section two: Exploratory Factor Analysis report

6.4.1. Testing the Assumptions
Exploratory Factor Analysis (EFA) was suited for this study to enable the reduction of 64 items into smaller significant variables affecting human capital. The 42 questionnaire items used in this study were designed to measure 5 elements of human capital (training and development, self-awareness, skills and knowledge, self-esteem, and attitude towards others), 5 elements of social capital (attitude and behaviours, networking, sense of belonging, participating and proactivity, culture), 4 elements of cultural model (power distance, uncertainty avoidance, masculinity/femininity, and individualism/collectivism), and 2 elements of Islamic principles (values and ethics, and knowledge about Islam) using Hofstede (1991).

6.4.2. Factor Analysis for human capital
The 16 questionnaire items used in this study were designed to measure human capital (training and development, training needs assessment, skills and knowledge, self-awareness and self-esteem) through a 5-point Likert scale type questions (see Appendix one). Data were assessed and checked before conducting a principles components analysis with varimax rotation using SPSS Version 22. The sample size was 182; factor loading of 0.4 and higher was deliberated as significant for explanatory purposes. The Kaiser-Mayer-Olkin (KMO) value of the sampling adequacy was .834 for Human Capital components which is above the recommended values of 0.6 (Kaiser, 1974). In addition, Bartlett’s test of spehericty (Bartlett, 1954) was statistically significant (p < 0.05).

Factor loading can be interpreted as an indication of the role of each item has composite in defining each factor. Kirm and Muller (1978) indicated a factor loading of 0.4 as a cut-off value for significance. Factor loading can be defined as an indication of correlation of each item to their underlying factor (Lu et al., 2007). The principle components analysis was relevant for the data set, and there is a relationship between the variables as indicated in Table 6.3 below.

The results in Table 6.3 below present the forced three factors solutions after all the diagnostics for suitability of factor analysis were performed, and after variables with low communalities were removed. Only variable loading greater than 0.4 are shown,
items that had loading below 0.4 and loaded on more than one factor (cross loading) were removed.

Factor loadings of questions HC12, HC1, and HC8 were below 0.4 and were subsequently eliminated.

**Table 6.3: Pattern Matrix and total variance of Human capital components**

<table>
<thead>
<tr>
<th>Pattern Matrix and Total Variance</th>
<th>Factor</th>
<th>Training and development</th>
<th>Career development</th>
<th>Skills and knowledge</th>
</tr>
</thead>
<tbody>
<tr>
<td>HC4</td>
<td>.827</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HC5</td>
<td>.824</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HC6</td>
<td>.796</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HC7</td>
<td>.707</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HC10</td>
<td>.669</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HC9</td>
<td>.632</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HC14</td>
<td>.857</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HC15</td>
<td>.852</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HC13</td>
<td>.754</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HC16</td>
<td>.720</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HC3</td>
<td>.863</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HC2</td>
<td>.848</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eigenvalues total</td>
<td>5.482</td>
<td>1.68</td>
<td>1.177</td>
<td></td>
</tr>
<tr>
<td>Eigenvalues % of variance</td>
<td>45.68</td>
<td>14.01</td>
<td>9.805</td>
<td></td>
</tr>
<tr>
<td>Cumulative %</td>
<td>45.68</td>
<td>59.69</td>
<td><strong>69.501</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Notes: Extraction Method: Principal component analysis  
Rotation Method: Varimax with Kaiser Normalization*

The last three columns from the table above show the extraction method used. This is the principal component analysis with a greater than 0.1, which is considered significant; this makes it easy to determine the factors that are to be extracted (Pallant, 2010). An Eigenvalue is a statistical technique that relates to a factor that signifies the amount of variance in the pool of items, where a particular factor is identified (De Vaus, 2002). The table above indicates that three factors accounted for 69.50% of variance. In this study, the factors extracted were based on the cumulative percentage of variation. It is suggested by Churchill (1991) that only factors with more variance than the average amount should be explained through the original items where it should be preserved.

The principal component analysis showed the presence of three factors with eigenvalues exceeding 1. Items loaded on factor one were entitled training and development and contained seven items; according to Hair *et al.* (2006), elements with higher loadings influence the title selected to identify the factor. The training and development factor
accounted for 45.68% of the variance in the observed values. Factor 2 was entitled career development, contained four items and accounted for 4.01% of the total variance in the observed values (for more details see Table 6.4). Factor 3 was entitled skills and knowledge, contained two items and accounted for 69.50% of the total variance in the observed values.

Factor 1: Training and development: questions HC4, HC5, HC6, HC7, HC9, HC10.

Factor 2: Career development: questions HC13, HC14, H15, H16

Factor 3: Skills and knowledge: questions HC2, HC3

Please see Table 6.3

6.4.3 The reliability of each of the variables

The reliability of each of the variables was assessed through Cronbach’s Alpha. The reliability test is reported in Table 6.4. However, the results indicate acceptable reliability demonstration with Cronbach Alpha ranging from 0.78 to 0.88. Cavana et al. (2001) indicated that reliability with 0.8 are preferable and reliability with less than 0.6 is considered poor, and the ones with 0.7 are considered acceptable (see Table 6.7 below). As a result the dimensions of human capital are reliable.

The correlated item –total correlation (CITC) was explained by Lu et al., (2007) that CITC is considered as an indicator discusses the correlation between the items that have composite score of all the items in the same set of constructs. Table 6.7 presents the CITC scores where the cut - off value to assess it is (0.5) for the items in every construct over the value correlate well with each other. However, the inter correlation items values between construct items exceeded the cut – off value of (0.3) ( De Vaus, 2002).
Table 6.4: Note: Summary of Human capital components. The correlated item-Total Correlation = (CITC), Overall reliability Cronbach’s Alpha = (α)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Scale Item</th>
<th>Scale Item</th>
<th>Mean</th>
<th>SD</th>
<th>Factor Loading</th>
<th>No. Items in Set</th>
<th>Reliability CITC</th>
<th>Cronbach’s Alpha (α)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Factor 1</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training and development</td>
<td>HC4</td>
<td>The bank has provided training opportunities enabling employees to extend</td>
<td>2.08</td>
<td>.866</td>
<td>.827</td>
<td>6</td>
<td>.771</td>
<td>0.880</td>
</tr>
<tr>
<td></td>
<td>HC5</td>
<td>their range of skills and abilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>HC6</td>
<td>The bank supports its employees’ attempts to acquire additional training or</td>
<td>2.27</td>
<td>.868</td>
<td>.824</td>
<td></td>
<td>.702</td>
<td></td>
</tr>
<tr>
<td></td>
<td>HC7</td>
<td>education to develop their career</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>HC8</td>
<td>The bank is committed to the training and development of its employees</td>
<td>1.98</td>
<td>.745</td>
<td>.796</td>
<td></td>
<td>.738</td>
<td></td>
</tr>
<tr>
<td></td>
<td>HC9</td>
<td>Training enhances loyalty level of employees towards organisation.</td>
<td>2.04</td>
<td>.812</td>
<td>.707</td>
<td></td>
<td>.692</td>
<td></td>
</tr>
<tr>
<td>Training and development</td>
<td>HC10</td>
<td>Training motivates employees to perform better at work</td>
<td>2.38</td>
<td>.832</td>
<td>.669</td>
<td></td>
<td>.577</td>
<td></td>
</tr>
<tr>
<td></td>
<td>HC11</td>
<td>Training programmes are relevant with organisational and personal goals</td>
<td>2.01</td>
<td>.803</td>
<td>.632</td>
<td></td>
<td>.653</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Factor 2</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Career development</td>
<td>HC13</td>
<td>Training is a part of career development</td>
<td>1.93</td>
<td>.779</td>
<td>.754</td>
<td>4</td>
<td>.656</td>
<td>0.853</td>
</tr>
<tr>
<td></td>
<td>HC14</td>
<td>Career development programmes in the bank are satisfactory</td>
<td>2.01</td>
<td>.764</td>
<td>.854</td>
<td></td>
<td>.735</td>
<td></td>
</tr>
<tr>
<td>Career development</td>
<td>HC15</td>
<td>Employees are considered creative and bright</td>
<td>2.14</td>
<td>.851</td>
<td>.857</td>
<td></td>
<td>.787</td>
<td></td>
</tr>
<tr>
<td></td>
<td>HC16</td>
<td>Employees are considered the best in the industry</td>
<td>2.04</td>
<td>.670</td>
<td>.720</td>
<td></td>
<td>.616</td>
<td></td>
</tr>
<tr>
<td><strong>Factor 3</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skills and knowledge</td>
<td>HC2</td>
<td>The bank values skill and experience when recruiting and promoting</td>
<td>2.06</td>
<td>.634</td>
<td>.863</td>
<td></td>
<td>.660</td>
<td>0.780</td>
</tr>
<tr>
<td></td>
<td>HC3</td>
<td>employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>The job in the bank requires having different skills and talents in order</td>
<td>2.26</td>
<td>.812</td>
<td>.848</td>
<td>2</td>
<td>.660</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>to undertake different tasks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes for Table 6.4:
- CITC: Correlated Item-Total Correlation
- Cronbach’s Alpha (α): Overall reliability

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### 6.4.4. Factor Analysis for Social Capital

The Kaiser-Mayer-Olkin (KMO) value of the sampling adequacy was above the recommended values by \(0.740\) for Social capital components which exceeds the recommended value of 0.6. In addition, Bartlett’s test of Sphericity (Bartlett, 1954) reached a statistical significance of \(p < 0.05\), supporting the factorability of the correlation matrix with 78 degrees of freedom.

**Table 6.5: Pattern Matrix and total variance of Social capital components**

<table>
<thead>
<tr>
<th>Factor</th>
<th>Trust and Reciprocity</th>
<th>Networking</th>
<th>Attitude &amp; behaviour</th>
<th>Wasta</th>
</tr>
</thead>
<tbody>
<tr>
<td>SC21</td>
<td>0.831</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SC19</td>
<td>0.825</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SC22</td>
<td>0.691</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SC20</td>
<td>0.597</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SC17</td>
<td>0.831</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SC33</td>
<td>0.875</td>
<td>0.89</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SC32</td>
<td>0.83</td>
<td>0.83</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SC34</td>
<td>0.756</td>
<td>0.673</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SC30</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SC29</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SC28</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SC24</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SC23</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SC18</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SC25</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Eigenvalues total</th>
<th>4.84</th>
<th>1.94</th>
<th>1.32</th>
<th>1.19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eigenvalues % of variance</td>
<td>37.25</td>
<td>14.93</td>
<td>10.17</td>
<td>9.17</td>
</tr>
<tr>
<td>Cumulative %</td>
<td>37.25</td>
<td>52.19</td>
<td>62.36</td>
<td>71.54</td>
</tr>
</tbody>
</table>

Extraction Method: Principal component analysis
Rotation Method: Varimax with Kaiser Normalization

*Source: questionnaire*

Social capital factor analysis has fifteen items and four factors, which are wasta-nepotism, trust and reciprocity, attitude and behaviour and networking. The results indicated the presence of four factor components with eigenvalues exceeding 1. The table above indicates four factors account for 71.54% of the total variance. Items loaded on factor 1 were entitled trust and reciprocity, contained five items, and accounted for 37.25% of the variance in the observed values. Factor 2 was entitled networking and participation of networking, contained three items, and accounted for 14.93% of the variance in the observed values. Factor 3 was entitled attitude and behaviour, contained three items, and accounted for 10.17% of the total variance in the observed values. Factor 4 was entitled Wasta-nepotism, contained four items and accounted 9.17% of the variance.
total variance. The results in Table 6.5 above present the forced four factor solutions after all the diagnostics for suitability of factor analysis were performed, and after variables with low communalities were removed. Factor loadings of questions SC26, SC35, SC27, SC31 were below 0.4 and were subsequently eliminated. However, significant variables were assessed for each factor, in specific to the variables with the higher loading, and a title was assigned to each factor according to the reflected variable loading. Social capital has four factors and 15 items as follows (for more details see Table 6.6):

Factor 1: Trust and reciprocity: questions SC19, SC20, SC17, SC22, SC21

Factor 2: Networking: questions SC33, SC32, SC 34

Factor 3: Attitude and behaviour: questions SC29, SC30, SC 28

Factor 4: Wasta: questions SC23, SC24, SC25, SC18

Please see Table 6.5

6.4.5. The reliability of each of the social capital variables
The reliability of each of the variables was assessed through Cronbach’s Alpha. The reliability test is reported in Table 6.6 below. However, the results indicate a strong reliability demonstration with Cronbach Alpha, ranging from 0.71 to 0.85,. Cavana et al. (2001) indicated that reliability with 0.8 are preferable, reliability with less than 0.6 are considered poor, and those with 0.7 are considered acceptable. See Table 6.10 below. As a result the dimensions of social capital are reliable.
## Chapter six: Data Analysis

### Table 6.6: Note: Summary of social capital components. The correlated item-Total Correlation = (CITC), Overall reliability Cronbach’s Alpha = \( \alpha \)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Scale Item</th>
<th>Scale Item</th>
<th>Mean</th>
<th>SD</th>
<th>Factor Loading</th>
<th>No. Items in Set</th>
<th>Reliability CITC</th>
<th>Cronbach’s Alpha ( \alpha )</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Factor 1</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust and reciprocity</td>
<td>SC21 Employees trust management to look after their career interests.</td>
<td>SC21 Employees trust management to look after their career interests.</td>
<td>2.58</td>
<td>.931</td>
<td>0.831</td>
<td>5</td>
<td></td>
<td>.718</td>
</tr>
<tr>
<td></td>
<td>SC19 The management looks after the career interests of its employees</td>
<td>SC19 The management looks after the career interests of its employees</td>
<td>2.37</td>
<td>.817</td>
<td>0.825</td>
<td></td>
<td></td>
<td>.677</td>
</tr>
<tr>
<td></td>
<td>SC22 Employees are free to state their opinion even if they disagree with others</td>
<td>SC22 Employees are free to state their opinion even if they disagree with others</td>
<td>2.63</td>
<td>.901</td>
<td>0.691</td>
<td></td>
<td></td>
<td>.601</td>
</tr>
<tr>
<td></td>
<td>SC20 Employees help each other if required</td>
<td>SC20 Employees help each other if required</td>
<td>2.16</td>
<td>.790</td>
<td>0.597</td>
<td></td>
<td></td>
<td>.613</td>
</tr>
<tr>
<td></td>
<td>SC17 Employees of the bank are optimistic about each other’s motivations and abilities</td>
<td>SC17 Employees of the bank are optimistic about each other’s motivations and abilities</td>
<td>2.46</td>
<td>.794</td>
<td>0.831</td>
<td></td>
<td></td>
<td>.514</td>
</tr>
<tr>
<td><strong>Factor 2</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.827</td>
</tr>
<tr>
<td>Networking</td>
<td>SC33 Being an active member of a local organisation or club (such as sport, craft, social club) is a good way of establishing social interactions with others</td>
<td>SC33 Being an active member of a local organisation or club (such as sport, craft, social club) is a good way of establishing social interactions with others</td>
<td>1.96</td>
<td>.830</td>
<td>0.875</td>
<td>3</td>
<td></td>
<td>.837</td>
</tr>
<tr>
<td></td>
<td>SC32 Attending a local community event such as school concert, craft exhibition regularly improves interactions with other people</td>
<td>SC32 Attending a local community event such as school concert, craft exhibition regularly improves interactions with other people</td>
<td>2.06</td>
<td>.905</td>
<td>0.83</td>
<td></td>
<td></td>
<td>.783</td>
</tr>
<tr>
<td></td>
<td>SC34 I feel that I am a part of the community where I work</td>
<td>SC34 I feel that I am a part of the community where I work</td>
<td>1.91</td>
<td>.760</td>
<td>0.756</td>
<td></td>
<td></td>
<td>.590</td>
</tr>
<tr>
<td><strong>Factor 3</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.856</td>
</tr>
<tr>
<td>Attitude and behaviour</td>
<td>SC30 The bank encourages its employees to have better attitude towards colleagues such as helping workmates</td>
<td>SC30 The bank encourages its employees to have better attitude towards colleagues such as helping workmates</td>
<td>2.14</td>
<td>.754</td>
<td>0.89</td>
<td>3</td>
<td></td>
<td>.745</td>
</tr>
<tr>
<td></td>
<td>SC29 Working for the bank gives the feeling of being valued by society</td>
<td>SC29 Working for the bank gives the feeling of being valued by society</td>
<td>2.16</td>
<td>.783</td>
<td>0.883</td>
<td></td>
<td></td>
<td>.708</td>
</tr>
<tr>
<td></td>
<td>SC28 The bank encourages its employees to take the initiative and do what needs to be done, even if no one asks to do it.</td>
<td>SC28 The bank encourages its employees to take the initiative and do what needs to be done, even if no one asks to do it.</td>
<td>2.15</td>
<td>.778</td>
<td>0.673</td>
<td></td>
<td></td>
<td>.566</td>
</tr>
<tr>
<td><strong>Factor 4</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>.818</td>
</tr>
<tr>
<td>Wasta</td>
<td>SC24 In order to get a really good job, friends or family members in high positions are needed.</td>
<td>SC24 In order to get a really good job, friends or family members in high positions are needed.</td>
<td>2.21</td>
<td>1.067</td>
<td>.905</td>
<td>4</td>
<td></td>
<td>.730</td>
</tr>
<tr>
<td></td>
<td>SC23 When it comes to finding a really good job, “who you know” is more important than “what you know”.</td>
<td>SC23 When it comes to finding a really good job, “who you know” is more important than “what you know”.</td>
<td>2.23</td>
<td>1.123</td>
<td>.835</td>
<td></td>
<td></td>
<td>.700</td>
</tr>
<tr>
<td></td>
<td>SC18 People would try to take advantage of others if they got the chance</td>
<td>SC18 People would try to take advantage of others if they got the chance</td>
<td>2.29</td>
<td>.825</td>
<td>.447</td>
<td></td>
<td></td>
<td>.398</td>
</tr>
<tr>
<td></td>
<td>SC25 Wasta is important in personal life</td>
<td>SC25 Wasta is important in personal life</td>
<td>2.09</td>
<td>.756</td>
<td>.439</td>
<td></td>
<td></td>
<td>.239</td>
</tr>
</tbody>
</table>

Table 6.6: Note: Summary of social capital components. The correlated item-Total Correlation = (CITC), Overall reliability Cronbach’s Alpha = \( \alpha \)
6.4.6. Factor Analysis for Culture

The Kaiser-Mayer-Olikn (KMO) value of the sampling adequacy was above the recommended values by (0.608) for culture components exceed the recommended value of 0.6. Bartlett’s test of Sphericity (Bartlett, 1954) reached a statistical significance of p < 0.05, supporting the factorability of the correlation matrix with 45 degrees of freedom.

Table 6.7: Pattern Matrix and Total Variance of Culture Components

<table>
<thead>
<tr>
<th>Pattern Matrix and Total variance</th>
<th>Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Uncertainty avoidance</td>
</tr>
<tr>
<td>CUL4</td>
<td>.939</td>
</tr>
<tr>
<td>CUL3</td>
<td>.861</td>
</tr>
<tr>
<td>CUL5</td>
<td>.871</td>
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<td>CUL7</td>
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<td>CUL6</td>
<td></td>
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<tr>
<td>CUL8</td>
<td></td>
</tr>
<tr>
<td>CUL1</td>
<td></td>
</tr>
<tr>
<td>CUL2</td>
<td></td>
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<tr>
<td>CUL9</td>
<td></td>
</tr>
<tr>
<td>CUL10</td>
<td></td>
</tr>
<tr>
<td>Eigenvalues total</td>
<td>2.86</td>
</tr>
<tr>
<td>Eigenvalues % of variance</td>
<td>28.60</td>
</tr>
<tr>
<td>Cumulative %</td>
<td>28.602</td>
</tr>
</tbody>
</table>

Extraction Method: Principal component analysis.
Rotation Method: Varimax with Kaiser Normalization.

Culture factor analysis has ten items, which are related to Hofstede’s (2010) cultural dimensions theory, power distance, uncertainty avoidance, masculinity/femininity and individualism/collectivism. The results indicated the presence of four factor components with eigenvalues exceeding 1. The table 6.7 above indicates that four factors accounted for 80.805% of the total variance. Items loaded on factor 1 were entitled uncertainty avoidance, contained three items, and accounted for 28.602% of the variance in the observed values. Factor 2 was entitled masculinity/femininity and participation of networking, contained three items, and accounted for 24.07% of the variance in the observed values. Factor 3 was entitled power distance, contained two items, and accounted for 15.03% of the total variance in the observed values. Factor 4 was entitled individualism/collectivism contained two items, and accounted 13.10% of the total variance.
Chapter six: Data Analysis

The results in Table 6.7 present the forced four factor solutions after all the diagnostics for suitability of factor analysis were performed, and after variables with low communalities were removed. Only variable loading greater than 0.4 are shown, items that had loading below 0.4 and loaded on more than one factor were removed. In the factor analysis for cultural components, all variables were above 0.4 and no questions were eliminated. However, significant variables were assessed for each factor, specifically to the variables with the higher loading and a title was assigned to each factor according to the reflected variable loading. Social capital has four factors and ten items as follows:

Factor 1: Uncertainty avoidance: questions CUL4, CUL3, and CUL5
Factor 2: Masculinity/Femininity: questions CUL7, CUL6, and CUL8
Factor 3: Power distance: questions CUL1, CUL2
Factor 4: individualistic/collectivistic: questions CUL9, CUL10

Please see Table 6.7

6.4.7. The reliability of each of the culture variables
The reliability of each of the variables was assessed through Cronbach’s Alpha. The reliability test is reported in Table 6.8 below. However, the results indicate a strong reliability demonstration with Cronbach Alpha, ranging from 0.86 to 0.66. Cavana et al. (2001) indicated that reliability with 0.8 are preferable, reliability with less than 0.6 are considered poor, and the ones with 0.7 are considered acceptable (see Table 6.8 below). As a result the dimensions of culture capital are reliable.
<table>
<thead>
<tr>
<th>Variable</th>
<th>Scale Item</th>
<th>Mean</th>
<th>SD</th>
<th>Factor Loading</th>
<th>No. Items in Set</th>
<th>Reliability CITC</th>
<th>Cronbach’s Alpha (α)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factor 1</td>
<td>CUL4 Standard operating procedures are helpful to employees on the job.</td>
<td>1.69</td>
<td>0.70</td>
<td>.939</td>
<td>3</td>
<td>0.865</td>
<td>.869</td>
</tr>
<tr>
<td></td>
<td>CUL3 Rules and regulations are important because they inform workers what the organisation expects of them.</td>
<td>1.74</td>
<td>0.64</td>
<td>.861</td>
<td></td>
<td>0.711</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CUL5 Instructions for operations are important for employees on the job.</td>
<td>1.86</td>
<td>0.83</td>
<td>.871</td>
<td></td>
<td>0.711</td>
<td></td>
</tr>
<tr>
<td>Factor 2</td>
<td>CUL6 It is more important for men to have a professional career than it is for women to have a professional career.</td>
<td>2.79</td>
<td>1.20</td>
<td>.862</td>
<td></td>
<td>0.700</td>
<td>.813</td>
</tr>
<tr>
<td></td>
<td>CUL7 Men usually solve problems with logical analysis; women usually solve problems with intuition.</td>
<td>2.95</td>
<td>1.22</td>
<td>.882</td>
<td>3</td>
<td>0.800</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CUL8 Solving organisational problems usually requires an active and forcible approach.</td>
<td>2.37</td>
<td>1.14</td>
<td>.774</td>
<td></td>
<td>0.510</td>
<td></td>
</tr>
<tr>
<td>Factor 3</td>
<td>CUL1 Managers should make most decisions without consulting subordinates.</td>
<td>3.07</td>
<td>1.23</td>
<td>.907</td>
<td>2</td>
<td>0.710</td>
<td>.822</td>
</tr>
<tr>
<td></td>
<td>CUL2 It is frequently necessary for a manager to use authority and power when dealing with subordinates.</td>
<td>2.70</td>
<td>1.02</td>
<td>.705</td>
<td></td>
<td>0.710</td>
<td></td>
</tr>
<tr>
<td>Factor 4</td>
<td>CUL9 Group success is more important than individual success.</td>
<td>1.95</td>
<td>.96</td>
<td>.872</td>
<td>2</td>
<td>0.505</td>
<td>.668</td>
</tr>
<tr>
<td></td>
<td>CUL1 Employees should pursue their goals after considering the welfare of the group.</td>
<td>2.11</td>
<td>.87</td>
<td>.847</td>
<td></td>
<td>0.505</td>
<td></td>
</tr>
</tbody>
</table>

Table 6.8: Note: Summary of Culture components. The correlated item-total correlation = (CITC), Overall reliability Cronbach’s Alpha = α
6.4.8. Factor Analysis for Islamic Banking Principles

The Kaiser-Mayer-Olkin (KMO) value of the sampling adequacy was above the recommended values by (0.703) for Islamic banking principles components exceeds the recommended value of 0.6. Bartlett’s test of Spehericity (Bartlett, 1954) reached a statistical significance of p < 0.05, supporting the factorability of the correlation matrix with 10 degrees of freedom.

Table 6.9: Pattern Matrix and total variance of Islamic banks components

<table>
<thead>
<tr>
<th>Pattern Matrix and Total variance</th>
<th>Factor</th>
<th>Islamic values</th>
<th>Islamic ethics</th>
</tr>
</thead>
<tbody>
<tr>
<td>IB6</td>
<td></td>
<td>.938</td>
<td></td>
</tr>
<tr>
<td>IB5</td>
<td></td>
<td>.907</td>
<td></td>
</tr>
<tr>
<td>IB7</td>
<td></td>
<td>.807</td>
<td></td>
</tr>
<tr>
<td>IB2</td>
<td></td>
<td></td>
<td>.900</td>
</tr>
<tr>
<td>IB1</td>
<td></td>
<td></td>
<td>.865</td>
</tr>
<tr>
<td>Eigenvalues total</td>
<td>3.06</td>
<td>1.09</td>
<td></td>
</tr>
<tr>
<td>Eigenvalues % of variance</td>
<td>61.37</td>
<td>21.91</td>
<td></td>
</tr>
<tr>
<td>Cumulative %</td>
<td>61.37</td>
<td></td>
<td>83.28</td>
</tr>
</tbody>
</table>

Extraction Method: Principal component analysis
Rotation Method: Varimax with Kaiser Normalization

Islamic banking factor analysis has five items, which are knowledge about Islamic values and perception of compatibility between Islamic banking and Islamic values. The results indicated the presence of two factor components with eigenvalues exceeding 1. The table above indicates that four factors accounted for 83.28% of the total variance. Items loaded on factor 1 were entitled knowledge about Islamic values, contained three items, and accounted for 61.37% of the variance in the observed values. Factor 2 was entitled perception of compatibility between Islamic banking and Islamic values, contained four items, and accounted for 83.28% of the variance in the observed values.

The results in Table 6.9 present the forced four factor solutions after all the diagnostics for suitability of factor analysis were performed, and after variables with low communalities were removed. Only variable loading greater than 0.4 are shown, items that had loading below 0.4 and loaded on more than one factor were removed. Factor loadings of question IB8 were below 0.4 and were subsequently eliminated. However, significant variables were assessed for each factor, specifically to the variables with the higher loading. A title
was assigned to each factor according to the reflected variable loading. Islamic banking principles has two factors and five items as follows:

Factor 1: Islamic values: questions IB6, IB5, IB7
Factor 2: Islamic ethics: questions IB11, IB21

Please see table 6.9.

6.4.9 The reliability of each of the Islamic principles variables

The reliability of each of the variables was assessed through Cronbach’s Alpha. The reliability test is reported in Table 6.10 below. However, the results indicate a strong reliability demonstration with Cronbach Alpha ranging from 0.78 to 0.89. Cavana et al. (2001) indicated, reliability of 0.8 is preferable, reliability with less than 0.6 is considered poor, and the ones with 0.7 are considered acceptable (see Table 6.10 below). As a result the dimensions Islamic principles are reliable.
Table 6.10: Note: Summary of Islamic principles components. The correlated item-total correlation = CITC, Overall reliability Cronbach’s Alpha = α

<table>
<thead>
<tr>
<th>Variable</th>
<th>Scale Item</th>
<th>Scale Item</th>
<th>Mean</th>
<th>SD</th>
<th>Factor Loading</th>
<th>No. Items in Set</th>
<th>Reliability CITC</th>
<th>Cronbach’s Alpha (α)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Islamic Ethics</td>
<td>IB6</td>
<td>Because of Islam, the bank cares more about its employees</td>
<td>2.2</td>
<td>1.02</td>
<td>.938</td>
<td>.823</td>
<td>.851</td>
<td>0.89</td>
</tr>
<tr>
<td></td>
<td>IB5</td>
<td>Because of Islam, honesty and fairness are the core values of the bank</td>
<td>2.10</td>
<td>.943</td>
<td>.907</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IB7</td>
<td>To comply with Islamic values, the bank highly considers societal interests</td>
<td>2.25</td>
<td>.960</td>
<td>.807</td>
<td>.727</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Islamic Values</td>
<td>IB2</td>
<td>Islamic values require having social duties towards the society</td>
<td>1.82</td>
<td>.752</td>
<td>.900</td>
<td>.646</td>
<td></td>
<td>0.78</td>
</tr>
<tr>
<td></td>
<td>IB1</td>
<td>Employees of the bank have knowledge about basic teaching of Islam</td>
<td>1.80</td>
<td>.747</td>
<td>.865</td>
<td>.646</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
6.4.10 Factor Analysis Components

Table 6.11: Mean and Standard Deviation for all Components after alteration

<table>
<thead>
<tr>
<th>Factor</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Human Capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training and Development</td>
<td>2.12</td>
<td>3.897</td>
</tr>
<tr>
<td>Career Development</td>
<td>2.03</td>
<td>2.562</td>
</tr>
<tr>
<td>Skills and Knowledge</td>
<td>2.17</td>
<td>1.428</td>
</tr>
<tr>
<td><strong>Social Capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust and Reciprocity</td>
<td>2.44</td>
<td>3.26</td>
</tr>
<tr>
<td>Networking</td>
<td>1.97</td>
<td>2.2</td>
</tr>
<tr>
<td>Attitude and Behaviour</td>
<td>2.15</td>
<td>1.98</td>
</tr>
<tr>
<td>Wasta</td>
<td>2.2</td>
<td>2.81</td>
</tr>
<tr>
<td><strong>Culture</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uncertainty Avoidance</td>
<td>1.76</td>
<td>1.95</td>
</tr>
<tr>
<td>Masculinity/ Femininity</td>
<td>2.7</td>
<td>3.049</td>
</tr>
<tr>
<td>Power Distance</td>
<td>2.88</td>
<td>2.085</td>
</tr>
<tr>
<td>Individualism/Collectivism</td>
<td>2.027</td>
<td>1.597</td>
</tr>
<tr>
<td><strong>Islamic Principles</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Islamic Ethics</td>
<td>1.82</td>
<td>1.36</td>
</tr>
<tr>
<td>Islamic Values</td>
<td>2.2</td>
<td>2.66</td>
</tr>
</tbody>
</table>

Notes: *SD = Slandered Deviation, N = 182

Table 6.11 shows the mean values for human capital dimensions, social capital dimensions culture dimensions and Islamic principles dimensions. For the human capital dimensions, the mean values of training and development (M=2.12) indicating that the respondents answers were between agree and neutral. The mean of Career development was (M=2.03) indicating that most of the responses were agree. The mean for skills and knowledge (M=2.17) indicating that most of the responses also were agree.

For the social capital dimensions, the mean for trust and reciprocity (M=2.44), indicating that responses were between agree and neutral. The mean values for networking (M=1.97) indicating that the respondents agreed that networking is important in there working environment. The mean value of attitude and behaviour (M=2.15) indicating that the respondents agreed that behaviour and attitude is an important aspect in their work. Surprisingly wasa shows the it is important for respondents as the mean for wasa scale was (M=2.20)
Chapter six: Data Analysis

For the Culture dimensions, the respondents agreed that clarity and rules are important in their work environment. The mean values for Uncertainty avoidance (M=1.766) indicate that the respondents were high in uncertainty avoidance, as they prefer clear roles and structure. The mean values for Masculinity/Femininity, shows a neutral responses regarding to the role of men and women as the mean was (M=2.703) indicating that there is no difference between the role gender in the working environment. The mean values for Power distance (M=2.882), indicating a neutral responses which mean the they don’t accept the hierarchy distribution of power in the organisation. The mean values for individualism/collectivism, the responses were collectivist as the mean values (M=2.027) indicating that people in this society share, cooperate and believe in the wellbeing of the group in their decision-making.

For the Islamic Principles dimensions, Islamic ethics (M=1.82) indicating that respondents believe that Islamic ethics are important. The mean values for Islamic values (M=2.20) indicating that Islamic values are important towards society.
Section three

6.9 Testing Hypothesis

This section continues to study 6 set of hypothesis are being tested from the construct variables developed. The statistical methodology is explained for testing the first three hypothesis (H1, H2, H3) through a correlation test, and then the results are reported. However, the rest of the three hypothesis (H4,H5,H6) were tested through hierarchical regression to identify the impact of three sets of variables, demographics, culture/Islamic principles and social capital on training and development, skills and knowledge and career development in the Islamic banking sector in UAE. Hypotheses statements can be seen in section (6.12). The main objective for this study to develop a framework for human capital capacity building in UAE Islamic Banks in order to counteract the challenges of Emiratisation, and improve the human resource development practices of senior Emirati managers in Islamic banks. The results are reported and the hypothesis are either accepted or rejected.

6.9.1 H1 Test:

Statistical technique: Pearson’s correlation coefficient

Hypothesis 1: There is a significant correlation between social capital and human capital variables

Results: are presented in Table 6.12 introducing the mean, standard deviation, and bivariate correlation matric of the variables for Hypotheses H1,H2 and H3.

Correlation between Human capital and Social Capital

Most of the results used in the research identified good internal consistency as Alpha (α) values ranged from 0.66 to 0.89. The Alpha scores for all the dimensions were above the critical value of 0.60 (Pallant, 2010). In particular, all dimensions achieved Alpha value above 0.7, apart from individualistic/collectivism (α=0.668). Such results indicate an appropriate reliability and internal consistency. Correlation is used to explore the relationship between a groups of variables and indicates the strength and direction of the relationship of variables (Pallant, 2010). Above 0.70, Alpha demonstrates a strong reliability ranging from 0.66 to 0.89. The results in Table 6.15 show a strong significant and positive relationship between human capital constructs, social capital constructs, such as training and development, and trust and reciprocity (r=0.66 p<0.01), training and development and networking (r=0.58 p<0.01), training and development,
and attitude and behaviour ($r=0.62 \ p<0.01$) and career development and networking ($r=0.45 \ p<0.01$), career development and attitude and behaviour ($r=0.63 \ p<0.01$), career development and trust and reciprocity ($r=0.52 \ p<0.01$), skills and knowledge and wasita ($r=0.17 \ p<0.05$), skills and knowledge, and attitude and behaviour ($r=0.42 \ p<0.01$), skills and knowledge, and trust and reciprocity ($r=0.46 \ p<0.01$) skills and knowledge, and networking ($r=0.21 \ p<0.01$). However, a significant and negative relationship was indicated between gender and skills and knowledge ($r= -.199 \ p<0.05$). This indicates that there are some significant correlations between dimensions of Human capital and social capital.

**Conclusion**: Hypothesis 1 is partially supported as there is a correlation between most of the variables of human capital and social capital.

**6.9.2 H2 Test**

**Hypothesis 2**: There is a significant correlation between human capital and culture/Islamic principles

**Correlation between Human Capital and Culture / Islamic Principles**

The results in Table 6.12 also indicate a strong relationship between human capital (training and development, skills and knowledge, and career development), and culture and Islamic ethics. For example, training and development is highly correlated with uncertainty avoidance ($r=0.46 \ p<0.01$), individualistic/collectivist ($r=0.26 \ p<0.01$), Islamic principles ethics ($r=0.39 \ p<0.01$), and Islamic principles values ($r=0.35 \ p<0.01$). Skills and knowledge is highly correlated with three elements of culture, such as uncertainty avoidance ($r=0.18 \ p<0.05$), individualistic/collectivist ($r=0.24 \ p<0.01$), Islamic ethics ($r=0.28 \ p<0.01$). Career development is highly correlated with four elements of culture, such as uncertainty avoidance ($r=0.40 \ p<0.01$), individualistic/collectivist ($r=0.37 \ p<0.01$), Islamic principles ethics ($r=0.54 \ p<0.01$) and Islamic principles values ($r=0.48p<0.01$). This indicates that there are some significant correlations between dimensions of human capital and cultural/Islamic principles.

**Conclusion**: Hypothesis 2 is partially supported, as there is a significant correlation between human capital and culture/Islamic principles.
6.9.3 H3 Test

**Hypothesis 3:** There is a significant correlation between social capital and culture/Islamic principles.

**Correlation between Social capital and Culture/Islamic Principles**

Wasta is highly and positively correlated with age ($r=0.02 \ p<0.01$), wasta and years of Islamic banks ($r=0.17 \ p<0.05$), wasta and power distance ($r=0.46 \ p<0.01$), wasta and masculinity/femininity ($r=0.49 \ p<0.01$), trust and reciprocity, and was highly positively correlated with most of culture constructs, such as uncertainty avoidance ($r=0.29 \ p<0.01$), individual/collectivist ($r=0.26 \ p<0.01$), Islamic ethics ($r=0.44 \ p<0.01$), and Islamic values ($r=0.32 \ p<0.01$). The results support the literature that e.i principles of Islam influence organisations and individual perceptions, feelings attitudes and behaviour towards others (Pratten and Mashat, 2009). This indicates that there is some significant correlations between dimensions of Social capital and cultural/Islamic principles.

Networking was highly positively correlated with attitude and behaviour ($r=0.49 \ p<0.01$), networking and highest level of education ($r=0.24 \ p<0.01$), most constructs of culture and Islamic principles, such as masculinity/femininity ($r=0.15 \ p<0.05$), uncertainty avoidance ($r=0.58 \ p<0.01$), individualistic/collectivist ($r=0.22 \ p<0.01$), Islamic principles ethics ($r=0.35 \ p<0.01$), and Islamic principles values ($r=0.47 \ p<0.01$). Attitude and behaviour is also highly correlated with most of culture and Islamic principles, for instance uncertainty avoidance ($r=0.37 \ p<0.01$), individualistic/collectivist ($r=0.33 \ p<0.01$), Islamic principles ethics ($r=0.68 \ p<0.01$), and Islamic principles values ($r=0.49 \ p<0.01$). There is also a highly significant correlation between level of education and masculinity/femininity ($r=0.27 \ p<0.01$). Islamic principles values are highly correlated with uncertainty avoidance ($r=0.47 \ p<0.01$), and individualist/collectivist ($r=0.37 \ p<0.01$), and between Islamic principles ethics and uncertainty avoidance ($r=0.37 \ p<0.01$), and individualist/collectivist ($r=0.35 \ p<0.01$).

Demographics, such as age and religion were highly correlated with social capital constructs and culture, where age and wasta were correlated ($r=0.22 \ p<0.01$), age and power distance ($r=0.18 \ p<0.05$) and age and masculinity/femininity ($r=0.16 \ p<0.05$), religion and masculinity/femininity ($r=0.14 \ p<0.05$).
However, a significant and negative relationship was found between wasata and culture elements such as individualistic/collectivistic ($r= -0.162 \ p<0.05$), wasata and Islamic principles ethics ($r= -0.27 \ p<0.01$), wasata and Islamic principles value ($r= -0.26 \ p<0.01$), years of service in conventional banks and Islamic principles values ($r= -0.17 \ p<0.05$). Gender and skills and knowledge ($r= -0.019 \ p<0.05$), wasata and trust and reciprocity ($r= -0.061 \ p<0.05$). The results from Table 6.12 indicate a correlation between most of the variables of human capital, social capital and culture.

**Conclusion:** Hypothesis 3 is partially supported, as there is a correlation between significant correlation between social capital and culture/ Islamic principles.
### Correlation for the variables

| Correlations                  | Mean | SD   | Sex  | Age  | Religion | Years of Service in IB | Years of Service in CB | Training Development | Skills Knowledge | Career Development | Trust Reciprocity | Networking | Attitude Behaviour | Wasta | Power Distance | Masculin Feminin | Uncertainty | Individual Collectiv | Islamic Ethics | Islamic Values | Education level |
|------------------------------|------|------|------|------|----------|-------------------------|------------------------|----------------------|-----------------|------------------|---------------------|----------------|-----------------|-----------------|---------------|-------------------|----------------|-----------------|------------------|
| Sex                          | 1.42 | 0.49 |      |      |          |                         |                        |                      |                 |                  |                    |               |                 |                 |               |                   |                 |                 |                  |
| Age of respondent            | 2.27 | 0.72 | -1.61*|      |          |                         |                        |                      |                 |                  |                    |               |                 |                 |               |                   |                 |                 |                  |
| Religion                     | 1.08 | 0.26 | -0.77 | 0.035|          |                         |                        |                      |                 |                  |                    |               |                 |                 |               |                   |                 |                 |                  |
| Years of Service in Islamic Banks | 1.64 | 0.63 | -0.139 | 0.380**| 0.033   |                         |                        |                      |                 |                  |                    |               |                 |                 |               |                   |                 |                 |                  |
| Years of Service in Conventional banks | 2.04 | 1.37 | -0.019 | -0.106 | -0.054 | 0.114                  |                        |                      |                 |                  |                    |               |                 |                 |               |                   |                 |                 |                  |
| Training Development         | 2.16 | 0.65 | -0.12 | -0.001| 0.008   | 0.008                  | 0.036                  |                      |                 |                  |                    |               |                 |                 |               |                   |                 |                 |                  |
| Skills Knowledge             | 2.16 | 0.65 | -1.99**| 0.134| 0.134   | 0.116                  | 0.055                  | 0.515                |                 |                  |                    |               |                 |                 |               |                   |                 |                 |                  |
| Career Development           | 2.03 | 0.63 | -0.091 | 0.018| 0.066   | -0.005                 | 0.111                  | .495**               | .364**          |                 |                    |               |                 |                 |               |                   |                 |                 |                  |
| Trust Reciprocity            | 2.43 | 0.65 | -0.055 | -0.14 | -0.023  | -0.143                 | -0.017                 | .662**               | .463**          | .529**          |                    |               |                 |                 |               |                   |                 |                 |                  |
| Networking                   | 1.97 | 0.73 | 0.02  | -0.006| 0.018   | -0.117                 | -0.127                 | .584**               | .210**          | .454**          | .564**              |               |                 |                 |               |                   |                 |                 |                  |
| Attitude Behaviour           | 2.2  | 0.67 | -0.129 | -0.004| 0.084   | -0.029                 | 0.074                  | .625**               | .429**          | .633**          | .529**              | .496**         |                 |                 |               |                   |                 |                 |                  |
| Wasta                        | 2.2  | 0.7  | -0.068 | 0.211**| 0.063   | .179                  | -0.088                 | 0.082                | .176**          | -0.01           | -0.061              | -0.056         | -0.047          |                 |               |                   |                 |                 |                  |
| Power Distance               | 2.88 | 1.04 | 0.037 | .181* | 0.122   | 0.137                 | -0.081                 | 0.08                 | .168**         | 0.05            | -0.005              | -0.073         | 0.013           | .464**           |               |                   |                 |                 |                  |
| Masculin Feminin             | 2.69 | 1.01 | 0.075 | .167* | .147*   | 0.114                 | -0.116                 | 0.103                | 0.115           | .067            | .119               | .156*          | -0.018         | .499**            | .322**         |                   |                 |                 |                  |
| Uncertainty                  | 1.76 | 0.64 | -0.026 | 0.107| 0.041   | -0.012                 | 0.012                  | .465**               | .183**          | .409**          | .290**              | .588**         | .379**         | -0.084            | -0.112         | -0.032            |                 |                 |                  |
| Individual Collectiv         | 2.02 | 0.79 | -0.064 | 0.068| -0.114 | -0.052                 | 0.064                  | .265**               | .241**          | .376**          | .269**              | .221**         | .337**         | -1.16             | -0.013         | -0.049            | 0.115           |                 |                  |
| Islamic Ethics               | 2.2  | 0.88 | -0.084 | -0.018| -0.081 | -0.042                 | 0.006                  | .398**               | .284**          | .544**          | .441**              | .359**         | .628**         | -2.79**           | -0.093         | -0.076            | .376**          | .356**         |                   |
| Islamic Values               | 1.96 | 0.66 | 0.095 | 0.116| -0.139 | -0.089                 | -0.171                 | .335**               | .083            | .488**          | .322**              | .473**         | .492**         | -2.65**           | -0.134         | -0.064            | .471**          | .375**         | .611**           |
| Highest education level acheived | 3.42 | 0.61 | 0.023 | 0.007| 0.039   | -0.012                 | 0.011                  | 0.059                | -0.082         | -0.038         | 0.038               | .245**         | -0.019         | .188*             | 0             | .279**            | 0.025           | -0.069         | 0.037             | -0.072         |

* Correlation is significant at the 0.05 level (2-tailed).
** Correlation is significant at the 0.01 level (2-tailed).

Table 6.12 Note: N=182. : matrix Comparison of Means, SD, and correlation for variables
6.10 Normality:

A hierarchical regression analysis was conducted in order to indicate the impact of three sets of variables, demographic variables, culture/Islamic principles variables, social capital variables, on three human capital dependents variables (training and development, skills and knowledge and career development).

The purpose of this study is to develop a framework for human capital capacity-building in UAE Islamic Banks in order to counteract the challenges of Emiratisation and improve the human resource development practices of senior Emirati managers in Islamic banks. After controlling the demographic variables, analysis was conducted using SPSS 20. In the analysis, there were three dependent variables: training and development, career development, and skills and knowledge. A key process in this analysis was to identify the differences in the semi-partial correlation ($sr$) of the independent variables.

The most important assumptions underlying multivariate analysis are the normality of data. Hair et al. (2010) defined normality as the extent to which the distribution of the data sample resembles the normal distribution (Hair et al., 2010). For this study, several tests were employed to assess the normality assumptions. These include scatter-plots test, skewness and kurtosis tests. Testing normality can be challenging as it involves the examination of an infinite number of linear combinations (Jayaram and Baker, 2008). Skewness is identified as the symmetry of a distribution around the mean (De Vaus, 2002). Positive skewness value distribution means that the long tail of the clustered scores is to the right towards the higher values in the horizontal axis, and this indicates that the mean is bigger than the median and thus larger than the mode. The negative skewed distribution indicates a clustering of scores at left side towards the lower values on the horizontal axis; this indicates that the mean is less than the median and the mode (De Vaus, 2002). On the other hand, kurtosis gives information about how the distribution is flatted and peaked (Pallant, 2010). A positive kurtosis indicates that the clustered scores are peaked in the centre of the graph: if the value of the scores is below 0 then the distribution is rather flat. However, negative kurtosis indicates that the distribution is more highly peaked than the normal distribution (Pallant, 2010). According to Weston et al. (2008), skewness values of less than 2 and kurtosis values of less than 7 suggest that there are no serious violations of the normality assumption.
Table 6.13 below shows the skewness and kurtosis for each variable in the study. The results demonstrate that all the items do not have extreme skewness or kurtosis. All the items show skewness values between (1, -1) and kurtosis values of less than 4. According to this cut off point the kurtoses test result indicates that the normality requirement has been satisfied and the skeweness and kurtosis values for all items were below (1, -1).

**Table 6.13: Skewness and Kurtosis statistic**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training Development</td>
<td>0.042</td>
<td>-0.889</td>
</tr>
<tr>
<td>Career Development</td>
<td>0.596</td>
<td>0.544</td>
</tr>
<tr>
<td>Skills Knowledge</td>
<td>0.241</td>
<td>0.398</td>
</tr>
<tr>
<td>Trust Reciprocity</td>
<td>0.309</td>
<td>0.65</td>
</tr>
<tr>
<td>Networking</td>
<td>0.335</td>
<td>-0.38</td>
</tr>
<tr>
<td>Attitude Behaviour</td>
<td>0.098</td>
<td>0.1</td>
</tr>
<tr>
<td>Wasta</td>
<td>0.413</td>
<td>-0.211</td>
</tr>
<tr>
<td>Uncertainty</td>
<td>0.412</td>
<td>-0.455</td>
</tr>
<tr>
<td>Masculine Feminine</td>
<td>-0.134</td>
<td>-0.787</td>
</tr>
<tr>
<td>Power Distance</td>
<td>-0.047</td>
<td>-0.964</td>
</tr>
<tr>
<td>Individual Collective</td>
<td>0.815</td>
<td>1.156</td>
</tr>
<tr>
<td>Islamic Ethics</td>
<td>0.624</td>
<td>0.057</td>
</tr>
<tr>
<td>Islamic Values</td>
<td>0.157</td>
<td>-0.478</td>
</tr>
</tbody>
</table>

N=182

6.11 Collinearity

A collinearity diagnostic on the dataset was performed in this study to indicate any problems with multicollinearity. Kraha et al. (2012) point out that multicollinearity takes place when two or more independent variables are highly correlated with each other (>0.8). Therefore, multicollinearity can be assessed by the correlation matrix (Pallant, 2010). Multicollinearity results in an increase of the complexity of inferring results due to the combined prediction of the independent variables (Nimon et al., 2010). Additionally, multicollinearity can be evaluated by two assumptions: tolerance and variance inflation factor (VIF). Tolerance is an indication of the variability of a specific independent that is not explained by the other independent variables in the model (Field, 2000). If the value of
tolerance is less than (0.1), this suggests a high correlation between the independent variables, and therefore an indication of multicollinearity (Pallant, 2010).

For this study, tolerance values were high; for instance, the tolerance score for education qualification was 0.86 in the Islamic banking sector. To indicate the presence of collinearity, high correlation (0.9) should occur (Hair et al., 2006). In this study the highest correlations are training and development and trust and reciprocity (0.662), and training and development and attitude and behaviour (0.625), followed by career development and attitude and behaviour (0.633). The value of the variance inflation factor (VIF) is the opposite of the tolerance value: it can be calculated (1/ divided by Tolerance) (Pallant, 2010). As can be seen in table (6.17), the tolerance values for all factors were above the cut off value of (0.1). Additionally, the VIF values for all factors were all between (1,5), The results of this study were below the cut-off of 5, which indicates a complete lack of multicollinearity (Hair et al., 2006). Collectively such result indicates the absence of multicollinearities.

Table 6.14: Collinearity Statistics

<table>
<thead>
<tr>
<th>Collinearity Statistics</th>
<th>T</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training and Development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uncertainty</td>
<td>0.53</td>
<td>1.88</td>
</tr>
<tr>
<td>Attitude Behaviour</td>
<td>0.40</td>
<td>2.45</td>
</tr>
<tr>
<td>Trust Reciprocity</td>
<td>0.52</td>
<td>1.89</td>
</tr>
<tr>
<td>Skills and Knowledge</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual/ Collectivist</td>
<td>0.76</td>
<td>1.31</td>
</tr>
<tr>
<td>Islamic Values</td>
<td>0.40</td>
<td>2.48</td>
</tr>
<tr>
<td>Wasta</td>
<td>0.52</td>
<td>1.89</td>
</tr>
<tr>
<td>Networking</td>
<td>0.40</td>
<td>2.45</td>
</tr>
<tr>
<td>Trust Reciprocity</td>
<td>0.51</td>
<td>1.93</td>
</tr>
<tr>
<td>Career Development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service in CB</td>
<td>0.82</td>
<td>1.21</td>
</tr>
<tr>
<td>Individual/ Collectivist</td>
<td>0.76</td>
<td>1.31</td>
</tr>
<tr>
<td>Islamic Values</td>
<td>0.40</td>
<td>2.48</td>
</tr>
<tr>
<td>Wasta</td>
<td>0.52</td>
<td>1.89</td>
</tr>
<tr>
<td>Networking</td>
<td>0.40</td>
<td>2.45</td>
</tr>
</tbody>
</table>
6.12. Hierarchical Regression Analysis

The hierarchical regression test was conducted to identify the variables that can improve senior managers training and development, performance and decision making in the financial sector. In this analysis, there were three dependent variables training and development, skills and knowledge and career development. The test process in this analysis was to identify the change in the semi- partial correlation ($sr$) of the independent variables.

The part correlation (semi-partial correlation) is used to explain a specific portion of variance by a given independent variable (Tabachnick and Fidell, 2007). Part correlation is different from semi-partial correlation. Semi-partial correlation is the correlation of an independent variable and dependent variable while controlling for the effects of the covariate or another variable on either the independent or the dependent variable. The covariate in the semi-partial correlation can either be applied in the dependent or the independent variable, not both to the total variance of the dependent variable (Tabachnick and Fidell, 2007). Part correlation is when the influence of other independent variables is taken out for both independent and dependent variables (Tabachnick and Fidell, 2007).

In this study a part correlation is used in this analysis, specifically hierarchical regression, in order to indicate which independent variables explain the effect of the unique variance at each step. There were three sets of variables entered into the hierarchical regression analysis. The first set of variables were the respondents demographic variables (gender, age, religion, education level, years of IB, years of CB). In the second step of the hierarchical regression, variables of culture / Islamic principles were entered to the analysis (power distance, masculinity/femininity, uncertainty avoidance, individualistic/collectivistic, Islamic ethics, and Islamic values). In the third step of the regression analysis, the social capital variables were added to the equation (wasta, attitude and behaviour, networking, trust and reciprocity).

The three-stage hierarchical regression analysis is individually examined to test the unique variance in the human capital variables of training and development, skills and knowledge and career development. After contorting the demographic set of variables, those for culture and Islamic principles and the social capital set of variables for each of the human capital variables in order to indicate the unique variance of human capital variables in the
study. Variables from both culture and Islamic principles and social capital variable were explained in order to explain the unique variance in the three dependent variables (training and development, career development, skills and knowledge) that comprised the human capital construct after controlling. However, a dummy variable was entered in step one of the hierarchical regression analysis such as religion and gender. Hierarchical regressions of these variables are discussed in the following section.

6.12.1 H4 Independent variable Training and development

In this section, a three-stage hierarchical regression analysis was demonstrated to test H4, H5, H6. This section start with identifying the selection of the independent variables and dependent variables. The selection indicates that the role-played by each independent variables in the prediction on the measurement of the dependent. Consequently, the relationship between the dependent variables and independent variables is examined by forming the variate of independent variable, then the sign, statistical significance of the regression coefficient in three stages for each independent variable are examined. The first variables to enter were the demographics followed by culture/Islamic principles and social capital variables.

Hypothesis (H4) : After controlling the demographic set of variables (gender, age, religion, level of edu, years of IB, years of CB), then culture and Islamic principles set of variables (power distance, Masculinity/femininity, uncertainty avoidance, individualistic/collectivist, Islamic values and Islamic ethics), and the set of variables of social capital (networking, trust, attitude and behaviour and wasta), the unique variance in the human capital of training and development is explained.

Step 1 demographic variable on Human capital variable (Training and Development)

In this step (Model 1), demographic variables (gender, age, religion, level of education, years of IB, years of CB) were entered into the hierarchical regression and acted as controls, as shown in Figure 6.1, to see which demographic variables are significant for training and development constricts. To show which demographic variables are significant for training and development constricts.
Figure 6.1: Model 1 demographic variables on training and development construct

Table 6.15: Model 1 statistical summary of Training and development

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>F</th>
<th>Std. Error of the Estimate</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.140</td>
<td>0.020</td>
<td>-0.014</td>
<td>.584</td>
<td>.65</td>
<td>0.742</td>
</tr>
</tbody>
</table>

In Table 6.18, the multiple R (.140) was found statistically insignificant. The percept of variability in the dependent variable that can be accounted for by all the predictors together, can be interoperable for the R2, R square (R2)=0.020. It represents how much predictive power was added to the model. The model is not significant (0.742) p <0.05. In total, 2% (-1.4% adjusted) of the variation in training and development accounted for the set of demographic variables.

Step 2 demographic variable and Culture and Islamic principles on Human capital variable (Training and Development)

In the second step (Model 2), culture and Islamic principles were entered after the demographic variables into the hierarchical regression as shown in Figure 6.2 below. This figure confirms which variables were entered in each step – the demographic variables in step 1 and culture and Islamic variables in step two.
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Figure 6.2: Model 2 culture /Islamic variables on training and development

The introduction of the culture and Islamic principles variables (power distance, masculinity/femininity, uncertainty avoidance, individualistic/collectivistic, Islamic ethics and Islamic values) caused $R^2$ to change from 0.020 in model 1 to .348 in model 2: see Table 6.20 below, a statistical summary of models 1 and 2 of training and development. The implication of this analysis cannot be fully explained until the other dependent variables are entered (Social capital and culture) to the final model.

Table 6.16: Models 1 and 2, Statistical summary of training and development

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>F</th>
<th>Std. Error of the Estimate</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.140</td>
<td>0.02</td>
<td>-0.014</td>
<td>0.584</td>
<td>0.65742</td>
<td>0.742</td>
</tr>
<tr>
<td>2</td>
<td>.590</td>
<td>0.348</td>
<td>0.302</td>
<td>14.182</td>
<td>0.54559</td>
<td>0.000</td>
</tr>
</tbody>
</table>

The results indicate a significant change in $R^2$ ($R^2$=0.328, $P < 0.001$). The multiple R (0.590) was statistically significant, $R^2$=0.348, $p < 0.001$. In total, 34.8% (30.3% adjusted) of the variance in training and development was accounted for by the set of culture and Islamic principles variables, in addition to the 2% variance by the demographic set of variables grouping.
Table 6.17: Coefficient Regression Model 2, Training and Development

<table>
<thead>
<tr>
<th>Model 2</th>
<th>Unstandardised Coefficients</th>
<th>Standardised Coefficient</th>
<th>t</th>
<th>Sig.</th>
<th>Correlations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta (β)</td>
<td></td>
<td>Zero-order</td>
</tr>
<tr>
<td>(Constant)</td>
<td>0.725</td>
<td>0.403</td>
<td>1.797</td>
<td>0.074</td>
<td></td>
</tr>
<tr>
<td>Sex</td>
<td>-0.16</td>
<td>0.087</td>
<td>-0.122</td>
<td>-1.842</td>
<td>0.067</td>
</tr>
<tr>
<td>Age</td>
<td>-0.113</td>
<td>0.064</td>
<td>-0.126</td>
<td>-1.761</td>
<td>0.08</td>
</tr>
<tr>
<td>Religion</td>
<td>-0.022</td>
<td>0.157</td>
<td>-0.009</td>
<td>-0.14</td>
<td>0.889</td>
</tr>
<tr>
<td>Education level</td>
<td>0.028</td>
<td>0.07</td>
<td>0.026</td>
<td>0.402</td>
<td>0.688</td>
</tr>
<tr>
<td>Years in IB</td>
<td>0.029</td>
<td>0.072</td>
<td>0.028</td>
<td>0.401</td>
<td>0.689</td>
</tr>
<tr>
<td>Years in CB</td>
<td>0.017</td>
<td>0.032</td>
<td>0.035</td>
<td>0.525</td>
<td>0.601</td>
</tr>
<tr>
<td>Uncertainty</td>
<td><strong>0.389</strong></td>
<td><strong>0.073</strong></td>
<td><strong>0.387</strong></td>
<td><strong>5.308</strong></td>
<td><strong>0.000</strong></td>
</tr>
<tr>
<td>Masculine/ Feminine</td>
<td><strong>0.078</strong></td>
<td><strong>0.045</strong></td>
<td><strong>0.121</strong></td>
<td><strong>1.713</strong></td>
<td><strong>0.089</strong></td>
</tr>
<tr>
<td>Power Distance</td>
<td><strong>0.086</strong></td>
<td><strong>0.043</strong></td>
<td><strong>0.137</strong></td>
<td><strong>2.013</strong></td>
<td><strong>0.046</strong></td>
</tr>
<tr>
<td>Individual Collectives</td>
<td><strong>0.12</strong></td>
<td><strong>0.057</strong></td>
<td><strong>0.147</strong></td>
<td><strong>2.103</strong></td>
<td><strong>0.037</strong></td>
</tr>
<tr>
<td>Islamic Ethics</td>
<td><strong>0.131</strong></td>
<td><strong>0.062</strong></td>
<td><strong>0.179</strong></td>
<td><strong>2.134</strong></td>
<td><strong>0.034</strong></td>
</tr>
<tr>
<td>Islamic Values</td>
<td><strong>0.049</strong></td>
<td><strong>0.092</strong></td>
<td><strong>0.05</strong></td>
<td><strong>0.534</strong></td>
<td><strong>0.594</strong></td>
</tr>
</tbody>
</table>

Table 6.17 above indicates that the standardised regression coefficient (β) for value variables of culture and Islamic principles uncertainty avoidance (β=0.387, p<0.001), Power Distance (β=0.137, p<0.005), Individual Collectives (β=0.147, p<0.005) and Islamic Ethics (β=0.179, p<0.005), were significant. Of 34.8% explained variance, the squared semi-partial correlation (sr<sup>2</sup>) shown in the “part” section of Table 6.17 explains that the majority of the dominant variables in terms of unique variance were 2%, uncertainty avoidance were 11% (sr<sup>2</sup>=0.33); Power Distance were 1.7% (sr<sup>2</sup>=0.125); Individual Collectives 1.77% (sr<sup>2</sup>=0.131); and Islamic Ethics 1.8% (sr<sup>2</sup>=0.133) when all variables in the equation were controlled for.

Conversely, the pattern of significance for the demographic variables did not change. In step 1 (Model 1), demographic variables were not significant and stayed insignificant, also in step 2 (Model 2). This indicates that demographic variables in step 2 explain an insignificant amount of unique variance of the total variance, 34.8%, in training and development in Islamic banks. Variables of cultural and Islamic principles were significant predictors and explained the unique variation in training and development; these are uncertainty avoidance, power distance, individualistic/collectivistic and Islamic ethics. Of these, uncertainty avoidance explains the greatest unique variance in training and development followed by Islamic ethics, individual collectives and power distance. In step
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2, gender, age, religion, education level, service in IB, service in CB, masculinity/femininity and Islamic values, did not significantly explain any additional unique variation. The implication of this analysis cannot be fully explained until the other dependent variables are entered (social capital and culture) to the final model.

Step 3 demographic variable, culture and Islamic principles and social capital variables on human capital variable (training and development)

In the third step (Model 3), social capital variables were added after controlling for demographic and culture and Islamic principles variables in the hierarchical regression as shown in Figure 6.3 below. This is the final step of the training and development model that confirms which variables were entered in step 1, step 2 and step 3.

Figure 6.3: Model 3 social capital on training and development

Table 6.18: Model 1, 2, 3 Training and development summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>F</th>
<th>Std. Error of the Estimate</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.140</td>
<td>0.02</td>
<td>-0.014</td>
<td>0.584</td>
<td>0.65742</td>
<td>0.742</td>
</tr>
<tr>
<td>2</td>
<td>0.590</td>
<td>0.348</td>
<td>0.302</td>
<td>14.182</td>
<td>0.54559</td>
<td>0.000</td>
</tr>
<tr>
<td>3</td>
<td>0.792</td>
<td>0.628</td>
<td>0.592</td>
<td>17.411</td>
<td>0.41705</td>
<td>0.000</td>
</tr>
</tbody>
</table>

The introduction of the social capital variables (trust and reciprocity, networking, attitude and behaviour and wasta) caused $R^2$ to change from 0.348 in model 2 to 0.628 in model 3, see Table 6.18 above. This was a significant change in $R^2$ ($R^2=0.628, p < 0.001$). The multiple R (0.792) was statistically significant, $R^2=0.628$. In total, a 62.8% variation in
training and development was accounted for by the set of social capital variables, and the 34.8% variance explained by social capital set of variables was accounted for. In total, 62.9% of variance was explained.

Table 6.19: Coefficient Regression: Training and development

<table>
<thead>
<tr>
<th>Model 3</th>
<th>Unstandardised Coefficients</th>
<th>Standardised Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Correlations</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>B</td>
<td></td>
<td>Zero-order</td>
<td>Partial</td>
</tr>
<tr>
<td>(Constant)</td>
<td>-0.173</td>
<td>0.34</td>
<td>-0.599</td>
<td>0.611</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td>-0.059</td>
<td>0.068</td>
<td>-0.044</td>
<td>0.866</td>
<td>0.387</td>
<td>-0.12</td>
</tr>
<tr>
<td>Age</td>
<td>-0.021</td>
<td>0.05</td>
<td>-0.023</td>
<td>0.41</td>
<td>0.682</td>
<td>-0.001</td>
</tr>
<tr>
<td>Religion</td>
<td>-0.099</td>
<td>0.124</td>
<td>-0.041</td>
<td>0.799</td>
<td>0.426</td>
<td>0.008</td>
</tr>
<tr>
<td>Education level</td>
<td>0.004</td>
<td>0.058</td>
<td>0.003</td>
<td>0.664</td>
<td>0.949</td>
<td>0.059</td>
</tr>
<tr>
<td>Service in IB</td>
<td>0.069</td>
<td>0.055</td>
<td>0.067</td>
<td>1.252</td>
<td>0.212</td>
<td>0.008</td>
</tr>
<tr>
<td>Service in CB</td>
<td>0.011</td>
<td>0.025</td>
<td>0.023</td>
<td>0.431</td>
<td>0.667</td>
<td>0.036</td>
</tr>
<tr>
<td>Uncertainty</td>
<td>0.207</td>
<td>0.066</td>
<td>0.206</td>
<td>3.161</td>
<td>0.002</td>
<td>0.465</td>
</tr>
<tr>
<td>Masculine</td>
<td>-0.015</td>
<td>0.039</td>
<td>-0.023</td>
<td>-0.377</td>
<td>0.707</td>
<td>0.103</td>
</tr>
<tr>
<td>Power Distance</td>
<td>0.04</td>
<td>0.035</td>
<td>0.064</td>
<td>1.15</td>
<td>0.252</td>
<td>0.08</td>
</tr>
<tr>
<td>Individual Collective</td>
<td>0.041</td>
<td>0.044</td>
<td>0.05</td>
<td>0.911</td>
<td>0.364</td>
<td>0.265</td>
</tr>
<tr>
<td>Islamic Ethics</td>
<td>-0.048</td>
<td>0.055</td>
<td>-0.066</td>
<td>-0.877</td>
<td>0.382</td>
<td>0.398</td>
</tr>
<tr>
<td>Islamic Values</td>
<td>-0.045</td>
<td>0.074</td>
<td>-0.046</td>
<td>-0.612</td>
<td>0.542</td>
<td>0.335</td>
</tr>
<tr>
<td>Wasta</td>
<td>0.092</td>
<td>0.061</td>
<td>0.099</td>
<td>1.503</td>
<td>0.135</td>
<td>0.082</td>
</tr>
<tr>
<td>Attitude Behaviour</td>
<td>0.305</td>
<td>0.072</td>
<td>0.314</td>
<td>4.228</td>
<td>0.000</td>
<td>0.625</td>
</tr>
<tr>
<td>Networking</td>
<td>0.126</td>
<td>0.087</td>
<td>0.141</td>
<td>1.789</td>
<td>0.075</td>
<td>0.584</td>
</tr>
<tr>
<td>Trust Reciprocity</td>
<td>0.399</td>
<td>0.066</td>
<td>0.399</td>
<td>6.093</td>
<td>0.000</td>
<td>0.662</td>
</tr>
</tbody>
</table>

Table 6.19 shows evidence that the standardised regression coefficient (β) for one cultural and Islamic principles, uncertainty avoidance (β=0.206, p<0.001), four social capital value variables attitude and behaviour (β=0.314, p<0.001 and trust and reciprocity (β= 0.399, p<0.001) were significant.

Multicollinearity shows a high degree of linear correlation between two or more independent variables, which makes it very difficult to separate between their effects on the dependent variable. It was indicated by Hair et al. (2006) that a tolerance value near 1.0 signifies a lack of multicollinearity; however, each independent variables effect on the dependent variable is assumed to be remarkable. The tolerance value for three independent variables indicated in Table 6.19 above are above 0.50; uncertainty avoidance, 0.53 and trust and reciprocity 0.52. One independent variable was less than 0.50; attitude and behaviour (0.40).

The results show that the tolerance values are less indicative of multicollinearity. They also show that all three independent variables (uncertainty avoidance, attitude and behaviour and trust and reciprocity) are significantly contributing to the dependent variable (training and development). Hence the model is finalised.
Of the 62.8% explained variance, the squared semi-partial correlations (sr²) shown in the part of column of Table 6.19 above indicates that the important variables in terms of unique variance explained were uncertainty avoidance 0.2% (sr²=0.152), attitude and behaviour 0.4% (sr²=0.201), and trust and reciprocity 8.3% (sr²=0.289) of variance, when all variables in the equation were controlled.

The pattern of significance for culture and Islamic principles value variables changed. In step 2 (model 2) power distance, individualistic/collectivistic, and Islamic ethics were significant. However they became insignificant in step 3 when controlled by the social capital additional set of variables.

Uncertainty avoidance was significant in model 2 and became significant in model 3 when controlled by the social capital set of variables. Uncertainty avoidance explained 11% (sr²=0.33) of the total 34.8% variance by the end of step 2, and now explains uncertainty avoidance 0.2% (sr²=0.15) of the total 62.8% of the total variance by the end of step 3.

With regards to the part correlation for all variables (see Table 6.19 above), trust and reciprocity has the highest part correlation (0.289), which is also statistically significant at the 0.000 level. This variable explains 8.3% of the total variance. Overall, the result indicates that trust and reciprocity, attitude and behaviour and uncertainty avoidance are significant predictors of training and development in the Islamic banking sector. Therefore, an increase in any of these three variables will result in an increase in the level of training and development. In step 3 all demographic variables, and culture and Islamic principles variables (masculinity/femininity, power distance, individualistic/collectivistic, Islamic ethics and Islamic values) did not significantly explain any additional unique variation.

6.12.2. Summary of Hierarchical regression analysis for training and development

The multiple R (0.792) was statistically significant after step 3, with all independent variables in the equation, R²=0.628. In step 1, demographic variables were statistically insignificant, with a unique variation in training and development. The additions of culture and Islamic principles in step 2 produced a significant change in R²=0.348, P < 0.001. In the final step, the introduction of social capital variables caused a significant increase in R²=0.628, p<0.001. The final results in step 3, hierarchical regression analysis, were that one variable of culture and Islamic principle was significant (uncertainty avoidance), and four variables of social capital were also significant. They explained a unique variation in
training and development (see Table 6.20 below after all other variables were controlled for).

Table 6.20: Summary of Hierarchical regression analysis for training and development

<table>
<thead>
<tr>
<th>Methodology</th>
<th>B</th>
<th>SE</th>
<th>β</th>
<th>ΔR²</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Step 1</strong></td>
<td></td>
<td></td>
<td></td>
<td>0.202</td>
</tr>
<tr>
<td>Gender</td>
<td>-0.16</td>
<td>0.10</td>
<td>-0.12</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>-0.01</td>
<td>0.07</td>
<td>-0.01</td>
<td></td>
</tr>
<tr>
<td>Religion</td>
<td>-0.00</td>
<td>0.18</td>
<td>-0.00</td>
<td></td>
</tr>
<tr>
<td>Education level</td>
<td>0.06</td>
<td>0.08</td>
<td>0.06</td>
<td></td>
</tr>
<tr>
<td>Service in IB</td>
<td>-0.00</td>
<td>0.085</td>
<td>-0.00</td>
<td></td>
</tr>
<tr>
<td>Service in CB</td>
<td>0.01</td>
<td>0.03</td>
<td>0.03</td>
<td></td>
</tr>
<tr>
<td><strong>Step 2</strong></td>
<td></td>
<td></td>
<td></td>
<td>0.348</td>
</tr>
<tr>
<td>Gender</td>
<td>-0.16</td>
<td>0.08</td>
<td>-0.12</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>-0.11</td>
<td>0.06</td>
<td>-0.12</td>
<td></td>
</tr>
<tr>
<td>Religion</td>
<td>-0.02</td>
<td>0.15</td>
<td>-0.00</td>
<td></td>
</tr>
<tr>
<td>Education level</td>
<td>0.02</td>
<td>0.07</td>
<td>0.02</td>
<td></td>
</tr>
<tr>
<td>Service in IB</td>
<td>0.02</td>
<td>0.07</td>
<td>0.02</td>
<td></td>
</tr>
<tr>
<td>Service in CB</td>
<td>0.01</td>
<td>0.03</td>
<td>0.03</td>
<td></td>
</tr>
<tr>
<td>Uncertainty</td>
<td>0.38</td>
<td>0.07</td>
<td>0.38</td>
<td></td>
</tr>
<tr>
<td>Masculine Feminine</td>
<td>0.07</td>
<td>0.04</td>
<td>0.12</td>
<td></td>
</tr>
<tr>
<td>Power Distance</td>
<td>0.08</td>
<td>0.04</td>
<td>0.13</td>
<td></td>
</tr>
<tr>
<td>Individual Collective</td>
<td>0.12</td>
<td>0.05</td>
<td>0.14</td>
<td></td>
</tr>
<tr>
<td>Islamic Ethics</td>
<td>0.13</td>
<td>0.06</td>
<td>0.17</td>
<td></td>
</tr>
<tr>
<td>Islamic Values</td>
<td>0.04</td>
<td>0.09</td>
<td>0.05</td>
<td></td>
</tr>
<tr>
<td><strong>Step 3</strong></td>
<td></td>
<td></td>
<td></td>
<td>0.628</td>
</tr>
<tr>
<td>Gender</td>
<td>-0.05</td>
<td>0.06</td>
<td>-0.04</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>-0.02</td>
<td>0.05</td>
<td>-0.02</td>
<td></td>
</tr>
<tr>
<td>Religion</td>
<td>-0.09</td>
<td>0.12</td>
<td>-0.04</td>
<td></td>
</tr>
<tr>
<td>Education level</td>
<td>0.00</td>
<td>0.05</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Service in IB</td>
<td>0.06</td>
<td>0.05</td>
<td>0.06</td>
<td></td>
</tr>
<tr>
<td>Service in CB</td>
<td>0.01</td>
<td>0.02</td>
<td>0.02</td>
<td></td>
</tr>
<tr>
<td>Uncertainty</td>
<td>0.20</td>
<td>0.06</td>
<td>0.20</td>
<td></td>
</tr>
<tr>
<td>Masculine Feminine</td>
<td>-0.01</td>
<td>0.03</td>
<td>-0.02</td>
<td></td>
</tr>
<tr>
<td>Power Distance</td>
<td>0.04</td>
<td>0.03</td>
<td>0.06</td>
<td></td>
</tr>
<tr>
<td>Individual Collective</td>
<td>0.04</td>
<td>0.04</td>
<td>0.05</td>
<td></td>
</tr>
<tr>
<td>Islamic Ethics</td>
<td>-0.04</td>
<td>0.05</td>
<td>-0.06</td>
<td></td>
</tr>
<tr>
<td>Islamic Values</td>
<td>-0.04</td>
<td>0.07</td>
<td>-0.04</td>
<td></td>
</tr>
<tr>
<td>Wasta</td>
<td>0.09</td>
<td>0.06</td>
<td>0.09</td>
<td></td>
</tr>
<tr>
<td>Attitude Behaviour</td>
<td>0.30</td>
<td>0.07</td>
<td>0.31</td>
<td></td>
</tr>
<tr>
<td>Networking</td>
<td>0.12</td>
<td>0.07</td>
<td>0.14</td>
<td></td>
</tr>
<tr>
<td>Trust Reciprocity</td>
<td>0.39</td>
<td>0.06</td>
<td>0.39</td>
<td></td>
</tr>
</tbody>
</table>

Table 6.20 Note: Training and development final model, total R²=0.628. B=unstandardised regression coefficients. B=standardised coefficients, SE=standard error of B, ΔR²=change in R square significant variables in bold in step 3.
Figure 6.4: hierarchical regression- independent variables (demographic, culture and Islamic principles and social capital value variables) on dependent variable (Training and development) in the Islamic banking sector.

Figure 6.4 above indicates that uncertainty avoidance under culture and Islamic principles variables, under social capital variables, trust and reciprocity and attitude and behaviour are significant. Demographic variables, power distance, masculinity/femininity, uncertainty avoidance, individualistic/collectivist, Islamic values, Islamic ethics did not play a significant role in explaining variation in the dependent variable of training and development. Thus, H4 is partially supported.

6.13. H5 Independent variable Skills and knowledge

In the following section, the two sets of variables will be examined to identify the impact of three set of variables: demographic variables (gender, age, religion, level of education, years of IB, and years of CB), culture and Islamic principles, and social capital variables. The three-stage hierarchical regression analysis was used to explain the percentage of variance in the dependent variable in each stage in the following section.

Hypothesis (H5): After controlling the demographic set of variables (gender, age, religion, level of edu, years of IB, years of CB), then culture and Islamic principles set of variables (power distance, Masculinity/femininity, uncertainty avoidance, individualistic/collectivist, Islamic values and Islamic ethics), and the set of variables of
social capital (networking, trust, attitude and behaviour and wasṭa), the unique variance in the human capital of skills and knowledge is explained.

Step 1 Demographic variable on Skills and knowledge:

In the first step (model 1), demographic variables (sex, age, religion, level of education, years of IB, years of CB) were entered into the hierarchical regression and acted as controls. The results are shown in Figure 6.5 and table 6.21 below.

Figure 6.5 : Model 1 demographics on skills and knowledge construct

![Figure 6.5](chart.png)

Table 6.21 Model 1 statistical summary of Skills and knowledge

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>F</th>
<th>Std. Error of the Estimate</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.278</td>
<td>0.077</td>
<td>0.046</td>
<td>2.446</td>
<td>0.64272</td>
<td>0.027</td>
</tr>
</tbody>
</table>

The multiple R=0.278 shown in Table 6.21 was statistically significant, R²=0.077 and it represents how much predictive power was added to the model. The model is significant (0.027) p < 0.05. In total, 0.21% (0.046% adjusted) of the variation in skills and knowledge was accounted for the set of demographic variables.
Table 6.22: Model 1 Coefficient Regression, Skills and Knowledge

<table>
<thead>
<tr>
<th>Model 1</th>
<th>Unstandardised Coefficients</th>
<th>Standardised Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Correlations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>b</td>
<td>Std. Error</td>
<td>β</td>
<td></td>
<td>Zero-order</td>
</tr>
<tr>
<td>(Constant)</td>
<td>2.118</td>
<td>0.413</td>
<td></td>
<td>5.13</td>
<td>0</td>
</tr>
<tr>
<td>gender</td>
<td>-0.219</td>
<td>0.099</td>
<td>-0.165</td>
<td>-2.221</td>
<td>0.028</td>
</tr>
<tr>
<td>Age</td>
<td>0.085</td>
<td>0.072</td>
<td>0.094</td>
<td>1.169</td>
<td>0.244</td>
</tr>
<tr>
<td>Religion</td>
<td>0.303</td>
<td>0.18</td>
<td>0.123</td>
<td>1.684</td>
<td>0.094</td>
</tr>
<tr>
<td>Education level</td>
<td>-0.09</td>
<td>0.078</td>
<td>-0.084</td>
<td>-1.151</td>
<td>0.251</td>
</tr>
<tr>
<td>Service in IB</td>
<td>0.048</td>
<td>0.083</td>
<td>0.045</td>
<td>0.569</td>
<td>0.57</td>
</tr>
<tr>
<td>Service in CB</td>
<td>0.031</td>
<td>0.036</td>
<td>0.064</td>
<td>0.866</td>
<td>0.387</td>
</tr>
</tbody>
</table>

The results in Table 6.22 show that the standardised regression coefficient (β) for the control variables gender (β=-0.165, p<0.05) was negatively significant. Of the 0.21% explained variance, the squared semi-partial correlations (sr2) show in the ‘part’ column of Table 6.22 that sex explained 2.4% (sr2=-0.161) of the variance when all other variables in the equation were controlled. In step 1, age, education level, religion, level of service in IB and level of service in CB did not significantly explain any additional unique variation. As indicated in Figure 6.5 only sex of the demographic value variables was significant. This indicates that both women and men get equal skills and knowledge in Islamic banks. The implication of this analysis cannot be fully explained until the other dependent variables are entered (social capital and culture) to the final model.

**Step 2 demographic and culture and Islamic principle values variables on skills and knowledge:**

In the second step (Model 2), culture and Islamic principles were entered after the demographic variables into the hierarchical regression as shown in Figure 6.6 and Table 6.23 below.
Chapter six: Data Analysis

Figure 6.6: Model 2 culture /Islamic principles on skills and knowledge construct

![Diagram showing Model 2 with variables and statistical summary]

ΔR² = .244

<table>
<thead>
<tr>
<th>Demographic Variables</th>
<th>+ 7.7%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Sex</td>
<td></td>
</tr>
<tr>
<td>2. Age</td>
<td></td>
</tr>
<tr>
<td>3. Religion</td>
<td></td>
</tr>
<tr>
<td>4. Level of Education</td>
<td></td>
</tr>
<tr>
<td>5. Years of IB</td>
<td></td>
</tr>
<tr>
<td>6. Years of CB</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Culture and Islamic principles Variables</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Power distance</td>
<td></td>
</tr>
<tr>
<td>2. Masculinity / Femininity</td>
<td></td>
</tr>
<tr>
<td>3. Uncertainty avoidance</td>
<td></td>
</tr>
<tr>
<td>4. Individualism / Collectivism</td>
<td></td>
</tr>
<tr>
<td>5. Islamic ethics</td>
<td></td>
</tr>
<tr>
<td>6. Islamic values</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Social capital variables</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Trust and Reciprocity</td>
<td></td>
</tr>
<tr>
<td>2. Networking</td>
<td></td>
</tr>
<tr>
<td>3. Attitude &amp; behaviour</td>
<td></td>
</tr>
<tr>
<td>4. Wasta</td>
<td></td>
</tr>
</tbody>
</table>

* % explained variance for dependent variable
Note. Significant variables in bold and subscript
Model 1 Hierarchical regression, independent variables (Culture and Islamic principles variables) and on dependent variable (Skills and Knowledge)

Table 6.23 Model 2 statistical summary of Skills and knowledge

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>F</th>
<th>Std. Error of the Estimate</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.278</td>
<td>0.077</td>
<td>0.046</td>
<td>2.446</td>
<td>.64272</td>
<td>0.027</td>
</tr>
<tr>
<td>2</td>
<td>0.494</td>
<td>0.244</td>
<td>0.190</td>
<td>4.544</td>
<td>0.59207</td>
<td>0.000</td>
</tr>
</tbody>
</table>

The introduction of the culture and Islamic principles variables (power distance, masculinity/femininity, uncertainty avoidance, individualistic/collectivistic, Islamic ethics and Islamic values) caused R² to change from 0.077 in model 1 to 0.244 in model 2; see Table 6.24, a statistical summary of models 1 and 2 of skills and knowledge. The results indicate a significant change in R² (ΔR²=0.167, P< 0.001). The multiple R (0.494) was statistically significant, R²=(0.244, p < 0.001). In total, 24.4% (0.190 adjusted) of the variance in skills and knowledge was accounted for by the set of culture and Islamic principles variables, in addition to the 0.2% variance by the demographic set of variables grouping in the total of 24.4 % of variance. The implication of this analysis cannot be fully explained until the other dependent variables are entered (social capital and culture) to the final model.

Table 6.24: Coefficient Regression Model 2, Skills and knowledge
Table 6.24 above indicates that the standardised regression coefficient (β) for three value variables of culture and Islamic principles, individual collectives (β=0.188, p<0.001), Islamic ethics (β=0.313, p<0.001), and Islamic values (β=0.203, p<0.001) were significant. Of 19% explained variance, the squared semi-partial correlation ($sr^2$) showing in the “part” section of Table 6.3 explains that the majority of the dominant variables in terms of unique variance were individual collectives, 3% ($sr^2=0.167$); Islamic ethics 5.4% ($sr^2=0.232$); Islamic values 1.8 ($sr^2=0.134$). Conversely, the pattern of significance for the demographic variables has changed; in step 1 (model 1) gender was significant and explained 2.4% ($sr^2=0.161$), and in step 2 (model 2) it became insignificant in variation when the five demographic values (age, education level, religion, service in IB and service of CB) and six cultural and Islamic principles variables (uncertainty avoidance, masculinity/femininity, power distance, individualistic/collectivistic, Islamic ethics and Islamic values) were controlled for.

Three variables of cultural and Islamic principles were significant predictors and explained the unique variation in skills and knowledge; individualistic/collectivistic and Islamic ethics, Islamic values. Of these, Islamic ethics explains the greatest unique variance in skills and knowledge, followed by Islamic values and individual collectives. In step 2, gender, age, religion, years of IB, years of CB, uncertainty avoidance, and masculinity/femininity and power distance did not significantly explain any additional unique variation. This indicates that the banks have strong Islamic culture values and ethics that influence individual’s behaviour, where they live in a symphonic groups and have strong relationship and tend to discuss decisions between them before taking one
(Hofstade, 1984). This is what Islam is based on – consulting with the group before making decisions where it encourages people to attain skills and knowledge (Hashim, 2009) The implication of this analysis cannot be fully explained until the other dependent variables are entered (social capital and culture) to the final model.

**Step 3 demographic variable, Culture and Islamic principles and Social Capital variables on Human capital variable (Skills and Knowledge)**

In the third step (model 3), social capital variables were added after controlling for demographic and culture and Islamic principles variables in the hierarchical regression as shown in Figure 6.7 and Table 6.25 below.

**Figure 6.7 : Model 3 social capital on skills and knowledge constructs**

![Image](image)

**Table 6.25: Model 1, 2, 3 Skills and knowledge summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>F</th>
<th>Std. Error of the Estimate</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.278</td>
<td>0.077</td>
<td>0.046</td>
<td>2.446</td>
<td>0.64272</td>
<td>0.027</td>
</tr>
<tr>
<td>2</td>
<td>0.494</td>
<td>0.244</td>
<td>0.190</td>
<td>4.544</td>
<td>0.59207</td>
<td>0.000</td>
</tr>
<tr>
<td>3</td>
<td>0.644</td>
<td>0.414</td>
<td>0.357</td>
<td>7.294</td>
<td>0.5274</td>
<td>0.000</td>
</tr>
</tbody>
</table>

The introduction of the social capital variables (trust and reciprocity, networking, attitude and behaviour, and wasita) caused $R^2$ to change from 0.244 in model 2 to 0.414 in model 3, see Table 6.25 above; this was a significant change in $R^2$ ($R^2=0.17$, $p < 0.001$). The multiple $R$ (0.644) was statistically significant. In total, 41.4% variation in skills and
knowledge was accounted for by the set of social capital variables, and the 24.4% variance explained by social capital set of variables were accounted for. In total, 41.4% of variance was explained. Of the 41.4% explained variance, the squared semi-partial correlations ($sr^2$) shown in the part of column of table above indicates that the important variables in terms of unique variance explained were individualistic/collectivistic 1.3% ($sr^2=0.115$), Islamic values 1.9% ($sr^2=-0.137$) was 8.41% ($sr^2=0.29$), networking 1.56% ($sr^2=0.125$), and trust and reciprocity 1.6% ($sr^2=0.128$) of variance, when all variables in the equation were controlled.

The pattern of significance for demographic value variables has changed. In step 2 (model 2) demographic variables were significant; however, they become insignificant in step 3 (model 3) when controlled by social capital’s additional set of variables. The pattern of significance for culture and Islamic principles value variables changed also. In step 2 (model 2) individualistic/collectivistic, Islamic ethics and Islamic values were significant; however, Islamic ethics became insignificant in step 3 when controlled by the social capital additional set of variables.
### Table 6.26: Model 3 Coefficient Regression: Skills and Knowledge

<table>
<thead>
<tr>
<th>Model 3</th>
<th>Unstandardised Coefficients</th>
<th>Standardised Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Correlations</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta (β)</td>
<td></td>
<td>Zero-order</td>
<td>Partial</td>
</tr>
<tr>
<td>(Constant)</td>
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<td>0.43</td>
<td>-0.055</td>
<td>0.497</td>
<td>0.62</td>
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</tr>
<tr>
<td>Sex</td>
<td>-0.074</td>
<td>0.086</td>
<td>0.122</td>
<td>1.727</td>
<td>0.086</td>
<td>0.134</td>
</tr>
<tr>
<td>Age</td>
<td>0.11</td>
<td>0.064</td>
<td>0.102</td>
<td>1.595</td>
<td>0.113</td>
<td>0.134</td>
</tr>
<tr>
<td>Religion</td>
<td>0.251</td>
<td>0.157</td>
<td>-0.119</td>
<td>-1.754</td>
<td>0.081</td>
<td>-0.082</td>
</tr>
<tr>
<td>Education level</td>
<td>-0.128</td>
<td>0.073</td>
<td>0.068</td>
<td>1.019</td>
<td>0.31</td>
<td>0.116</td>
</tr>
<tr>
<td>Service in IB</td>
<td>0.071</td>
<td>0.07</td>
<td>0.018</td>
<td>0.274</td>
<td>0.784</td>
<td>0.055</td>
</tr>
<tr>
<td>Service in CB</td>
<td>0.009</td>
<td>0.031</td>
<td>0.079</td>
<td>0.971</td>
<td>0.333</td>
<td>0.183</td>
</tr>
<tr>
<td>Uncertainty</td>
<td>0.08</td>
<td>0.083</td>
<td>-0.016</td>
<td>-0.209</td>
<td>0.835</td>
<td>0.115</td>
</tr>
<tr>
<td>Masculine Feminine</td>
<td>-0.01</td>
<td>0.049</td>
<td>0.037</td>
<td>0.53</td>
<td>0.597</td>
<td>0.168</td>
</tr>
<tr>
<td>Power Distance</td>
<td>0.023</td>
<td>0.044</td>
<td>0.134</td>
<td>1.421</td>
<td>0.157</td>
<td>0.284</td>
</tr>
<tr>
<td>Individual Collectiv</td>
<td>0.109</td>
<td>0.056</td>
<td>0.132</td>
<td>1.934</td>
<td>0.055</td>
<td>0.241</td>
</tr>
<tr>
<td>Islamic Ethics</td>
<td>0.099</td>
<td>0.07</td>
<td>0.134</td>
<td>1.421</td>
<td>0.157</td>
<td>0.284</td>
</tr>
<tr>
<td>Islamic Values</td>
<td>-0.215</td>
<td>0.093</td>
<td>-0.216</td>
<td>-2.307</td>
<td>0.022</td>
<td>0.083</td>
</tr>
<tr>
<td>Wasta</td>
<td>0.404</td>
<td>0.083</td>
<td>0.4</td>
<td>4.872</td>
<td>0.00</td>
<td>0.463</td>
</tr>
<tr>
<td>Attitude Behaviour</td>
<td>-0.071</td>
<td>0.089</td>
<td>-0.079</td>
<td>-0.8</td>
<td>0.425</td>
<td>0.21</td>
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<tr>
<td>Networking</td>
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<td>0.196</td>
<td>2.097</td>
<td>0.038</td>
<td>0.429</td>
</tr>
<tr>
<td>Trust Reciprocity</td>
<td>0.167</td>
<td>0.078</td>
<td>0.178</td>
<td>2.149</td>
<td>0.033</td>
<td>0.176</td>
</tr>
</tbody>
</table>
Table 6.26 shows evidence that the standardised regression coefficient ($\beta$) for the three value variables from culture and Islamic principles, Individualistic/collectivistic ($\beta=0.132$, $p<0.05$), Islamic value ($\beta=-0.216$, $p<0.05$), and wasa ($\beta=0.40$, $p<0.01$), and two social capital value variables, networking ($\beta=0.196$, $p<0.005$), trust and reciprocity ($\beta=0.178$, $p<0.05$) were significant.

Multicollinearity shows a high degree of linear correlation between two or more independent variables, which makes it very difficult to distinguish between their effects on the dependent variable. It was indicated by Hair et al. (2006) that a tolerance value near 1.0 signifies a lack of multicollinearity; however, the effect of each independent variable on the dependent variable is assumed to be remarkable. The tolerance value for the two independent variables indicated in Table 6.26 As above 0.50 are individualistic/collectivistic (0.76), trust and reciprocity (0.51). The results show that the tolerance values are less indicative of multicollinearity and show that all five independent variables are significantly contributing to the dependent variable (skills and knowledge). Hence the model 3 is finalised.

The pattern of significance for demographic value variables has not changed. In step 2 (model 2) demographic variables were insignificant, and stayed insignificant in step 3 (model 3) when controlled by social capital’s additional set of variables. The pattern of significance for culture and Islamic principles value variables have also changed. In step 2 (model 2) individualistic/collectivistic, Islamic ethics and Islamic values were significant. However Islamic ethics became insignificant in step 3 when controlled by social capital’s additional set of variables. With regards to the part correlation (see Table 6.26 above) for all variables, trust and reciprocity had the highest part correlation (0.128), which is also statistically significant at the 0.033 level. This variable explains 1.6% of the total variance. Overall, the result indicates that trust and reciprocity, networking, wasa, Islamic ethics and individualistic/collectivistic are significant predictors of skills and knowledge in the Islamic banking sector. An increase in any of these five variables results in an increase in the level of skills and knowledge. In step 3, three demographic variables (gender, age, religion, level of education, service in IB and service in CB), culture and Islamic principles variables (uncertainty avoidance masculinity/femininity, power distance and Islamic ethics), and social capital variables (attitude and behaviour), did not significantly explain any additional unique variation.
6.13.1. Summary of Hierarchical regression analysis for skills and knowledge

The multiple R (0.644) was statistically significant after step 3, with all independent variables in the equation, $R^2=0.414$. In step 1, sex explains a statistically significant unique variation in skills and knowledge. The additions of culture and Islamic principles in step 2 produced a significant change in $R^2=0.244$ and explained three culture and Islamic principles variables (individual/collectives, Islamic ethics and Islamic values). In the final step, the introduction of social capital variables caused a significant increase in $R^2=0.644$.

The final results in step 3 hierarchical regression analysis were that two variables of culture and Islamic principles were significant (individual/collectives and Islamic values), and three variables of social capital (networking, trust and reciprocity, and was) were also significant, and explained a unique variation in skills and knowledge (see Table 6.27).
Table 6.27: Summary of Hierarchical regression analysis for Skills and knowledge

<table>
<thead>
<tr>
<th>Methodology</th>
<th>Skills and Knowledge</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>SE</td>
<td>β</td>
<td>ΔR²</td>
</tr>
<tr>
<td>Step 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender</td>
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<td>0.099</td>
<td>-0.165</td>
<td>0.77</td>
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<tr>
<td>Age</td>
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<tr>
<td>Religion</td>
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</tr>
<tr>
<td>Education level</td>
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<td>0.078</td>
<td>-0.084</td>
<td></td>
</tr>
<tr>
<td>Service in IB</td>
<td>0.048</td>
<td>0.083</td>
<td>0.045</td>
<td></td>
</tr>
<tr>
<td>Service in CB</td>
<td>0.031</td>
<td>0.036</td>
<td>0.064</td>
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<tr>
<td>Step 2</td>
<td></td>
<td></td>
<td></td>
<td>0.244</td>
</tr>
<tr>
<td>Gender</td>
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<td>0.095</td>
<td>-0.123</td>
<td></td>
</tr>
<tr>
<td>Age</td>
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<td>0.044</td>
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</tr>
<tr>
<td>Service in CB</td>
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<td>0.034</td>
<td>0.035</td>
<td></td>
</tr>
<tr>
<td>Uncertainty</td>
<td>0.149</td>
<td>0.079</td>
<td>0.147</td>
<td></td>
</tr>
<tr>
<td>Masculine Feminine</td>
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<td>0.049</td>
<td>0.119</td>
<td></td>
</tr>
<tr>
<td>Power Distance</td>
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<tr>
<td>Individual Collective</td>
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<td>0.188</td>
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<tr>
<td>Islamic Ethics</td>
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<td>Islamic Values</td>
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<td>0.1</td>
<td>-0.203</td>
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<tr>
<td>Step 3</td>
<td></td>
<td></td>
<td></td>
<td>0.414</td>
</tr>
<tr>
<td>Gender</td>
<td>-0.074</td>
<td>0.086</td>
<td>-0.055</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>0.11</td>
<td>0.064</td>
<td>0.122</td>
<td></td>
</tr>
<tr>
<td>Religion</td>
<td>0.251</td>
<td>0.157</td>
<td>0.102</td>
<td></td>
</tr>
<tr>
<td>Education level</td>
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<td>0.073</td>
<td>-0.119</td>
<td></td>
</tr>
<tr>
<td>Service in IB</td>
<td>0.071</td>
<td>0.07</td>
<td>0.068</td>
<td></td>
</tr>
<tr>
<td>Service in CB</td>
<td>0.009</td>
<td>0.031</td>
<td>0.018</td>
<td></td>
</tr>
<tr>
<td>Uncertainty</td>
<td>0.08</td>
<td>0.083</td>
<td>0.079</td>
<td></td>
</tr>
<tr>
<td>Masculine Feminine</td>
<td>-0.01</td>
<td>0.049</td>
<td>-0.016</td>
<td></td>
</tr>
<tr>
<td>Power Distance</td>
<td>0.023</td>
<td>0.044</td>
<td>0.037</td>
<td></td>
</tr>
<tr>
<td>Individual Collective</td>
<td>0.109</td>
<td>0.056</td>
<td>0.132</td>
<td></td>
</tr>
<tr>
<td>Islamic Ethics</td>
<td>0.099</td>
<td>0.07</td>
<td>0.134</td>
<td></td>
</tr>
<tr>
<td>Islamic Values</td>
<td>-0.215</td>
<td>0.093</td>
<td>-0.216</td>
<td></td>
</tr>
<tr>
<td>Wasta</td>
<td>0.404</td>
<td>0.083</td>
<td>0.4</td>
<td></td>
</tr>
<tr>
<td>Attitude Behaviour</td>
<td>-0.071</td>
<td>0.089</td>
<td>-0.079</td>
<td></td>
</tr>
<tr>
<td>Networking</td>
<td>0.192</td>
<td>0.091</td>
<td>0.196</td>
<td></td>
</tr>
<tr>
<td>Trust Reciprocity</td>
<td>0.167</td>
<td>0.078</td>
<td>0.178</td>
<td></td>
</tr>
</tbody>
</table>

Note: Training and development final model, total R²=0.628. B=unstandardised regression coefficients. β=standardised coefficients, SE=standard error of B, ΔR²=change in R square significant variables in bold in step 3.
Figure 6.8: hierarchical regression- independent variables (demographic, culture and Islamic principles and social capital value variables) on dependent variable (training and development) in the Islamic banking sector.

Figure 6.8 above indicates that culture and Islamic principles variables (individualistic/collectivistic and Islamic values), under social capital variables, trust and reciprocity, wasata and networking, were significant. Other variables (gender, age, religion, education level, years of IB, years of CB, power distance, masculinity/femininity, uncertainty avoidance, Islamic values and attitude and behaviour) did not play a significant role in explaining variations in the dependent variable of training and development. Thus H5 is partly supported.


In the following section, the three sets of variables will be examined to identify the impact of three sets of demographic variables (gender, age, religion, level of education, years of IB, years of CB), culture and Islamic principles and social capital variables. The three-stage hierarchical regression analysis was used to explain the percentage of variance in the dependent variable in each stage in the following section.

Hypothesis (H6): After controlling the demographic set of variables (gender, age, religion, level of edu, years of IB, years of CB), then culture and Islamic principles set of variables (power distance, Masculinity/femininity, uncertainty avoidance, individualistic/collectivist, Islamic values and Islamic ethics), and the set of variables of
social capital (networking, trust, attitude and behaviour and wasata), the unique variance in the human capital of career development is explained.

**Step 1 Demographic variable on career development:**

In the first step (model 1), demographic variables (gender, age, religion, level of education, years of IB, years of CB) were entered into the hierarchical regression and acted as controls, see Figure 6.9 below.

**Figure 6.9: Model 1 demographics on career development constructs**

\[ R^2 = .28 \]

![Diagram showing demographics and career development constructs](image)

Multiple R (0.168) was found statistically insignificant. The percept of variability in the dependent variable can be accounted for by all the predictors together, which can be interpreted for the \( R^2 \), R square \((R2)=0.028\), and represents how much predictive power was added to the model. Model 1 is not significant \((0.536)\ p < 0.05\). In total, 2.8% (-0.005% adjusted) of the variation in career development accounted for the set of demographic variables.
Table 6.29: Model 1 Coefficient Regression, career development

<table>
<thead>
<tr>
<th>Model 1</th>
<th>Unstandardised Coefficients</th>
<th>Standardised Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Correlations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>b</td>
<td>Std. Error</td>
<td>β</td>
<td></td>
<td>Zero-order</td>
</tr>
<tr>
<td>(Constant)</td>
<td>2.051</td>
<td>0.412</td>
<td></td>
<td></td>
<td>-4.981</td>
</tr>
<tr>
<td>Sex</td>
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<td>-0.084</td>
<td>-1.101</td>
<td>0.272</td>
</tr>
<tr>
<td>Age</td>
<td>0.029</td>
<td>0.072</td>
<td>0.033</td>
<td>0.401</td>
<td>0.689</td>
</tr>
<tr>
<td>Religion</td>
<td>0.164</td>
<td>0.179</td>
<td>0.068</td>
<td>0.912</td>
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</tr>
<tr>
<td>Education level</td>
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<td>-0.041</td>
<td>-0.55</td>
<td>0.583</td>
</tr>
<tr>
<td>Service in IB</td>
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<td>0.083</td>
<td>-0.046</td>
<td>-0.565</td>
<td>0.573</td>
</tr>
<tr>
<td>Service in CB</td>
<td>0.057</td>
<td>0.035</td>
<td>0.123</td>
<td>1.61</td>
<td>0.109</td>
</tr>
</tbody>
</table>

Table 6.29 indicates that the standardised regression coefficient (β) for the control demographic variables is insignificant, when all other variables in the equation were controlled. In step 1, gender, age, religion, education level, service in CB and service in IB did not significantly explain any additional unique variation.

**Step 2 demographic and culture and Islamic principle values variables on career development**

In the second step (model 2), culture and Islamic principles were entered into the hierarchical regression after the demographic variables, as shown in Figure 6.10 and Table 6.30 below.

**Figure 6.10: Model 2 culture/ Islamic principles on career development constructs**

*Step 2  
AR: = .46*  
Human value  
Variable  
Career Development  

Demographic Variables  
1. Sex  
2.Age  
3. Religion  
4. Level of Education  
5. Years of IB  
6. Years of CB  

Culture and Islamic principles Variables  
1. Power distance  
2. Masculinity/Femininity  
3. Uncertainty avoidance  
4. Individualism/Collectivism  
5. Islamic ethics  
6. Islamic values  

Social capital variables  
1. Trust and Reciprocity  
2. Networking  
3. Attitude & behaviour  
4. Wasta

* % explained variance for dependent variable  
Note. Significant variables in bold and italic  

**Step two demographic and culture and Islamic values variables on career development.**
The introduction of the culture and Islamic principles variables (power distance, masculinity/femininity, uncertainty avoidance, individualistic/collectivistic, Islamic ethics and Islamic values) caused $R^2$ to change from 0.028 in model 1 to 0.46 in model 2, see Table 6.30. The results indicate a significant change in $R^2$ ($\Delta R^2=0.432$, $P< 0.001$). The multiple $R$ (0.494) was statistically significant, $R^2=(0.244$, $p < 0.001$). In total, 0.46% (0.422 adjusted) of the variance in skills and knowledge was accounted for by the set of culture and Islamic principles variables, in addition to the 2.8% variance by the demographic set of variables grouping in the total of 46% of variance.

### Table 6.30: Model 2 statistical summary of Career development

<table>
<thead>
<tr>
<th>Model</th>
<th>$R$</th>
<th>$R^2$</th>
<th>Adjusted $R^2$</th>
<th>$F$</th>
<th>Std. Error of the Estimate</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.168</td>
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<td>-0.005</td>
<td>0.847</td>
<td>0.6409</td>
<td>0.536</td>
</tr>
<tr>
<td>2</td>
<td>0.679</td>
<td>0.46</td>
<td>0.422</td>
<td>12.018</td>
<td>0.48597</td>
<td>0.000</td>
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</table>

### Table 6.31: Model 2 Coefficient Regression, career development

<table>
<thead>
<tr>
<th>Model 2</th>
<th>Unstandardised Coefficients</th>
<th>Standardised Coefficient s</th>
<th>t</th>
<th>Sig.</th>
<th>Correlations</th>
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<td>Sex</td>
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<td>1.436</td>
<td>0.153</td>
<td>-0.091</td>
</tr>
<tr>
<td>Age</td>
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<td>0.092</td>
</tr>
<tr>
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</tr>
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</tr>
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<tr>
<td>Power Distance</td>
<td>0.067</td>
<td>0.038</td>
<td>0.109</td>
<td>1.754</td>
<td>0.081</td>
</tr>
<tr>
<td>Individual Collective</td>
<td>0.134</td>
<td>0.167</td>
<td>2.630</td>
<td>0.009</td>
<td>0.376</td>
</tr>
<tr>
<td>Islamic Ethics</td>
<td>0.209</td>
<td>0.29</td>
<td>3.804</td>
<td>0.000</td>
<td>0.544</td>
</tr>
<tr>
<td>Islamic Values</td>
<td>0.23</td>
<td>0.239</td>
<td>2.801</td>
<td>0.006</td>
<td>0.488</td>
</tr>
</tbody>
</table>
Table 6.3 above indicates that the standardised regression coefficient ($\beta$) for one demographic value, years of service in CB ($\beta=0.156, p<0.01$), and the four value variables of culture and Islamic principles, uncertainty avoidance ($\beta=0.186, p<0.01$), individual collectives ($\beta=0.167, p<0.001$) and Islamic values ($\beta=2.801, p<0.001$) and Islamic ethics ($\beta=0.290, p<0.001$) were significant. Of 46% explained variance, the squared semi-partial correlation ($sr^2$) is showing in the “part” section of the Table (B-4), explains that the majority of the dominant variables in terms of unique variance were years of service in CB, 2.2% ($sr^2=0.147$); uncertainty avoidance, 2.5% ($sr^2=0.159$); individual collectives 2.2% ($sr^2=0.149$); Islamic values 2.5% ($sr^2=0.158$), and Islamic ethics 4.6% ($sr^2=0.215$), when all variables in the equation were controlled for.

Conversely, the pattern of significance for the demographic variables did change. In step 1 (model 1), demographic variables were insignificant, but in step 2 (model 2) “years of service in CB” has changed from insignificant to significant, and explained 1.44% ($sr^2=0.12$) in step 1 to an increase significant of 2.2% ($sr^2=0.147$) in step 2. This indicates that years of service in CB in step 2 explains a significant amount of unique variance of the total variance of 46% in career development in Islamic banks. The results in step 2 indicate that years of service in conventional banks plays an important role in developing an employee’s career, and more training should be given in Islamic principles and Sharia law. The implication of this analysis cannot be fully explained until the other dependent variables are entered in the final model.

Years of service in CB keeps its position through model 2, and is explained in the variation when the five demographic value variables (gender, age, religion, education level and service in IB), and six cultural and Islamic principles variables (uncertainty avoidance, masculinity/femininity, power distance, individualistic/collectivistic, Islamic ethics and Islamic values) were controlled for. Variables of cultural and Islamic principles were significant predictors and explained a unique variation in career development; uncertainty avoidance, individualistic/collectivistic, Islamic ethics, and Islamic values). Of these, Islamic ethics explains the greatest unique variance in career development, followed by uncertainty avoidance, Islamic ethics and individual collectives. In step 2, gender, age, religion, education level, level of
service in IB, masculinity/femininity, and power distance, did not significantly explain any additional unique variation.

**Step 3 demographic variable, Culture and Islamic principles and Social Capital variables on Human capital variable (Career Development)**

In the third step (model 3), social capital variables were added, after controlling for demographic and culture and Islamic principles variables in the hierarchical regression as shown in Figure 6.11 and Table 6.32 below.

**Figure 6.11: Model 3 social capital on career development constructs**

![Figure 6.11: Model 3 social capital on career development constructs](image)

**Step 3 demographic variable, Culture and Islamic principles and Social Capital variables on Human capital variable (Career Development).**

**Table 6.32: Model 3 statistical summary of Career development**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R²</th>
<th>Adjusted R²</th>
<th>F</th>
<th>Std. Error of the Estimate</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.168</td>
<td>0.028</td>
<td>-0.005</td>
<td>0.847</td>
<td>0.6409</td>
<td>0.536</td>
</tr>
<tr>
<td>2</td>
<td>0.679</td>
<td>0.460</td>
<td>0.422</td>
<td>12.018</td>
<td>0.48597</td>
<td>0.000</td>
</tr>
<tr>
<td>3</td>
<td>0.747</td>
<td>0.558</td>
<td>0.515</td>
<td>13.019</td>
<td>0.44514</td>
<td>0.000</td>
</tr>
</tbody>
</table>

*Source: questionnaire, statistical analysis*

The introduction of the social capital variables (trust and reciprocity, networking, attitude and behaviour, and wasata) caused $R^2$ to change from 0.46 in model 2 to 0.558 in model 3, see Table 6.32 above. This was a significant change in $R^2$ ($R^2=0.098$, $p < 0.001$). The multiple $R$ (0.747) was statistically significant. In total, 55.8% variation in career development was accounted for by the set of social capital variables, and the
46% variance explained by social capital set of variables were also accounted for. In total, 55.8% of variance was explained.

Table 6.33: Model 3 Coefficient Regression: Career Development

<table>
<thead>
<tr>
<th>Model 3</th>
<th>Unstandardised Coefficients</th>
<th>Standardised Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Correlations</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>β</td>
<td></td>
<td>Zero-order</td>
<td>Partial</td>
</tr>
<tr>
<td>(Constant)</td>
<td>-0.36</td>
<td>0.363</td>
<td>-0.993</td>
<td>0.322</td>
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<td></td>
</tr>
<tr>
<td>Sex</td>
<td>-0.043</td>
<td>0.072</td>
<td>-0.033</td>
<td>-0.597</td>
<td>0.551</td>
<td>-0.091</td>
</tr>
<tr>
<td>Age</td>
<td>-0.026</td>
<td>0.054</td>
<td>-0.03</td>
<td>-0.483</td>
<td>0.63</td>
<td>0.018</td>
</tr>
<tr>
<td>Religion</td>
<td>0.223</td>
<td>0.133</td>
<td>0.093</td>
<td>1.675</td>
<td>0.096</td>
<td>0.066</td>
</tr>
<tr>
<td>Education level</td>
<td>-0.077</td>
<td>0.062</td>
<td>-0.074</td>
<td>-1.245</td>
<td>0.215</td>
<td>-0.038</td>
</tr>
<tr>
<td>Service in IB</td>
<td>0.023</td>
<td>0.059</td>
<td>0.022</td>
<td>0.386</td>
<td>0.7</td>
<td>-0.005</td>
</tr>
<tr>
<td>Service in CB</td>
<td>0.068</td>
<td>0.027</td>
<td>0.145</td>
<td>2.542</td>
<td>0.012</td>
<td>0.111</td>
</tr>
<tr>
<td>Uncertainty</td>
<td>0.091</td>
<td>0.07</td>
<td>0.092</td>
<td>1.299</td>
<td>0.196</td>
<td>0.409</td>
</tr>
<tr>
<td>Masculine Feminine</td>
<td>0.015</td>
<td>0.041</td>
<td>0.024</td>
<td>0.369</td>
<td>0.713</td>
<td>0.067</td>
</tr>
<tr>
<td>Power Distance</td>
<td>0.025</td>
<td>0.037</td>
<td>0.041</td>
<td>0.68</td>
<td>0.497</td>
<td>0.05</td>
</tr>
<tr>
<td>Individual Collective</td>
<td>0.094</td>
<td>0.047</td>
<td>0.118</td>
<td>1.988</td>
<td>0.048</td>
<td>0.376</td>
</tr>
<tr>
<td>Islamic Ethics</td>
<td>0.11</td>
<td>0.059</td>
<td>0.152</td>
<td>1.857</td>
<td>0.065</td>
<td>0.544</td>
</tr>
<tr>
<td>Islamic Values</td>
<td>0.187</td>
<td>0.079</td>
<td>0.194</td>
<td>2.377</td>
<td>0.019</td>
<td>0.488</td>
</tr>
<tr>
<td>Wasta</td>
<td>0.206</td>
<td>0.07</td>
<td>0.210</td>
<td>2.949</td>
<td>0.004</td>
<td>0.529</td>
</tr>
<tr>
<td>Attitude Behaviour</td>
<td>0.04</td>
<td>0.075</td>
<td>0.046</td>
<td>0.536</td>
<td>0.593</td>
<td>0.454</td>
</tr>
<tr>
<td>Networking</td>
<td>0.265</td>
<td>0.077</td>
<td>0.216</td>
<td>2.66</td>
<td>0.009</td>
<td>0.633</td>
</tr>
<tr>
<td>Trust Reciprocity</td>
<td>0.114</td>
<td>0.066</td>
<td>0.126</td>
<td>1.746</td>
<td>0.083</td>
<td>-0.01</td>
</tr>
</tbody>
</table>

Table 6.33 shows evidence that the standardised regression coefficient (β) for one demographic value variable, years of service in CB (β=0.145, p<0.001), two cultural and Islamic principles, individualistic/collectivistic (β=0.118, p<0.005) and Islamic values (β=0.194, p<0.005), two social capital value variables, wasta (β=0.210, p<0.001) and networking (β=0.216, p<0.001), were significant.

Multicollinearity shows a high degree of linear correlation between two or more independent variables, which makes it very difficult to distinguish between their effects on the dependent variable. It was indicated by Hair et al. (2006), that a tolerance value near 1.0 signifies a lack of multicollinearity; however, the effect of each independent variable on the dependent variable is assumed to be remarkable. The tolerance value for five independent variables indicated in Table 6.40 above, are above 0.50; years of service in CB (0.823), individualistic/collectivistic (0.76), and wasta (0.52), and less than (0.50) Islamic values (0.40) and networking (0.40). The results show that the tolerance values are less indicative of multicollinearity, and shows that all five independent variables are significantly contributing to the dependent variable (career development). Hence, the model 3 is finalised. Of the
55.8% explained variance, the squared semi-partial correlations ($sr^2$) shown in the part of column of Table 6.33 above, indicates that the important variables in terms of unique variance explained, were service in CB 1.74% ($sr^2=0.1322$); individualistic/collectivistic, 1.1% ($sr^2=0.103$); Islamic values, 1.51% ($sr^2=0.123$), networking 1.90% ($sr^2=0.138$), and wasa 2.3% ($sr^2=0.153$) of variance, when all variables in the equation were controlled.

The pattern of significance for demographic value variables has changed. In step 2 (model 2) years of service in CB was significant, however in step 3 (model 3) it stayed significant when controlled by social capital’s additional set of variables. The pattern of significance for culture and Islamic principles value variables also changed. In step 2 (model 2), uncertainty avoidance, masculinity/femininity, individualistic/collectivistic, Islamic ethics and Islamic values were significant; however, Islamic ethics became insignificant in step 3 when controlled by social capital’s additional set of variables. With regards to the part correlation (Table 6.33 above) for all variables, networking has the highest part correlation (0.138), which is also statistically significant at the 0.009 levels. This variable explains 1.90% of the total variance.

Overall, the result indicates that service in CB, individualistic/collectivistic, Islamic values, Islamic ethics, Islamic values, wasa and networking are significant predictors of career development in the Islamic banking sector. An increase in any of these five variables results in an increase in the level of career development. In step 3 demographic variables (age, gender, religion, education level and service in IB), culture and Islamic principles variables (uncertainty avoidance, masculinity/femininity, Islamic ethics and power distance) and social capital variables (trust and reciprocity and attitude and behaviour) did not significantly explain any additional unique variation.


The multiple R (0.747) was statistically significant after step 3, with all independent variables in the equation, $R^2=0.558$. In step 1, service in CB did not explain a statistically significant unique variation in career development. The additions of culture and Islamic principles in step 2 produced a significant change in $R^2=0.348$, P
In the final step, the introduction of social capital variables caused a significant increase in $R^2=0.46$, $p<0.001$). The final results in step 3 hierarchical regression analysis were that two demographic variables (service in CB), two variables of culture and Islamic principles were significant (individualistic/collectivistic and Islamic values), and two variables of social capital (networking and wasta) were also significant, and explained a unique variation in career development (see Table 6.34) after all other variables were controlled for.
Table 6.34: Summary of Hierarchical regression analysis for Career development

<table>
<thead>
<tr>
<th>Methodology</th>
<th>Career Development</th>
<th></th>
<th></th>
<th>ΔR²</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>B</td>
<td>SE</td>
<td>β</td>
</tr>
<tr>
<td>Step 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender</td>
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<td>0.098</td>
<td>-0.084</td>
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</tr>
<tr>
<td>Age</td>
<td>0.029</td>
<td>0.072</td>
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<tr>
<td>Religion</td>
<td>0.164</td>
<td>0.179</td>
<td>0.068</td>
<td></td>
</tr>
<tr>
<td>Education level</td>
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<td>0.078</td>
<td>-0.041</td>
<td></td>
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<tr>
<td>Service in IB</td>
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<td>0.083</td>
<td>-0.046</td>
<td></td>
</tr>
<tr>
<td>Service in CB</td>
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<td>0.035</td>
<td>0.123</td>
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</tr>
<tr>
<td>Step 2</td>
<td></td>
<td></td>
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<td>0.046</td>
</tr>
<tr>
<td>Gender</td>
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<td>-0.086</td>
<td></td>
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<tr>
<td>Age</td>
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<td>0.057</td>
<td>-0.079</td>
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<tr>
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<tr>
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<td>0.062</td>
<td>-0.062</td>
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<tr>
<td>Service in IB</td>
<td>0.006</td>
<td>0.064</td>
<td>0.006</td>
<td></td>
</tr>
<tr>
<td>Service in CB</td>
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<td>0.028</td>
<td>0.156</td>
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<tr>
<td>Uncertainty</td>
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<td>0.186</td>
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<tr>
<td>Masculine Feminine</td>
<td>0.077</td>
<td>0.04</td>
<td>0.122</td>
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</tr>
<tr>
<td>Power Distance</td>
<td>0.067</td>
<td>0.038</td>
<td>0.109</td>
<td></td>
</tr>
<tr>
<td>Individual Collective</td>
<td>0.134</td>
<td>0.051</td>
<td>0.167</td>
<td></td>
</tr>
<tr>
<td>Islamic Ethics</td>
<td>0.209</td>
<td>0.055</td>
<td>0.29</td>
<td></td>
</tr>
<tr>
<td>Islamic Values</td>
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<tr>
<td>Step 3</td>
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<td>0.558</td>
</tr>
<tr>
<td>Gender</td>
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<td>0.072</td>
<td>-0.033</td>
<td></td>
</tr>
<tr>
<td>Age</td>
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<td>Religion</td>
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<td>0.133</td>
<td>0.093</td>
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<tr>
<td>Education level</td>
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<td>0.062</td>
<td>-0.074</td>
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<td>0.059</td>
<td>0.022</td>
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</tr>
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<td>Service in CB</td>
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<td><strong>0.145</strong></td>
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<td>0.092</td>
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</tr>
<tr>
<td>Masculine Feminine</td>
<td>0.015</td>
<td>0.041</td>
<td>0.024</td>
<td></td>
</tr>
<tr>
<td>Power Distance</td>
<td>0.025</td>
<td>0.037</td>
<td>0.041</td>
<td></td>
</tr>
<tr>
<td>Individual Collective</td>
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</tr>
<tr>
<td>Islamic Ethics</td>
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<td>0.059</td>
<td>0.152</td>
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</tr>
<tr>
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</tr>
<tr>
<td>Attitude Behaviour</td>
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<td>0.075</td>
<td>0.046</td>
<td></td>
</tr>
<tr>
<td>Networking</td>
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<td><strong>0.077</strong></td>
<td><strong>0.216</strong></td>
<td></td>
</tr>
<tr>
<td>Trust Reciprocity</td>
<td>0.114</td>
<td>0.066</td>
<td>0.126</td>
<td></td>
</tr>
</tbody>
</table>

Note: Career Development final model, total R²=0.628. B=unstandardised regression coefficients. B=standardised coefficients, SE=standard error of B, ΔR²=change in R square significant variables in bold in step 3.
Figure 6.12: Hierarchical Regression-Independent Variables (demographic, culture and Islamic principles, and social capital value variables) on dependent variable (training and development) in the Islamic banking sector.

Hierarchical Regression-Independent Variables (demographic, culture and Islamic principles, and social capital value variables) on dependent variable (training and development) in the Islamic banking sector.

Figure 6.12 above indicates that under demographic variables (years of CB); culture and Islamic principles variables (individualistic/collectivistic and Islamic values); under social capital variables (wasta and networking) were significant. Gender, age, level of education, years of IB, power distance, masculinity/femininity, trust and reciprocity and attitude and behaviour did not play a significant role in explaining variations in the dependent variable of training and development. Thus, H6 is partly supported.
### Table 6.35: Summary of Hierarchical Regression Analysis for Human Capital Variables

<table>
<thead>
<tr>
<th>Human Capital variables</th>
<th>B</th>
<th>SE</th>
<th>β</th>
<th>R2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Training and</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>development</strong></td>
<td></td>
<td></td>
<td></td>
<td>**0.628 **</td>
</tr>
<tr>
<td>Gender</td>
<td>-0.059</td>
<td>0.068</td>
<td>-0.044</td>
<td></td>
</tr>
<tr>
<td>Age</td>
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<td>-0.023</td>
<td></td>
</tr>
<tr>
<td>Religion</td>
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<td>-0.041</td>
<td></td>
</tr>
<tr>
<td>Education level</td>
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<td>0.058</td>
<td>0.003</td>
<td></td>
</tr>
<tr>
<td>Service in IB</td>
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<td>0.055</td>
<td>0.067</td>
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</tr>
<tr>
<td>Service in CB</td>
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</tr>
<tr>
<td><strong>Uncertainty</strong></td>
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<td><strong>0.066</strong></td>
<td><strong>0.206</strong></td>
<td>**0.628 **</td>
</tr>
<tr>
<td>Masculine Feminine</td>
<td>-0.015</td>
<td>0.039</td>
<td>-0.023</td>
<td></td>
</tr>
<tr>
<td>Power Distance</td>
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<td>0.064</td>
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<tr>
<td>Individual Collective</td>
<td>0.041</td>
<td>0.044</td>
<td>0.05</td>
<td></td>
</tr>
<tr>
<td>Islamic Ethics</td>
<td>-0.048</td>
<td>0.055</td>
<td>-0.066</td>
<td></td>
</tr>
<tr>
<td>Islamic Values</td>
<td>-0.045</td>
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<td>-0.046</td>
<td></td>
</tr>
<tr>
<td>Wasta</td>
<td>0.092</td>
<td>0.061</td>
<td>0.099</td>
<td></td>
</tr>
<tr>
<td><strong>Attitude Behaviour</strong></td>
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<td><strong>0.072</strong></td>
<td><strong>0.314</strong></td>
<td>**0.414 **</td>
</tr>
<tr>
<td>Networking</td>
<td>0.126</td>
<td>0.07</td>
<td>0.141</td>
<td></td>
</tr>
<tr>
<td>Trust Reciprocity</td>
<td><strong>0.399</strong></td>
<td><strong>0.066</strong></td>
<td><strong>0.399</strong></td>
<td>**0.414 **</td>
</tr>
<tr>
<td><strong>Skills and</strong></td>
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### 6.15 Test summary of the Hypothesis

<table>
<thead>
<tr>
<th>Hypothesis (H)</th>
<th>Statement</th>
<th>Measurement</th>
<th>Supported/Rejected</th>
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<tr>
<td>H1</td>
<td>There is a significant correlation between social capital and human capital variables</td>
<td>Pearson’s correlation coefficient</td>
<td>Partially support</td>
<td>There is some significant correlations between dimensions of Human capital and social capital.</td>
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<td>H2</td>
<td>There is a significant correlation between social capital and culture/Islamic principles</td>
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<td>This indicates that there is some significant correlations between dimensions of Human capital and culture/Islamic principles.</td>
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<td>Indicate a correlation between most of the variables of human capital and culture/Islamic principles.</td>
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<td>H4</td>
<td>After controlling the demographic set of variables (gender, age, religion, level of education, years of IB, years of CB), then culture and Islamic principles set of variables (power distance, Masculinity/femininity, uncertainty avoidance, individualistic/collectivist, Islamic values and Islamic ethics), and the set of variables of social capital (networking, trust, attitude and behavior and wasata), the unique variance in the human capital of training and development is explained.</td>
<td>Hierarchical regression</td>
<td>Partially support</td>
<td>Uncertainly avoidance, attitude and behavior and trust and reciprocity were explained unique variance in the human capital variable of training and development.</td>
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<tr>
<td>H5</td>
<td>After controlling the demographic set of variables (gender, age, religion, level of education, years of IB, years of CB), then culture and Islamic principles set of variables (power distance, Masculinity/femininity, uncertainty avoidance, individualistic/collectivist, Islamic values and Islamic ethics), and the set of variables of social capital (networking, trust, attitude and behavior and wasata), the unique variance in the human capital of skills and knowledge is explained.</td>
<td>Hierarchical regression</td>
<td>Partially support</td>
<td>Five variables individual/collectives, Islamic values. Wasta. Networking and trust and reciprocity were explained unique variance in the human capital variable of skills and knowledge.</td>
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<td>H6</td>
<td>After controlling the demographic set of variables (gender, age, religion, level of education, years of IB, years of CB), then culture and Islamic principles set of variables (power distance, Masculinity/femininity, uncertainty avoidance, individualistic/collectivist, Islamic values and Islamic ethics), and the set of variables of social capital (networking, trust, attitude and behavior and wasata), the unique variance in the human capital of career development is explained.</td>
<td>Hierarchical regression</td>
<td>Partially support</td>
<td>Five variables individual/collectives, Islamic values. Wasta. Networking and trust and reciprocity were explained unique variance in the human capital variable of career development.</td>
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Table 6.36: Test summary for Hypothesis
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Chapter seven: Discussion of findings

7.1 Introduction

The aim of this chapter is to present a review of the major findings of this study. Several findings discuss the development of a framework for human capital capacity building in United Arab Emirates (UAE) Islamic banks, in order to counteract the challenges of Emiratisation, in addition to improving the human resource development practices of senior Emirati managers in Islamic banks. This study also investigates how the relationship between seven variables, namely trust, nepotism (wasta), attitude and behaviour, Islamic values, networking, individualism/collectivism and service in conventional banks. Uncertainty avoidance predicts human capital elements, as increases in any of these seven variables will increase the capacity building of human capital in the banks. These findings will be discussed in more detail in the following sections of this chapter.

7.2 The key factors of human resource management

7.2.1 Discussion of Major findings

In order to develop a framework of human capital capacity building in UAE Islamic banks, both to address the challenges of Emiratisation and improve the human resource development practices of senior Emirati managers in Islamic banks, an analysis was conducted using data collected in the specific field study. The research included a self-administrated questionnaire among senior managers in seven Islamic banks in UAE. The analysis provided an insightful view into the current status of human resource development in UAE Islamic banks.

Data for this research was drawn from senior managers working in seven Islamic banks. The main conceptualisations were:

- Developing a framework for human capital capacity building in UAE Islamic banks, in order to counteract the challenges of Emiratisation and improve the human resource development practices of senior Emirati managers in Islamic banks.
Chapter seven: Discussion of findings

- To identify factors, such as culture/Islamic principles, social capital and human capital, that impact upon the development of senior managers and the development of human capital in the banks.

7.3 Human Capital factors

Analysis of human capital variables indicated three prime factors: training and development, skills and knowledge, and career development. The results of the hierarchical regression indicated that only five variables - trust and reciprocity, networking, wasa, Islamic ethics, and individualism/collectivism - are significant predictors of skills and knowledge as dependent variables. This indicates that UAE Islamic banks have strong Islamic cultural values and ethics that influence individuals’ behaviours, where they live in symphonic groups, have strong relationships, and tend to discuss decisions between them before making one which is consistent to Hofstede, (1984).

Islamic culture is based on consulting with the group before making decisions and encouraging people to attain skills and knowledge (Hashim, 2009). Human capital plays an important role in performing human resources functions under Islamic values, which are based on fairness in trade and trust in ALLAH. Social capital plays a significant role in the organisation, especially nepotism (wasta), networking and trust and reciprocity. This result indicates that employees should be able to build trust between them in order to share knowledge and attain the right skills that will increase the organisation's performance in the market (Ying, Daud & Kiong, 2011).

The results were different when the training and development factor was the dependent variable. The final hierarchical regression model showed that only three variables (trust and reciprocity, attitude and behaviour, and uncertainty avoidance) were significant predictors of training and development variables in Islamic banking. The results with the third dependent variable, career development, introduced five independent variables; these were: years of service in a conventional bank, Islamic values, wasa, networking, and individualism/collectivism. These variables were significant predictors of career development (table 6.36) for more details on the results of testing the hypothesis.

Pearson’s correlation indicated that there is a strong relationship between human capital, while social capital and culture concepts were in the expected direction. Human capital is part of social capital as it introduces the knowledge, education and skills that
individuals have. Social capital and culture manage the relationships between the people in the society, through different communication channels and networking. The results show that social capital allows Islamic banks and its employee to bond with each other through emotional ties, where it will help them in sharing knowledge, as social capital enriched by emotional ties ease creation of intellectual capital. (table 6.36) for more details on the results of testing the hypothesis

People are an organisation’s most significant asset and, in order to have a highly competitive organisation, these three factors should be integrated. The positive correlation between the constructs of human capital, social capital and cultural set was significant, supporting the outcomes and providing very strong evidence of the effect of these constructs, from the theories on human capital. Davenport’s (1999) Human Capital Investment model argued that the employee is the most important asset in achieving organisational goals. Additionally, Davenport’s model indicated that human capital investment can be ascertained by the knowledge, capability, talent, skills, and behaviour of personnel, together with the time and effort they spend on building their qualities, skills and advancing themselves. Davenport approached human capital from the attitudes and behavioural aspect of employees, and asserted that, as employees own this capital, they are the decision makers of when, how and where they will utilise it, not the employers. Thus he advocated the investigation of human capital from the employees’ point of view (Davenport, 1999)

This chapter provides evidence from the analysis of the data collected to produce findings in relation to building a human capital–capacity building in Islamic banks in the UAE. The next chapter will set out the discussion of this evidence, in order to draw a conclusion and recommendations on the basis of the research objective.

7.4 The development of Human capital

People are seen as one of the most significant assets of any business organisation, and may indeed be regarded as, perhaps, the most valuable asset; in today’s competitive environment people are critical to an organisation’s survival (Morrow, 2001). Prior to undertaking any new decisions, or executing new corporate strategy, an organisation should assess their human resources or human capital, as this human dimension is a critical factor in the competitiveness of the organisation (Morrow, 2001). Organisations
that ignore the human capital factor in the decision making process are likely to fail, losing competitive advantage and damaging the production process. Human capital is seen as an amalgam of many pertinent factors that require encouragement and improvement by management; these are: skills, knowledge, commitment and motivation. It is crucial, therefore, that these attributes are developed via continuous training (Vermeulen & Crous, 2000).

Continuous innovation is now an organisational necessity, driven by global competitiveness and technological advancement, and employees need to be continually updated with the organisation’s new knowledge (Horwitz, 1999). To improve product and service quality, there is a need for authority to be devolved throughout the organisational structure, hence employees at the lower levels must take responsibility. As a consequence, systematic changes are needed in organisational structures that include reducing the levels in the organisation and introducing different work practices, such as task or functional flexibility and multi-skilling, thus generating new challenges for the development of human capital (Horwitz, 1999). Reed and Vakola (2006) cite the work of Snyder and Cummings (1998), asserting that an organisation’s survival is dependent upon its ability to change.

An organisation’s capacity for change is linked with its ability to learn; it needs to be able to learn from prior experience, remedy mistakes, spread knowledge throughout the organisation so that it can change, and adapt to the continuously changing market. It must become a learning organisation. Effective means have to be developed to identify, recruit, measure and improve the training and education of the workforce if organisational performance is to be improved (Berge et al., 2002).

People have to be given the appropriate skills and knowledge if they are to improve their performance; a desire to do things differently is not sufficient in itself (Vermeulen & Crous, 2000). The development of human resources is therefore a process whereby expertise are built and allowed to flourish through structured organisational development (OD), as well as personal training and development to promote performance improvement (Swanson, 2001, as cited in Arif, 2007). Antonacopoulou (1999) corroborates this view and is cited by Robotham (2004) who, after a wide-ranging review of the literature on management development, deduced that learning is an essential factor in the human resource development process. Furthermore, according
to Morrow, (2001) and Ashton & Felstead,(2000), the common consensus is that training and development needs to be encouraged.

The optimum way to embed quality into any organisation, and in particular into a bank, is to train employees so that they can improve their performance. For example, the First Interstate Bancorp Bank in the United States (1996) have credit training programmes for employees involved in analysis, recommendation, approval or review of commercial credits, thereby establishing their belief in employee training (Spagnola & Spagnola, 1993, as cited in Vermeulen & Crous, 2000).

An increase has been seen in the importance of human resource management (HRM), which helps to improve organisational efficiency through training people and developing their skills. Morrow (2001,p.82) cites “commitment” to company and the growth in senior management teams leading “quality” initiatives as HRM concepts that raise the importance of training and development. Training and development is about increasing knowledge and skills. As part of an all-encompassing training programme, skills issues are about altering the way a person undertakes a task, effecting a change that impacts their level of skill or knowledge (Prioritysky, 2007). In an environment where information is constantly changing, and society is imposing ever more demands upon information professionals, they have to undertake continuous professional development, to update their knowledge and so maintain effectiveness. Acquiring new knowledge is a way that professionals stop themselves from being disaffected by the performance appraisal of their peers, as well as helping them to adjust to a culture change brought about by a new information environment (Odin, 1999).

Many authors stress the importance of effective training and education. For Bird (1993), company-wide quality improvement can only be brought about by employees gaining the requisite knowledge via training. McDonnel (1994), Schonberger (1992), and Riley (1993) further advance that, in the challenging (TQM) environment, training is a basic requirement in workforces’ transformation to meet future demands. Morrow (2001) believes that rather than recruiting qualified and experienced people, companies should have robust training and development programmes for existing employees. The sources from the literature above matched with the current research findings and support H4: After controlling the demographic set of variables ( gender, age, religion, level of edu, years of IB, years of CB) , then culture and Islamic principles set of variables ( power
distance, Masculinity/femininity, uncertainty avoidance, individualistic/collectivist, 
islamic values and Islamic ethics), and the set of variables of social capital (networking, trust, attitude and behavior and wasata), the unique variance in the human 
capital of training and development is explained. Where training and development 
explained 62.4% variance from human capital value and that training and development 
are important factors in building human capital in Islamic banks in UAE. Additionally, 
by increasing training and development employees will be able to acquire the requisite 
knowledge about Shariah products. Leadership training courses are also important as 
the current research findings also indicated that training programmes in Islamic banks 
have a medium impact on senior managers. In particular, the current training 
programmes offered in the Islamic banks focus on mid-level management training. That 
is not suitable for senior managers who need both an extensive set of skills and 
leadership training programmes in order to improve the efficiency of the banking sector.

7.5 Training and development in Islamic banking

Islamic values ($\beta= 0.194$) explained a unique variance in the career development model, 
and ($\beta= -0.216$) in the skills and knowledge model. This indicates that human capital 
elements play an important role in performing human resources functions under Sharia 
law: Quran and Hadith are based on honesty and fairness in trade, encouraging people 
to attain skills and knowledge, and paying tribute to those who strive in order to earn a 
living (Hashim, 2009). In order to be able to achieve an organisational and personal 
goal, and have the right skills and knowledge for senior managers in UAE Islamic 
banks, continuing education and training should be given to staff in order to work 
efficiently and effectively.

The Institute of Islamic Banking and Insurance (1999) asserts that one of the principal 
aims of training in Islamic banking is that of constructing a knowledge and human 
resource skill base that increases the capability of employees in the sector. At the same 
time, training should pay attention to the particular requirement for checks and 
measures to ensure that moral and professional ethics are addressed in all business 
exchanges. Therefore, the focus of the training is paramount in respect to Islamic 
banking: it is not just operational factors, product knowledge and other soft skills that 
need to be addressed but, most critically, Shariah knowledge. It is the knowledge of 
Shariah that differentiates the training for those following a career in Islamic banking,
as opposed to conventional banking, and it is a basic, crucial prerequisite. Gait and Worthington (2008) define Islamic banking as a financial service or product that is carried out in the main to comply with the main tenets of Shariah and, as such, Shariah knowledge is essential. The sources from the literature above matched with the current research findings and support H5: After controlling the demographic set of variables (gender, age, religion, level of edu, years of IB, years of CB), then culture and Islamic principles set of variables (power distance, Masculinity/femininity, uncertainty avoidance, individualistic/collectivist, islamic values and Islamic ethics), and the set of variables of social capital (networking, trust, attitude and behavior and wasita), the unique variance in the human capital of career development is explained. Where career development explained 55.8% variance from human capital value. This indicates that career development in Islamic banking is not well developed and it has difficulties in assessing the right training needs of senior managers. However, career development is part of human capital practices in Islamic bank that require assessment for the training and development of employees to have a significant implication of job security, retention and decision making.

It is not sufficient for any bank account or loan to be Islamic in nature: the Islamic community requires that staff in such institutions is knowledgeable in Shariah. Shariah is a system of ethics and values that encompasses all aspects of Islamic life, from personal and political, to economic and intellectual; constant behaviour, as well as adjustment to change, must be in line with the basic beliefs, values and objectives of Islam (Asyraf & Nurdianawati, 2007). Therefore, training for Islamic banking should, at all times, take cognisance of Shariah so that the basic tenets are not undermined.

Within main HRM policy, the three operational goals of commitment, flexibility and high quality are inherently linked to training and development. Employees who are trained to be effective, and who have a successful career path managed by the company, exhibit high commitment levels and flexibility. They are almost always multi-skilled and have the ability to contribute significantly to the company’s service offering, irrespective of the level at which they operate (Morrow, 2001). Those involved in effective training understand the requisite competency levels needed for an organisation to compete successfully.
Chapter seven: Discussion of findings

The current results of this study indicated that training is not adequate for senior management and that it mostly relies on western techniques and practices. There is no adequate difference to cover the gap of culture and work ethics and values. However, the important link between training and human resource development has been demonstrated in research (Smith, 2006). The escalating importance of the association between the three main elements of human resource development - individual career development, organisational development, and training - are corroborated by the research (McLagan, 1989, as cited in Smith, 2006). Although much literature indicates that most training programmes depend on western techniques and practices. However, the current study findings shows that there is a lack of prominent management innovation in Islamic banks, and that Islamic training and development comprehends all the aspects of moral and spiritual development of people to their physical development. Nevertheless, results show that Islamic culture influences training and development, as the majority of the employees in the organisation are Muslims. Training and development also increases faith in God and enhances knowledge and training of employees at the highest levels. This present study emphasises the importance of Islamic culture and principles in the work place, as they are important factors in achieving a successful life, encouraging individuals to pursue perfection, knowledge and excellence in all that they do.

The mean score human capital questions related to decision-making indicates (M=3.07) on a 5-point Likert scale, whereby 1=Strongly agree, 2=Agree, 3=Neutral, 4=Disagree, 5=Strongly Disagree. Where senior managers’ responses indicated that managers do not have a good sense to make the most of decision makers and do not consult with subordinates. Also, the mean score of human capital questions related to training and development in Islamic banking (M= 1.92). This indicates that organisational training for senior managers is not sufficient to understand the Islamic ideology of Islamic banks. What is more, they do not have knowledge about the basic teachings of Islam and Shariah. The research findings match with those of Shodiq (2015), who indicated that there are two main problems in the development of Islamic banks. First, leadership, which is one of the reasons why the Islamic banking sector are not impetus and luck of qualified, innovative and creative human capital in the banking sector In order to be able to achieve an organisational and personal goal, and have the right skills and knowledge for senior managers in UAE Islamic banks, continuing education and
training should be given to staff in order to work efficiently and effectively. The UAE Government should pay more attention to the domestic Islamic finance sector in order to attract great talent, and to lead the world as a preferred destination for talented and skilled nationals, in order to achieve a long term plan to facilitate the transition to a knowledge economy (Gulf News, 2015).

To be able to improve performance, Islamic banks should be developing their training programmes so they are geared more towards the satisfaction of individual needs (Smith, 2006). A rigorous programme of training and development, well thought out and supervised, encourages skills, knowledge and a positive attitude, which are the foundations of an effective workforce. The aim is not merely to have an able workforce and to enhance the level of human capital, but to develop a broad range of career paths within the company. To this end, many organisations, such as banks, budget for a percentage of the company’s gross income to be expended on training. At the same time, the employee commits to undertaking, as part of their overall work commitment, a defined number of hours of training, as part of the performance indicators.

In Malaysia there exists in most Islamic and Commercial banks certain institutions: Islamic Banking and Finance Institute (IBFIM); International Centre for Education in Islamic Finance (INCEIF); Malaysian International Islamic Centre (MIFC) and the Shariah Knowledge Center. In addition to being seen as initiatives towards realising and supporting the crucial part that training and development plays in the growth of the Islamic finance sector, the existence of these institutions are used as indicators of the exponential growth of Islamic-based financing, and the conscientious actions of the government in supporting financial institutions to implement and undertake banking services based upon Islamic principles, has highlighted the need for training so that employees are fully versed in Islamic concepts and practices.

The real driver for training and development in Shariah knowledge is the present lack of understanding of employees, who are then unable to advise customers on appropriate Islamic products and services; this hinders the company’s growth. Thus, it is agreed, training in Shariah knowledge is critical to improve job performance. However, this study concludes that collaborative, as well as continuous, training is not the major concern; the indications are that it is the actual gaining of the knowledge that is critical,
as opposed to the person who delivers the training, or indeed that people undertake training on a continual basis.

### 7.6 Organisational Culture

The UAE is a country that is subject to human capital challenges and highly social and competitive economic opportunities. To address these challenges, the concept of Emiratisation was adopted by the UAE’s Council of Ministers in the early 1990s. Different authors, such as Sweeney and Hardaker (1994), recognised that, in terms of organisational culture, the effects of national culture are highly identified in Arab culture. These have an effect on the social environment in any organisation, and influence individuals’ attitudes and behaviour. Using two factors, social capital and culture, the analysis identified eight variables that have an effect on UAE nationals in the Islamic banking sector as follows:

#### 7.6.1 Uncertainty Avoidance

The results indicated that the cultural element of uncertainty avoidance ($\beta = 0.206$) explained a unique variance in training and development, compared with the other culture elements. Uncertainty avoidance measures the extent to which people in societies feel threatened by ambiguity and fear to know the future and control it (Hofstade, 1991). The results suggest that UAE culture (as an Arabic country) is less comfortable with uncertainty (high uncertainty avoidance). Moreover, such results indicate that cultural elements, especially uncertainty avoidance and individualism/collectivism, play a significant positive role in the development of human capital in Islamic banks. It has been assumed that societies with high uncertainty avoidance are unlikely to adopt new technologies and changes, or take risks (Erumban & Jong, 2006; Parboteeah et al., 2005).

Recent research on the UAE innovation index in the Economist Intelligence Unit (2011) and the World Bank Institute (2009) shows that UAE lags behind many countries in the innovation index, calculated among 82 countries. The innovation index was calculated differently between countries’ output, in terms of patent granted, and input, and in terms of direct drivers of innovation, such as research and development expenditure, quality of research and workforce education and skills, and indirect drivers, such as the political environment, market opportunities, economic policy environment and regulatory
environment. Furthermore, UAE should pay attention to policy makers in order to invest in human capital and to be able to build a future competitive advantage economy (Dutte & Lanvin, 2013; The Economist Intelligence Unit, 2009; World Bank Institute, 2009).

This supports the current result findings which indicate that culture does not facilitate innovation, as people in the UAE tend towards high uncertainty avoidance, avoiding risk, preferring stability, resisting change and needing rules in their work. Human resources are viewed as unique resources of an organisation that contribute to achieving long-term objectives, such as creation of knowledge, innovation, know-how and experience (Lowson, 2002), to create unique value-offering and therefore to maintain competitive advantage. The primary concern of HRM is the establishment of a high quality workforce with employees who are highly skilled, flexible and committed.

The findings indicate that senior managers in Islamic banks have are sensitive to uncertainty; therefore, they are not ready to accept risks. They also like to follow laws or guidelines to achieve what they want. This has a significant impact on developing the human capital element of training and development programmes that senior managers attended and the impact of these training programmes given by the Islamic banks. The majority of senior managers stated that they had attended training programmes within the organisation; however, they indicated that the training given had a low to medium impact on management, product related, and personal and sales trainings.

Accordingly, the results demonstrate that culture is developed over time and it is always growing and influenced by different norms of society. This demonstrates that culture is an important factor within an organisation that can be changed as it impacts upon all members’ perceptions and behaviours. The results indicate that Islam influences culture, and this, in turn, is reflected in banking organisations. Culture reflects collective values, beliefs and behaviours and can have a significant influence on the systems, beliefs, and behaviour of both people and organisations. The study revealed that principles of Islam have influence on human capital and social capital development owing to the fact that it shapes individuals’ and organisations’ perceptions, feelings and actions towards others. One other reason for including culture is the significant influence of Arab culture on human resources development. The findings of this study
can help to determine the influence of human capital and social capital in the job performance of Emirati managers working in Islamic banks.

7.6.2 Individualism / Collectivism

The results also indicated that the Islamic banking culture in UAE, in terms of individualism/collectivism (β= 0.118), explained a unique variance in career development, compared with other cultural elements. Emirati managers live in symphonic groups. The results indicated that senior Emiratis have strong relationships, and tend to discuss decisions between themselves before taking them. Hofstede’s (1991) research on Arab countries, noted that they have a low individualism index of 25%; they tend to be a more collectivist culture.

The UAE cannot be considered as an individualistic culture, i.e., they are not the same as western countries who take decisions by themselves. In terms of organisational culture, the effects of national culture are highly visible in the Arab culture. As asserted by Aldraehim et al. (2012), intergroup relations are highly important in a society where individuals are expected to have good relationships with relatives, and they are required to offer help when needed; individuals are highly attached to each other and committed to the group to avoid disconnection and individualism.

Both the collectivistic culture in Islamic banking and Islamic principles encourages people to work in teams and empowers senior managers to offer better advice in Islamic banking. However, in the Islamic banking sector and Islamic culture individualism is aligned with family networks and status more than rewards and high performance. Human capital in the UAE is mainly concerned with attaining a competitive advantage in the national and international market. However, according to the UAE vision 2021, the Government should align its strategy and contribution to its awareness of achieving the country’s vision to develop a knowledge-based economy, in addition to predicting and creating skilled UAE nationals.

7.7 Social Capital

Social capital is one of the constructs that have an influence on the Emiratisation policy in the UAE. Nepotism (wasta), trust and reciprocity, networking, attitude and behaviour are social capital variables that have an effect on human capital elements. The following subsections explain each variable of social capital.
Chapter seven: Discussion of findings

7.7.1 Nepotism (Wasta)

The results indicated that nepotism (Wasta) ($\beta = 0.210$) explained a significant variance in human capital variables, especially career development. This means that nepotism (wasta) has a significant effect on career development in Islamic banks. This is because human capital represents the qualities that individuals gain within an organisational environment, whereas social capital is formed through the network of relationships; therefore, it constitutes attitudes, behaviours, networking, wasta and culture.

This matched the findings of Wated and Sanchez (2011), who argue that “dominant cultural values such as collectivism may predispose individuals to perform nepotism” (p. 200). This is because in cultures where collectivism is high, individuals are interdependent and have strong in-group ties. The role of cultural values on nepotism becomes visible, favouring in-group benefits. In fact, favouring group members’ interests does not take into consideration whether a particular decision is fair or discriminating (Turner et al., 2012).

Many authors see nepotism as the unacceptable side of employee selection, as part of an overall HRM system. It is not a well-documented practice. Fiebeig (2000, p. 18) discussed the positive and negative aspects of nepotism for employee selection postulating, “human resources are a very important function for deterring this, as nepotism is not justifiable”. However, he considered nepotism in more depth, arguing that for it to be considered acceptable:

“human resource professionals must constantly evaluate policies to ensure they are consistent with meeting the goals and objectives of an organisation, ensuring these are met along with being sensitive to the work environment, and are the only tools available in deciding whether or not to use nepotism in the hiring process” (Fiebeig, 2000, p. 18)

Arasli et al. (2006, p. 296), discussed how nepotism impacts on the HR function. For them, “in heavily nepotism-oriented businesses, if nepotism is felt intensively, the human resource management practices cannot work independently Due to this, it is not possible to have meritocracy in the organisation” Therefore, in businesses, the practice of nepotism becomes an overriding factor in equality and fairness in the selection process, whether they be sporting or business organisations. Arasli et al. (2006, p. 297)
also go on to stress that “human resource management in an organisation is very important. These activities include recruitment, selection, training, career development, compensation, and performance appraisal. They are the basic functions of an organisation”.

The findings of the present study supports those of recent literature on wasta, advocating that robust HR practices give a bank competitive advantage via its people as job satisfaction can assist with employee retention; satisfied employees tend not to seek employment elsewhere (Bond, 2004; Burke, 2003; Pare et al., 2001). An organisation’s good practices will be disseminated via word of mouth as people enjoy good experiences working in an organisation. A literature review reveals that an ineffective HR function leads to a lack of commitment and job dissatisfaction, thus employees perform at less than 100% (Bond, 2004; Burke, 2003; Pare et al., 2001). Astrachan et al. (2002,p.46) also explain, “lack of trust to business causes the demoralization of employees”.

Pheffer (1998) carried out research that underlined the importance of robust HR systems. The research identified that through an integrated system of policies, practices and tools, the HR function had the effect of bringing synergy to the organisation, producing high levels of commitment from employees and sustained business success. Pheffer (1999) also identified seven dimensions whereby organisations make profit through people, the most significant being selective recruitment. He postulated that selection is critical to organisational success, arguing “the real sources of competitive leverage are the culture and capabilities of the organisation that are derived from the way people are managed” (Pheffer ,1999,p. 45). Several authors (Huselid, 1995; Sekiguchi, 2003, Datta et al., 2005 ; Gong et al. 2009 and Kehoe and Wright, 2010) advocate that sound HRM is a way to ensure the organisation’s employees are satisfied and committed.

Laker and Williams (2003) stated that “nepotism can affect an employee’s job satisfaction through their perception of fairness and equity and that these perceptions will also affect an employee’s commitment to the organisation” (p. 192). They further found that nepotism leads to favouritism, which in turn leads to inequality and employee dissatisfaction. Employees become less committed to the organisation; the organisation loses their trust and, as a consequence, the organisation sees higher labour
costs. Commitment to the organisation is therefore seen as paramount for organisational success. The current research findings on wasta explained unique variations in Islamic banking. Wasta is one of the factors that leads employee turnover in the banks. Most senior managers practised occurrences of wasta, in order to get the right training or promotion for their career development. It was also found that Wasta leads to mistrust in an organization, reducing organisational engagement and unfavourably impacting upon Emiratisation policy. Selection practices based upon nepotism, cronyism and favouritism reduce trust, and Keles et al. (2011,p.13) postulated, “nepotism, favouritism and cronyism reduce organisational trust in family business”. The outcome of adopting these practices is such that “distrust in the management that leads to confrontations between employees and can negatively reduce performance” (Keles et al. 2011,p.13).

7.7.2 Trust and Reciprocity

Trust and reciprocity ($\beta=0.40$) explained a unique variance in the skills and knowledge model and ($\beta=0.21$) to the unique variance of the career development model sitting under the umbrella or human capital variables. Human capital is part of social capital. The findings of this study are consistent with those of previous research (Leana & van Buren, 1999; Ring & van de Ven, 1992) in other countries where reciprocal confidence is more inclined to share delicate knowledge or information, which is only shared within the circle of confidence. The mental dimension of social capital deals with the phenomena that the more individuals communicate with each other as a unit of a group, the higher the possibility that they can create shared objectives and common corporate visions (Ying et al., 2011).

Results of this study are inclined to support previous literature, such as that of Ferris et al. (2004) and Ying et al. (2011), showing a lack of trust between employees about their future in the organisation, distrust of each other and attempts to take advantage of each other, if given the opportunity.

Trust and reciprocity is a factor of social capital, however, trust can be increased between staff members if the organisation uses accepted recruitment processes, such as performance tests and structured interviews. The workers are then able to trust in the fairness of choosing the right candidates for the right job, and have confidence in the decency of the job contract, authoritative structures and processes. In turn, this will increase their trust in their organisation. These findings are consistent with those of
Spellerberg (2001) and Ferris et al. (2004), who identified that trust and reciprocal association incorporates a degree of confidence with respect to others, expectations in terms of reciprocal support, and concern for the interests of others.

7.7.3 Attitude and behaviour

Attitude and behaviour ($\beta = 0.314$) explained a unique variance in the training and development model in the Islamic banking sector. Attitude and behaviour place an emphasis on the feelings, beliefs and values of individuals, and have a significant effect on human capital with regard to training and development. If employees do not receive appropriate training, this will impact negatively on their attitudes and behaviours toward the organisation. Employees’ attitudes and behaviour could be changed by means such as training and development. The training would guide employees towards developing effectiveness and efficiency at work, by conveying improvements and revising professional knowledge, through enhancing skills that are related to work. Similarly, Spellerberg (2001) found that attitude measurement incorporates the attitude with respect to others; it incorporates exhibiting tolerance towards others, to the extent to which freeloaders are tolerated, and the degree of optimism that the individuals display. The results show that Islamic values impact on personal beliefs and human resource practices, indicating high Islamic values in management practices and the existence of Islamic social capital.

7.7.4 Networking

Networking ($\beta = 0.196$) explained a unique variance of the skills and knowledge model and ($\beta = 0.216$) to the unique variance of the career and development model sitting under the umbrella of human capital variables. Human capital is the part of social capital that displays the knowledge, education and skills of individuals. Social capital is viewed as the social networking umbrella that helps members of society to work together efficiently, using the skills and knowledge they obtain through their networks. Results indicate that when social capital and human capital are integrated, the performance of the organisation and staff improves. The interaction networks, whether with strong or weak relationships, are applicable to communication efficiency and employee trust.
Furthermore, the results indicated that networking is a fundamental way to run business in Islamic banking, especially in daily organisational transactions. This indicates that employees in the organisations have a deep belief in the importance of establishing social interactions with others such as being active in a local club, sport or craft. The mean score for networking was M=1.97 on a 5-point Likert scale. The senior managers’ responses indicate that their organisations agreed that networking is important in their working environment. These findings are consistent with those of Shaw et al. (2005) and Gibbons and Waldman (2004).

The research results also indicated that the development of social capital is based on relationships built from the integrity associated with emotional human capital, and that they benefited from networking and feedback loops. Networking also helps in developing staffs’ intellectual capital, by accessing expertise and external skills available to an organisation and through the promotion of knowledge sharing within the organisation. This will improve and develop social capital to a point where it is the basis of leadership positions among senior Emirati managers of Islamic banks. This matches Coleman’s (1988) findings where social capital allows social organisation; if the individuals are bound together by emotional ties, they can exchange information easily.

In other words, social capital enriched by emotional ties eases the creation of intellectual capital. The principles of Islam influence human capital and social capital development owing to the fact that it shapes the perceptions, feelings and actions towards others, of both individuals and organisations.

7.7 Service in conventional banks

The findings of the present research supports that of previous literature in that career development increases individuals’ engagement and job satisfaction which will, in turn, lead to continuous development within the organisation (Abdelkarim, 2002; Agnaia, 1996).

The service of conventional banks plays an important role in developing employees’ careers. The problem that most Islamic banks face is a lack of control over life learning processes. The banks do not have a clear career development plan that will motivate and retain national managers in the financial sector. Previous literature (Abdelkarim, 2002; Al-Ali, 2008; Freek, 2004) suggested that governments should align their Emiratisation
policy with Emirate career development and training needs in the banking sector; this would develop an elite workforce with high potential initiatives. The current research findings indicated that, in order to excel in human capital, there is a need for a strategic plan to prepare the workforce for a high level, knowledge driven economy that needs to attract and retain highly skilled employees and to improve UAE nationals qualifications in Islamic banks.

The website overview in Chapter Four, presenting different international banks, indicated that conventional banks have better HR processes. In addition, they make great efforts at an organisational level, and through employee engagement practices, that help develop human capital in the bank. The results also indicate that human capital development can be ensured by employee engagement practices. The key pillars are: leadership, recognition of employees’ efforts and offering rewards accordingly, promoting work-life balance, empowering employees through giving autonomy, and embedding a corporate image into the actions of employees in order to maintain the bank’s reputation.

7.8 Conceptual Framework

Figure 7.1 Conceptual framework for human capital capacity building in UAE Islamic banks

This research investigated the influence of human capital and social capital of Emirati managers working in Islamic banks in the UAE. Based upon the statistical analysis and
Chapter seven: Discussion of findings

the literature a practice framework model for human capital capacity building has been developed for the Islamic Banking system, as illustrated above. In order to explore the key factors of social capital, the research will be conceptualised in the form of attitude and behaviour, culture, nepotism (wasta) and networking.

This framework has been developed so as to ascertain the interconnectedness between human and social capital. Human capital represents the qualities that individuals gain within an organisational environment, whereas social capital is formed through the network of relationships, therefore it constitutes attitudes, behaviours, networking, wasa and culture. As a part of network, organisations evidently play a vital role in generating social capital. They bring individuals together on a common platform encouraging them to interact with each other, thus developing cooperation among them, which eventually results in the dissemination of joint knowledge. Thus, by investing in human capital and augmenting it along the way, organisations can be the trigger that generates knowledge through the individuals who are part of the said organisations; this also enhances organisational performance and develops social capital. The model focuses on job performance improvement amongst Emirati managers in the UAE. Within this context, other factors relevant to the human capital investment model were identified as follows: Emiratisation policy, ability and behavioural aspects associated with human capital. The current framework proposed above depicts the Spellerberg (2001) model, from which attitude and behaviour can be taken into account, given the interdependent relationship that exists between human and social capital.

This current model proposed also takes into account the cultural influence of Islam and its reflections on banking organisations. Culture reflects collective values, beliefs and behaviours and can have a significant influence on the system, beliefs and behaviour of people and organisations (Hofstede, 1980; Ababaneh, 2010). It is believed that principles of Islam influence human capital and social capital development owing to the fact that it shapes individuals and organisations perceptions, feelings and acts towards others. One other reason for including culture is the significant influence of Arab culture on human resources development. It is argued that Arabs are prejudiced and affected by their values, norms and social culture (Al–Faleh, 1987; Marqurdt, Berger & Loan, 2004); thus, shared values and beliefs in an organisation might also affect how quality improvement may be used for services (Hann et al., 2007). It is believed that the
framework illustrated above will help to determine the influence of human capital and social capital on the job performance of Emirati managers, working in Islamic banks.

7.9 Summary

This chapter presented a review of the major findings of this study. In the final chapter of this thesis, the various policy implications and recommendations based on these findings will be concluded. The study was completed through different stages: first, a critical review of literature was undertaken on the economic and social history of the UAE, including demographics, educational structure and Islamic practices. It also included an overview of the Islamic banking sector of the UAE, and the implementation of the Emiratisation policy on the financial sector, all of which affect Emirati employability (see Chapter 2). In the second stage, the critical literature review was divided into four sections, human capital, social capital, wasa, and culture, and how they affect human capital development in the UAE Islamic banking sector (discussed in this chapter). The second part of this chapter is a review of the main literature with regards to Islamic finance and the banking industry, and its theoretical background.

Moreover, the chapter gives an insight into the historical roots of Islamic finance and its instruments. Additionally, the importance of training in Islamic banking, and how it affects employee development and career development, was discussed in order to develop a conceptual research framework (see Chapter 3). Fourth, a review of current practices of human capital models in international banks was performed to indicate HR practices that UAE Islamic banks are neglecting to use (see Chapter 4). A questionnaire was designed to target senior managers in UAE Islamic banks in order to identify the key constructs that affect Emirati managers’ decision making, skills and knowledge, and attitude and behaviour (see Chapter 5).

Fifth, a statistical approach and analysis was applied to develop a model of capacity building of human capital in UAE Islamic banks. The results of the quantitative analysis of the data were aided in identifying factors under three constructs: human capital, social capital and culture (see Chapter 6).
Sixth, a discussion of the quantitative results was related to comparative literature analysis. The limitations of this research follow, together with suggestions for future research directions. The conclusions draw the thesis to a close (see Chapters 7 and 8).
Chapter Eight: Conclusions and Recommendations

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8.1 Introduction

To achieve the aim of this research, five research objectives were established to develop a framework of human capital capacity-building in UAE Islamic banks. This was in order to counteract the challenges of Emiratisation and improve the human resource development practices of senior Emirati managers in Islamic banks. The research objectives were divided into two types, theoretical and practical. Objective one was a theoretical objective, whereas the other four objectives were practical. However, to achieve the practical objectives a questionnaire was distributed to seven Islamic banks in the UAE, targeting senior managers. The proposed model was developed through a quantitative analysis of the data in Chapters Six and Seven, indicating different factors under three constructs: social capital, culture/Islamic principles, and human capital. The aim of this framework was to develop human capital for the decision makers in Islamic banks. The chapter revisits the research aim and objectives, summarises the overall findings and highlights the research contribution to the literature, research limitations and suggested areas for further research.

8.2 Overview of the aims and objectives

The overall aim has been is achieved through five objectives (see table 8.1).

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Table 8.1: Research Objectives
Objective 1: To undertake a critical literature review of theories relating to the development of human capital, contextualised by the literature on Islamic banking in the UAE, in order to develop a conceptual framework on human capital capacity-building in Islamic Banks.

The first objective of the present study was addressed through undertaking a critical analysis of relevant literature on developing human capital in UAE Islamic banking. The objective was addressed in both Chapters Two and Three. Chapter Two provided an overview of the UAE context, in terms of the economy, society, education system and religion, together with the country’s geographical location, history, and legal and political environment. The chapter then outlined the banking sector in the UAE, concentrating on the Islamic banking industry and the implementation of the Emiratisation policy in the financial sector, resulting from the Emiratisation policy and the fast growth of the Islamic banking sector in the UAE. The human capital availability for Islamic financial services stall the growth of the sector, due to the fact that there is a lack of essential training programmes for new entrants, as well as senior managers. Thus, there is a need to address the challenges of Emiratisation and the development of human capital for the Islamic financial sector.

Chapter Three addressed literature related to the development of human capital, social capital and cultural environment that could influence attitudes and behaviour in the workplace. Reviewing the literature gave a better understanding of the human capital development concept and theories in general, and related subjects to Islamic banking history and instruments, moving to discussing Islamic banking in the UAE. In addition, the literature was separated into two sections, human capital development and Islamic banking.

The literature presented a perspective to identify the relationship between human capital and human resource management. The theoretical groundwork of the social capital model, and the relationship between social capital and human capital, was discussed. Moreover, wasta and culture, and how it affects human capital development in the UAE Islamic Banking sector, were discussed in this chapter. Additionally, the importance of training in Islamic banking, and how it affects employee development and career development, was also discussed.

Based upon the critical review of the literature, the framework depicts the Spellerberg (2001) model, from which attitudes and behaviour can be taken into account given the
interdependent relationship that exists between human and social capital. The findings indicated an empirical support for the idea that, social capital, wasata, networking, attitudes and behaviour and relatively high levels of trust, shape the practice of management and individuals in the Islamic banking sector. Moreover, prior studies showed that these variables are important in improving performance in the organisation (Alder, 2002; Nahapit, 1998; Weir, 2001).

**Objective 2:** To carry out a web based search on existing best practice in banking to identify a framework for developing human capital in the international banking sector and analyse findings.

In order to achieve this objective, secondary data was used in Chapter Four and a website overview on selected human capital development programmes run by international banks was undertaken. In addition, a national-level analysis of Malaysia was undertaken to set industry benchmarks that would help to compare similar programmes run by Islamic banks in the UAE. This chapter culminated in the development of a conceptual research framework that was used to inform this research design.

**Objective 3:** To undertake questionnaires with Emirati senior managers in IB in the UAE, to develop a case study of human capital capacity-building in the UAE Islamic banking sector.

In order to achieve this objective, a research survey was conducted with Emirati senior managers in Islamic banks, and statistical analysis was applied to develop a model of human capital capacity-building in the UAE (see Chapter Six). This study was piloted on a small sample of bankers to ensure the validity of the conceptual framework that was developed in earlier stages, prior to conducting the main quantitative study. In Chapter Six, an explanatory factor analysis was conducted; correlations and hierarchal regression was applied to test six hypothesis. The results of the statistical analysis of the data disclosed eight variables. These variables included: social capital constructs (attitudes and behaviour, wasata, networking, trust and reciprocity), and cultural/Islamic principles and constructs (uncertainty avoidance, individualism/ collectivism and Islamic values). A demographic variable (i.e., service in conventional banks) that are significant predictors of human capital constructs (training and development, career development and skills and knowledge). Pearson’s correlation indicated that there is a strong relationship between human capital, social capital, and cultural concepts in the expected direction. However, people are the most significant assets for an organisation,
and in order to have a highly competitive organization these three factors should be integrated. The positive correlations between the constructs of human capital, social capital and cultural/ Islamic principles were significant, supporting the outcomes and giving very strong evidence of the effect of these constructs from the theories on human capital.

**Objective 4: To develop a best practice framework for building human capital capacity in order to improve current practices in Islamic banks in the UAE**

This objective was met in both Chapters Six and Seven. Chapter Six introduced a preliminary quantitative study. A model was developed giving appropriate solutions for UAE Islamic banks to develop and improve their current practices in human capital. A human capital capacity-building model was developed through different stages according to whether the organisational shortage was in training and development, skills and knowledge, or career development. The model was based on the reading of the literature and then use of statistical analysis. Chapter Seven presented a discussion of the research findings from the questionnaire.

**Objective 5: To develop set of recommendations to develop the current practices human capital capacity-building in the Islamic banks of UAE.**

Consequently, a set of recommendations have been developed based on the questionnaire that was distributed in seven Islamic banks, and the secondary evidence from the literature of international banks, in order to explore the current best practices used. These recommendations might help the successful development of human capital in Islamic banks in the UAE. The aim was to help the successful development of human capital in the banking sector in the UAE. These recommendations were not assessed against other criteria, for example, current government policy preferences, or its impact on the economy. These recommendations indicate the foundation for future research. More empirical research is necessary to test these recommendations, especially regarding issues of employee performance in the Islamic banking sector.
8.2 Contribution

This study contributes to the knowledge on human capital development in the UAE Islamic banking sector, addressing the challenges of Emiratisation. The findings are, therefore, of new and significant relevance to human capital development strategies and policies in Islamic banks in the UAE, and in Arab countries in general. The recommendations and policy implications will be discussed in the next section.

In relation to the above, and unlike other studies previously conducted, this research addresses a very important issue related to the challenges of Emiratisation to human capital development in Islamic banks. There has also been a contribution to the development strategies at the national level. This study provides an opportunity for the UAE to revise its national policy and strategy towards Emiratisation.

The knowledge gained aids a clearer understanding of the constraints facing the Islamic banks in the UAE, and other Arab countries (particularly GCC countries) that face similar socio-economic and development challenges. Moreover, it demonstrates that research that takes a top-down approach, as well as research that puts change management at the centre of understanding Emiratisation challenges and constraints in the UAE, can hardly provide a meaningful solution. A better approach would be one that takes a bottom-up approach which puts ordinary individuals at the centre of investigation and analysis.

8.2.1 Contribution to theory

The research is significant as it is the first quantitative study developed in the UAE Islamic banking sector. The majority of previous studies are based on mixed quantitative and qualitative studies, and mostly in conventional banks. The present study involved a quantitative questionnaire analysis of 182 senior managers in seven Islamic banks in the UAE. Therefore, this study makes a significant contribution to the body of knowledge about human capital in Islamic banks.

The study has increased knowledge about human capital and training and development in Islamic banks, especially training needs assessment, which makes an important contribution to career development, employee development, goal setting, staff retention, and innovation among senior managers in Islamic banks. The study has clarified the
main social capital and cultural barriers that Islamic banks face in achieving a competitive market edge. Social capital factors such as, networking, wasa, attitudes and behaviour, and Islamic ethics, play an important role in generating social capital. Individuals in Islamic banks can be encouraged to interact with each other and share knowledge.

Furthermore, it has contributed by indicating the importance of investing in human capital and augmenting it along the way. Organisations can be the trigger that generates knowledge through the individuals who are part of them, which enhances organisational performance and develops social capital. The research is significant as it is the first large scale quantitative study of the development of human capital, social capital and culture, contextualised by the literature on Islamic banking in the UAE, in order to develop a best practice framework on human capital capacity-building in Islamic banks (see Chapter Seven).

A major theoretical contribution of this study was made by developing a conceptual framework to improve human capital-capacity building in Islamic banks for senior managers. The model was developed through a critical review of the literature on human and social capital, and cultural models and theories. Based on the key findings from the questionnaire, the conceptual framework was revised and developed. This research will help the UAE government to enhance one of its most important sectors in relation to its economic ambitions.

The initial model identified that Islam influences culture, which is reflected in banking organisations. Culture reflects collective values, beliefs and behaviours and can have a significant influence on the system, beliefs and behaviour of people and organisations. The study indicated that principles of Islam influence human and social capital development, owing to the fact that it shapes individuals and organisations perceptions, feelings and action towards others. One other reason for including culture is the significant influence of Arab culture on human resource development. The findings of this study can help to determine the influence of human and social capital on the job performance of Emirati managers working in Islamic banks. The model suggests that there is a cultural and social issue impacting on the development of human capital in Islamic banks; this is because there is no adequate differentiation made to create a relevancy that covers the gap between culture and work ethics.
Chapter Eight: Conclusions and Recommendations

The literature indicates that most training programmes depend on western techniques and practices. However, the study showed there is lack of prominent management innovation in Islamic banks and that Islamic training and development comprehends all aspects of the moral and spiritual development of people to their physical development. Nevertheless, results showed that Islamic culture influences training and development, as the majority of the employees in the organisation are Muslims. Islamic training and development comprehends all aspects of moral and spiritual development of people to their physical development. Training and development also increases faith in God and enhances the knowledge and training of employees at the highest levels. This study emphasised the importance of Islamic culture and principles in work, as they are an important factor in achieving a successful life, encouraging individuals to pursue perfection, knowledge and excellence in all that they do.

There is currently a lack of published research on the importance of social influences and Islamic principles in shaping organisational culture, and their human capital development in Islamic banks, especially in a country such as the UAE that is driven by a set of cultural restraints. The study fills this gap. The research model established the social influence of constructs and Islamic culture and principles on organisations and individuals' attitudes and behaviour. Nevertheless, the model took into account the important role of culture, as one of the constructs in shaping the final model. The results showed that both social and Islamic culture and principles have a significant direct and indirect effect on senior management decision takers, and their attitudes and behaviour. Cohen and Prusak (2001) indicated that studying social capital in organisations is relatively new; hence, the study contributes uniquely to the knowledge of social capital to the research literature. The literature related to social capital constructs, especially nepotism (wasta), indicates that in cultures where collectivism is high, individuals are interdependent and have strong in-group ties. The role of cultural values on nepotism (wasta) becomes visible, favouring in-group benefits. In fact, the favouring of group members' interests is carried out without considering whether a particular decision is fair or discriminating (Turner et al., 2012). The research model of this study tackled nepotism (wasta), a potentially threatening construct, as a key determinate of the development of human capital and HR practices of senior leaders in Islamic banks. Therefore, the practice of nepotism becomes an overriding factor in equality and fairness in the selection process, whether they be sporting or business organisations.
The findings of this study support the previous literature in that nepotism (wasta) can have a negative effect on employees’ job satisfaction and commitments, through their perception of fairness and equity to the organisation. Hence, nepotism (wasta) could lead to favouritism, which in turn leads to inequality and employee dissatisfaction. In the research model nepotism (wasta) explained a unique variation in Islamic banking, as it is one of the factors that leads to employee turnover in the banks. Most of the senior managers practised occurrences of nepotism (wasta), in order to get the right training or promotion for their career development. It was also found that nepotism (wasta) leads to mistrust in an organization, reducing organisational engagement and unfavourably impacting upon the Emiratisation policy.

The model was also sustained by the evidence revealed in the secondary evidence through a web-site overview to identify the best practice in international banks. The proposed model will serve as an effective instrument to assist senior managers in Islamic banks to develop their human capital. The best practice framework comprises of sections depending on the shortage the managers have, whether in skills and knowledge, training and development or career development. The study also identified that cultural and social issues have a great impact on organisational and individual attitudes and behaviour.

8.2.2 Contribution to practice

This study contributes to practice in three key areas. First, it identifies the areas relating to the importance of training and development, employee skills and knowledge, career development, culture and attitudes and behaviour of senior Emirati managers in Islamic banks. This will help the banking industries of developing countries with similar problems to adopt the proposed model and overcome this problem.

The research framework gives a means of understanding the factors determining the development of senior managers in Islamic banks, when it comes to human and social capital, and culture and Islamic principles, and how these may affect the future development of individuals and organisations. Additionally, the working environment and the level of implementation of HR practices in Islamic banks cause deviations from other organisations because of the social influence and culture/ Islamic principles constructs. The study provides insight to improve the career development and human
capital enhancement of senior managers, by providing career oriented training in order to affiliate individuals’ needs with organisational ones. Thus, by recognising employees’ training needs, such as who should be trained and how, it is necessary for organisations to set their training aims and objectives to achieve their future expectations through an appropriate training system.

The study will help to identify the gap between employees’ skills and those needed in the job, for individuals to achieve high performance in their career development in Islamic banking sector. Hence, the framework can close the gap through continues training and development and improve HR practices i.e. recruitments. In addition it will help the bank to focus on employee skills and knowledge in terms of education, and overall economic well being as it’s one of the most important elements to achieve innovative employee in the organisation by considering the social and cultural impact on human capital development in the financial sector. The research study provides a theoretical insight for other researchers and offers useful findings for the financial sector, senior management and implementation teams.

The research study plays an important role in designing training and development plans linked to organisational objectives, and more attention should be paid to assessing training and development, in terms of selecting more practical approaches taking into account the workplace environment of employees. Recent years have seen a higher demand for both internal and external training needs, as requested by organisations, in addition to exploring and understanding the importance of training as a tool for enhancing the attitude, skills and knowledge (KSAs) of senior managers. It directs a person to develop their efficiency and effectiveness in their workplace by obtaining improvements and amending their professional knowledge, developing skills that are applicable to work, and adopting appropriate attitudes and behaviour towards other people, as well as the workplace.

Islamic banking is based on the Sharia interest-free banking system; it conducts its operations in a way that benefits society as a whole. It also protects against violating human dignity by achieving a balance between organisational and social interests. It possesses distinctive procedures and functional features, in comparison with the traditional banking system. The study helps organisations to encourage innovation by implementing and identifying a trainee’s ability and potential capability, whilst they are
in the training programme, where they can focus on highlighting the areas that they are lacking.

The study showed that Islamic banks have achieved strong growth in a short time frame. It is, therefore, unsurprising that the HR focus would be on the growth of the workforce and not on their development. Now that this growth has plateaued it would be expected to focus on investment in people, through training and development and leadership development programmes, to attract and retain people of the right calibre. Additionally, the framework will help the government strategy and contribution to its awareness of achieving the country’s vision to develop a knowledge-based economy in the banking sector that will predict and create skilled UAE nationals according to the UAE vision 2021.

This will also ensure stability and maintain any competitive advantages. The research pays attention to the importance of training and education, because of the Emiratisation policy, and it has started to collaborate with educational institutions. Hence, this will allow the banking sectors to develop Emirati banking professionals. As recently noted by HH Sheikh Mohammed “UAE will continued to attract great talent, leading the world as preferred destinations for talent and skills and will continue implementing a long term plan facilitating our transition to a knowledge economy” (Gulf News, 2015).

This study shows how culture and Islamic principles shape individuals’ attitudes and behaviour, and affects their social capital elements; these include: trust, attitudes and behaviour, networking and nepotism (wasta). The higher social capital that individuals have, such as networking and trust, then the higher the organisational engagement toward the organisation. Moreover, in order to retain employees, organisations should provide training and development and have a clear career path to retain highly skilled individuals, leading to a high performance for the managers in Islamic banks. All of these elements not only operate in an Islamic banking environment, which is different to a conventional banking environment because of Islamic principles and social culture, but also operate within the context of the Emiratisation policy. Another significant contribution to the research is the development of a set of recommendations for different stakeholders, such as Emirati senior managers, banks and the government.
Table 8.2 Study Contribution

<table>
<thead>
<tr>
<th>Contribution</th>
<th>Theoretical/Practical</th>
</tr>
</thead>
<tbody>
<tr>
<td>The majority of previous studies are based on mixed quantitative and qualitative studies, and rely in conventional banks. Consequently, the findings of this study show their practical potential to human resources developers in Islamic banks to develop senior managers through training and development, to attain the right skills and knowledge and to have a clear career path. The lack of lies on social and human capital from a management perspective, and lack of published studies on the topics in the Middle East in general, especially the UAE, make this path-finding research that contributes toward the development of UAE banking and the Islamic economy in general.</td>
<td>Practical</td>
</tr>
<tr>
<td>The model suggests there is a cultural and social issue impacting on the development of human capital in Islamic banks, as there is no adequate differentiation made to create a relevancy that covers gap of culture and work principle differences. The literature indicates that most training programmes depend on western techniques and practices. However, the study shows there is lack of eminent management innovation in Islamic banks, and Islamic training and development comprehends all the aspects of moral and spiritual development of people in their physical development.</td>
<td>Theoretical</td>
</tr>
<tr>
<td>The study shows that Islamic culture influences training and development, as the majority of the employees in the organisation are Muslims. Islamic training and development comprehends all aspects moral and spiritual development of people to their physical development Training and development increases faith in God and enhances the knowledge and training of employees at the highest levels. These study findings reflect the current literature that emphasises the importance of cultural and Islamic principles in work, as they are important factors in achieving a successful life, encouraging individuals to pursue perfection, knowledge and excellence in all that they do.</td>
<td>Practical</td>
</tr>
<tr>
<td>The research model establishes the social influence of culture and Islamic principles on misations and individuals’ attitudes and behaviour. Nevertheless, the model takes into account the dominant role of culture, as one of the constructs in shaping the final model. There is currently a lack of published research on the importance of social influences and Islamic principles in shaping organisational culture, and their human capital development in Islamic banks, especially, in a country such as the UAE that is driven by a set of cultural restraints. The study makes a contribution to fill this gap of culture and work principle differences. The literature indicates that most training programmes depend on western techniques and practices. However, the study shows there is lack of eminent management innovation in Islamic banks, and Islamic training and development comprehends all the aspects of moral and spiritual development of people in their physical development.</td>
<td>Theoretical</td>
</tr>
<tr>
<td>The research model of this study tackles was, a potentially threatening construct, as a key factor in the development of human capital and HR practices of senior leaders in Islamic banks. Therefore, the practice of nepotism becomes an overriding factor in equality and fairness in the selection process, whether they be sporting or business organisations. The findings of this study port the previous literature that wasa can have a negative effect on employees’ job satisfaction and attitudes, through their perception of fairness and equity in the organisation.</td>
<td>Theoretical</td>
</tr>
<tr>
<td>The UAE’s government strategy and contribution to its awareness of achieving the country’s on to develop a knowledge-based economy in the banking sector that will predict and create skilled nationals according to the UAE vision 2021. The research study showed that Islamic banks achieved strong growth in a short space. It is not surprising that the HR focus would be on the growth of the workforce, and not on development. Now that this growth has plateaued, it would now be expected that investment in people would become the focus, through training and development and leadership development programmes, to attract and retain the right calibre employees. It will also this are stability and maintain any competitive advantages.</td>
<td>Practical</td>
</tr>
<tr>
<td>A significant contribution to the research is the development of a set of recommendations for current stakeholders, such as Emirati senior managers, banks and the government. These recommendations, if implemented through a different strategy, would develop human capital in the financial institutions in the UAE. These recommendations will help other developing countries to adopt the model and develop their workforce.</td>
<td>Practical</td>
</tr>
</tbody>
</table>
These recommendations, if implemented through a different strategy, would develop human capital in the financial institutions in the UAE. These recommendations will help other developing countries to adopt the model and develop their human capital workforce. This result is very important for future investigation by researchers. see table 8.2

8.3 Conclusions and Implications

The quantitative analysis used in this study; drawn different statements and recommendations from the data. It is a comprehensive analysis from seven Islamic banks in the UAE in order to develop a framework for human capital capacity building in UAE Islamic banks in order to counteract the challenges of Emiratisation, and improve the human resource development practices of senior Emirati managers. The research investigated the influence of human capital and social capital of Emirati senior manager working in Islamic banks in the UAE. Based upon the statistical analysis and the literature review a practical framework model for human capital capacity building has been developed for the Islamic banking system, as illustrated above. Eight key factors were identified, i.e. Under Culture and Islamic principles (Islamic values, individual/ collectivist and uncertainty avoidance). For Social capital factors such as (trust, wasta, networking and attitude and behavior) were indicated.

The conceptual framework developed determines the relationship between human capital and social capital. Human capital represents the skills, knowledge training and development that individuals gain within an organisational environment to enhance their career development, whereas social capital is formed through the network of relationships, therefore it constitutes attitudes and behaviours, networking, wasta and trust. The framework demonstrates that culture is developed over time and it is always growing and influenced by different norms of society. The developed model takes into account the cultural and Islamic principles shape the attitude and behaviours of individuals in the Islamic banks and affect their social capital factors. The higher social capital individuals have ie (networking, trust, attitude and behavior) the higher organisational engagement in the organisation.
Islamic banking culture evidently plays a vital role in generating social capital. They bring individuals together on a common platform encouraging them to interact with each other, thus developing cooperation among them, which eventually results in the distribution of joint knowledge. Thus, by investing in human capital and strengthening it along the way, organisations are the trigger that generates knowledge through the individuals who are part of the said organisations; this also enhances organisational performance and develops social capital.

The model focuses on human capital improvement amongst Emirati senior managers in the UAE. Within this context, other factors relevant to the human capital investment model were identified as follows: Emiratisation policy, attitude and behavioural aspects associated with human capital. The current framework proposed shows that attitude and behaviour can be taken into account, given the interdependent relationship that exists between human and social capital. Moreover, the framework emphasis the need of Islamic banks in the UAE to focus on the growth of their employee through continues training and development programs, as the continues growth of the Islamic financials sector is predicted to expand substantially this current year, and it is expected that funds of between $87- 124 billion. Creating new jobs of more than 20,000 people. However, the current human capital may stall the growth of the Islamic financial services due to the fact that there is a lack of essential training programmes for senior managers.

This framework indicates the need to focus on recruit those who have the necessary skills, as the Islamic banking sector in the UAE need to focus on its business plans and developing needed talent by recruiting applicable skills, experience and competencies. Emphasis is also should be given to the contentious training and development programmes and clear career development plan that raise employee retention and value, together with the growth of the bank. Furthermore, the framework shows the main sources of strength of the UAE Islamic banking sector, which is the development of human capital. The government is giving a huge attentions to develop a good leadership, creative, innovative and skilled calibre to push the knowledge based economy of the UAE and to back the growth in the economic sector, having definite talents in capacities such as corporate finance, investment advisory services, sharia advice and wealth management. The framework recognised that human capital plays a vital role in the growth and development of the Islamic banking sector in UAE. In order to develop the necessary human capital in UAE, Islamic banks need to consider the
government policies such as i.e Emiratisation policy and take an active role in investing in human capital were instrumental in shaping improvements to the financial sector, where knowledge, skills, competencies and capabilities should become a key strategic factor of productivity, competitiveness and growth. It is believed that the framework illustrated above will help to determine the influence of human capital capacity building of senior managers, working in Islamic banks.

### 8.4 Key Recommendations

In order to achieve the last research objective, a set of recommendations has been developed according to the statistical analysis regarding the human capital capacity-building model in Islamic banks. These recommendations might help the successful development of human capital.

#### 8.5.1 Recommendations for Islamic banks in UAE

- Human resources departments in UAE Islamic banks should consider the importance of increasing and improving the Islamic banking service and product knowledge. They do this by providing training courses, printing brochures, and giving in-job training and inductions, especially to new interns to give them sufficient information regarding general roles and conditions of Islamic banking products and services and Islamic ideology.

- Islamic banks should work with the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), and other decision-making institutions, because Shariah board associations are a must in modern Islamic banking. This will help in the adoption of training programmes for Shariah, and adopting restricted recruiting policies will enhance professionalism in the workplace.

- Recruiting and selection should be made through analytical tests, targeting people who are talented, showing commitment, and willing to learn and pursue their career in Islamic banks.

- Evaluation and review of training programmes provided in the banks to meet employee expectations by conducting personal development reviews on a regular basis through developing a graduate training schemes and clear career path.
Chapter Eight: Conclusions and Recommendations

- A close relationship should be established between employees and supervisors as this would help to understand the training needs of the employees.
- Human resource management should evaluate the outcome of the training programmes to indicate any failure or shortages in these courses, in order to develop a transparent career path for employees in Islamic banks.
- Islamic banks should work closely with the education sector and the government to consider more structured and accessible training programmes.
- The bank, as well as intellectuals and decision makers, should reconsider a number of inherited cultural values and habits, paying specific attention to those that do not have a relationship with the Islamic religion.
- Islamic banking in the UAE should offer a bridge between the financial sector and fresh graduates and banking graduates. They should prepare high quality research and development that is concentrated on determining likely aptitude gaps amongst current representatives.
- The human capital practices that should be followed in UAE Islamic banks is to become an Employer of Choice among prospective employees. This would enable them to recruit and retain superior talent, as they currently struggle to attain people with the right skills, knowledge and attitude.

8.5.2 Recommendations for the government

- The government should link the education policy with labour and economic policy. The UAE financial sector, especially Islamic banking, has specific needs and exhibits diverse conditions, but a general consensus from this study is that education policy is an important factor. The education system must be in line with the financial sector in the medium and long-term development plans. Decisions, priorities, the curriculum and budget allocation cannot work as stand-alone policies.

- To be able to make prudent and appropriate policy recommendations, studies need to be made at the country-specific, micro level. Policy recommendations must be country specific and capable of addressing the various needs within each country, as opposed to being general summations. Macro level studies across a variety of countries are interesting; however, they do not afford the
depth of study needed for specific interventions. An all-encompassing study of human capital and economic development needs to take into account the knowledge and skills taught in the education system, the dynamics of the labour market, and the institutions that manage the production process.

- The government should continuously review the education and training system to match the evolving requirements of the development of Islamic banks in the UAE.
- The Ministry of Education should be able to determine current and future skills and knowledge requirements based on reliable statistics.
- The government needs to broaden its education and training programmes to make sure that human capital does not stall the growth of the Islamic banking sector in the UAE.
- Leadership programmes should be implemented that target both new entrants and the people who are already in senior positions to develop their leadership in taking correct decisions in the organisation.
- To enhance the Emiratisation policy, career orientation and career planning for employees should be provided, especially for those requiring promotion.
- To increase trust, the government should establish a committee of different stakeholders to indicate future directions for specific professions in UAE banks. They should also set out standards and policies for stakeholders to provide annual work experience, and experienced resources for educational workshops and career development.
- To reduce wasta, the government should establish an adjudication commission that has the power to investigate and manage complaints of wasta, provide awareness programmes on wasta and its implications, how it is investigated and its outcome. The government should then enforce transparent recruiting policies in the banks.
- The government needs to establish an anti-favouritism entity in the organisations that aims to investigate and manage complaints of favouritism or wasta. This will help to enhance transparent recruitment and selection, training and development, promotion and development of career path for all employees.
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- Anti-favouritism entity laws should be introduced and awareness programmes should be developed on wasata cases and its outcomes. Laws should need to rely on values of social justice and public interest, rather than family name and tribal values.
- The government should have institutions that use research and analysis to structure Islamic banking systems that lead to product innovation and effective regulation.
- Career development programmes should be offered to university graduates to help them decide on their career path, with the cooperation of the government and the financial sector.
- Human capital can therefore only affect economic growth if it is used to its full advantage in the labour market of the UAE financial sector. Those with qualifications need to be actively employed so their skills and knowledge can be used to produce goods and services. There may, however, be a mismatch between the knowledge and skills gained via the education system, and those required by organisations; this can lead to those with higher level qualifications undertaking low-level employment. As a consequence, if the labour market is not effectively considered, a country’s accumulation of qualified human capital via the education system may not have the desired effect of leading to growth in the economy.

8.5.3 Recommendations for senior managers and HR

- Managers should have an effective career development programme to develop their skills and experience for current and future needs.
- Managers should upgrade their skills to create competent and highly qualified professionals, and be able to identify their potential talents, skill gaps and succession planning, in order to be able to make operational and strategic decisions in the banks.
- Human resources should create a unique approach to human capital development by including mentoring, training programmes for executives, and having an engagement policy for key business partners. This is similar to the HRM model that was introduced by some of the international banks, which suggests the importance of creating engagement with employees and formulating a way to reinforce engagement with key business partners. By doing
so, the engagement would become more visible in the organisational performance of banks.

- Human capital can be ensured by employee engagement practices. The key pillars are: leadership, recognition of employees’ efforts and offering rewards accordingly, promoting work-life balance, empowering employees through giving autonomy and embedding corporate image well into the actions of employees, in order to maintain the bank’s reputation.

- The current training in the UAE’s financial sector and higher education institutions targets mid-level management in Islamic banking; there are no training programmes in leadership, research or scholarships that attract senior level management. In order to strengthen the position of Islamic banking worldwide, the UAE should improve its current education system and training techniques as these advance human capital. Furthermore research projects need to be undertaken in the financial sector, especially in Islamic banking, to guarantee highly qualified training programmes concentrating on developing skills gaps amongst current employees, and establishing a specific leadership training programme for senior managers in banks. This would enable innovation by empowering the knowledge of Sharia. And would also enable the Islamic banking product to be extended as well as developed internationally.

8.5 Limitations and suggestions for future research

Given the research limitations of this study, some suggestions for areas for further research are made 8.5.1:

8.5.1 Research limitations

- The research study investigated current practices in human capital in seven Islamic banks in the UAE, which are the whole sample. However, it was worthwhile to compare the conditions of human capital models with other conventional banks in the country, in order to give a clear understanding of the main factors that conventional banks have, and what can be taken from their model and adopted in Islamic banks.
• This study used a questionnaire as a primary method to generate findings. Implementing qualitative or quantitative standards by themselves restricted the range of the analysis because of the limitation of each method.

• The present study involved the use of one primary method, which is questionnaire, in order to gain an insight to the research problem and get a rich picture of the issues that hinder the development of human capital in Islamic banks. Accordingly, further research could be employed through a mixed method approach to test the results of this research and the generalizability of the human capital conceptual framework to other countries that have similar social-cultural behaviours.

• It is difficult for a female researcher to get data from banking institutions because males are considered to be dominant over females in the UAE. Hence, socio-cultural traits of respondents differ from one geographical location to another within the Emirates, as some banks are located in cosmopolitan locations with lots of western influence where people are more open and responsive. Others were in locations in the Emirates where it was hard to collect data because it was considered sensitive according to logic and culture, and they were less receptive in their responses to the questionnaire.

• Although the researcher worked in the Interior Affairs Of Abu Dhabi, the letter provided by the researcher’s workplace was not helpful. This was because the information was not shared and was considered confidential, even though it was published on their own websites. The information was interpreted to be used in different ways other than the proposed research objective.

• The majority of the respondents were Muslims and a limited number were non-Muslims. This suggests a future study to investigate the potential differences between the two groups, in terms of the influence of religious principles.

• Although the total sample was 320 senior managers, there are some respondents that were not reachable and couldn’t participate in the study; it was worth to follow up of non-bias response by using a different methods such as face–to-face interviews.

8.5.2 Further research
There are future research opportunities that could be developed from this research study as follows:

- More research on developing human capital capacity-building in the UAE’s financial sector, which may give a clear understanding of the shortage in training and development, and skills and knowledge of the employees.
- The study’s proposed model should be tested in other countries, especially those countries that have a similar culture, such as the Gulf Cooperation Council (GCC) countries.
- It is worthwhile to consider the generalisability of the best practice framework for human capital capacity-building in the Islamic banking sector in other GCC countries. A comparative study of both qualitative and quantitative data across the GCC countries could reveal similarities and differences and, therefore, would help to better understand the process of nationalisation of employees. Such studies will also help in learning from each other for outlining future strategies.
- Future studies should focus on the other important challenges faced by organisations engaged in the localisation of their workforce. Some such challenges, revealed by the current study, include managing the expectations of young people, managing attitude problems, and managing the transfer of knowledge and experience.

8.6 Personal reflections

My research journey has provided me with different experiences. I have learned how to be more patients and cooperative with other people. The research experience has also developed my knowledge of critical thinking through my study and my personal life. This study gave me an insight of the financial sector in the UAE and its challenges especially in the area of Human resource practices. Also issues related to culture and social factors that affect organisations and individuals performance.

I am thankful for Cardiff Metropolitan University provided me with the opportunity to pursue my studies. My supervisor and other academic staff members were, and still are, very helpful and have guided me in the right direction, and responding to all their comments and guidance has helped me greatly in writing my thesis. Studying PhD was
a challenge for my family and myself as it’s culturally difficult for women to travel and study abroad by themselves. However my family was a big support and helped me though my academic journey. I am intended to share my research with top management in financial sector by providing them a copy of my research.


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Appendix One : Descriptive Statistical Analysis

The following section presents the respondents’ answers to the survey questions related to the constructs of the research model, Human capital-capacity building in Islamic Banks. Table 6.4 shows the scale items for each construct in the questionnaire, and their mean and standard deviation (SD). All items were measured on a 5-point Likert scale such that 1=Strongly agree, 2=Agree, 3=Neutral, 4=Disagree, 5=Strongly Disagree.
### Appendix

#### Questionnaire items and descriptive Statistics

<table>
<thead>
<tr>
<th>Construct</th>
<th>Code</th>
<th>Items</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Capital (HC)</td>
<td>HC1</td>
<td>The bank gets the most of its employees through team tasks</td>
<td>2.04</td>
<td>0.66</td>
</tr>
<tr>
<td></td>
<td>HC2</td>
<td>Employees are considered creative and bright</td>
<td>2.06</td>
<td>0.63</td>
</tr>
<tr>
<td></td>
<td>HC3</td>
<td>Employees are considered as the best in the industry</td>
<td>2.26</td>
<td>0.81</td>
</tr>
<tr>
<td></td>
<td>HC4</td>
<td>The bank has provided training opportunities enabling employees to extend their range of skills and abilities</td>
<td>2.08</td>
<td>0.87</td>
</tr>
<tr>
<td></td>
<td>HC5</td>
<td>The bank supports its employees’ attempts to acquire additional training or education to develop their career</td>
<td>2.27</td>
<td>0.87</td>
</tr>
<tr>
<td></td>
<td>HC6</td>
<td>The bank is committed to the training and development of its employees</td>
<td>2.05</td>
<td>0.82</td>
</tr>
<tr>
<td></td>
<td>HC7</td>
<td>The bank values skill and experience when recruiting and promoting employees</td>
<td>1.98</td>
<td>0.75</td>
</tr>
<tr>
<td></td>
<td>HC8</td>
<td>The recruitment programme in the bank is comprehensive and aims to hire the best candidates available.</td>
<td>2.21</td>
<td>0.87</td>
</tr>
<tr>
<td></td>
<td>HC9</td>
<td>Career development programmes in the bank are satisfactory.</td>
<td>2.38</td>
<td>0.83</td>
</tr>
<tr>
<td></td>
<td>HC10</td>
<td>The job in the bank requires having different skills and talents in order to undertake different tasks.</td>
<td>2.01</td>
<td>0.80</td>
</tr>
<tr>
<td></td>
<td>HC11</td>
<td>Career plans in the bank are highly satisfactory as are crafted to develop new skills</td>
<td>2.41</td>
<td>0.95</td>
</tr>
<tr>
<td></td>
<td>HC12</td>
<td>The bank seeks input from employees to identify training needs</td>
<td>2.24</td>
<td>0.86</td>
</tr>
<tr>
<td></td>
<td>HC13</td>
<td>Training is a part of career development</td>
<td>1.93</td>
<td>0.78</td>
</tr>
<tr>
<td></td>
<td>HC14</td>
<td>Training motivates employees to perform better at work</td>
<td>2.01</td>
<td>0.76</td>
</tr>
<tr>
<td></td>
<td>HC15</td>
<td>Training enhances loyalty level of employees towards organisation.</td>
<td>2.14</td>
<td>0.85</td>
</tr>
<tr>
<td></td>
<td>HC16</td>
<td>Training programmes are relevant with organisational and personal goals</td>
<td>2.04</td>
<td>0.67</td>
</tr>
</tbody>
</table>
Appendix

Questionnaire items and descriptive Statistics of Social, culture and Islamic principles

<table>
<thead>
<tr>
<th>Construct</th>
<th>Code</th>
<th>Items</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Capital</td>
<td>SC17</td>
<td>Employees of the bank are optimistic about each other’s’ motivations and abilities</td>
<td>2.46</td>
<td>0.79</td>
</tr>
<tr>
<td></td>
<td>SC18</td>
<td>People would try to take advantage of others if they got the chance</td>
<td>2.29</td>
<td>0.83</td>
</tr>
<tr>
<td></td>
<td>SC19</td>
<td>The management looks after the career interests of its employees</td>
<td>2.37</td>
<td>0.82</td>
</tr>
<tr>
<td></td>
<td>SC20</td>
<td>Employees help each other if required</td>
<td>2.17</td>
<td>0.80</td>
</tr>
<tr>
<td></td>
<td>SC21</td>
<td>Employees trust management to look after their career interests</td>
<td>2.59</td>
<td>0.94</td>
</tr>
<tr>
<td></td>
<td>SC22</td>
<td>Employees are free to state their opinion even if they disagree with others</td>
<td>2.63</td>
<td>0.90</td>
</tr>
<tr>
<td></td>
<td>SC23</td>
<td>When it comes to finding a really good job, “who you know” is more important than “what you know”.</td>
<td>2.23</td>
<td>1.12</td>
</tr>
<tr>
<td></td>
<td>SC24</td>
<td>In order to get a really good job, friends or family members in high positions are needed.</td>
<td>2.21</td>
<td>1.07</td>
</tr>
<tr>
<td></td>
<td>SC25</td>
<td>Working for the bank makes employees a part of the local community</td>
<td>2.09</td>
<td>0.76</td>
</tr>
<tr>
<td></td>
<td>SC26</td>
<td>There is a friendship among colleagues</td>
<td>2.06</td>
<td>0.71</td>
</tr>
<tr>
<td></td>
<td>SC27</td>
<td>The work environment in the bank gives the feeling that employees are part of the team</td>
<td>2.16</td>
<td>0.72</td>
</tr>
<tr>
<td></td>
<td>SC28</td>
<td>The bank encourages its employees to take initiative and do what needs to be done, even if no one asks to do it.</td>
<td>2.25</td>
<td>0.79</td>
</tr>
<tr>
<td></td>
<td>SC29</td>
<td>Working for the bank gives the feeling of being valued by society</td>
<td>2.20</td>
<td>0.81</td>
</tr>
<tr>
<td></td>
<td>SC30</td>
<td>The bank encourages its employees to have better attitude towards colleagues such as helping workmates</td>
<td>2.17</td>
<td>0.73</td>
</tr>
<tr>
<td></td>
<td>SC31</td>
<td>Helping others leads to personal development in the long term</td>
<td>1.92</td>
<td>0.73</td>
</tr>
<tr>
<td></td>
<td>SC32</td>
<td>Attend a local community event such as school concert, craft exhibition regularly improves interactions with other people</td>
<td>2.06</td>
<td>0.91</td>
</tr>
<tr>
<td></td>
<td>SC33</td>
<td>Being an active member of a local organisation or club (such as sport, craft, social club) is a good way of establishing social interactions with others</td>
<td>1.96</td>
<td>0.83</td>
</tr>
<tr>
<td></td>
<td>SC34</td>
<td>The work in the bank is interesting and challenging</td>
<td>1.91</td>
<td>0.76</td>
</tr>
<tr>
<td></td>
<td>SC35</td>
<td>The bank supports multiculturalism</td>
<td>2.20</td>
<td>0.89</td>
</tr>
</tbody>
</table>
### Construct: Culture and Islamic Principles (CUL)

<table>
<thead>
<tr>
<th>Code</th>
<th>Items</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>CUL1</td>
<td>Managers should make most decisions without consulting subordinates</td>
<td>3.07</td>
<td>1.23</td>
</tr>
<tr>
<td>CUL2</td>
<td>It is frequently necessary for a manager to use authority and power when dealing with subordinates</td>
<td>2.70</td>
<td>1.02</td>
</tr>
<tr>
<td>CUL3</td>
<td>Rules and regularities are important because they inform workers what the organisation expects of them</td>
<td>1.74</td>
<td>0.64</td>
</tr>
<tr>
<td>CUL4</td>
<td>Standard operating procedures are helpful to employees on the job</td>
<td>1.69</td>
<td>0.70</td>
</tr>
<tr>
<td>CUL5</td>
<td>Instructions for operations are important for employees on the job</td>
<td>1.86</td>
<td>0.83</td>
</tr>
<tr>
<td>CUL6</td>
<td>It is more important for men to have a professional career than it is for women to have a professional career</td>
<td>2.79</td>
<td>1.21</td>
</tr>
<tr>
<td>CUL7</td>
<td>Men usually solve problems with logical analysis; women usually solve problems with intuition</td>
<td>2.95</td>
<td>1.22</td>
</tr>
<tr>
<td>CUL8</td>
<td>Solving organisational problems usually requires an active and forcible approach</td>
<td>2.37</td>
<td>1.14</td>
</tr>
<tr>
<td>CUL9</td>
<td>Group success is more important than individual success</td>
<td>1.95</td>
<td>0.97</td>
</tr>
<tr>
<td>CUL10</td>
<td>Employees should pursue their goals after considering the welfare of the group</td>
<td>2.11</td>
<td>0.87</td>
</tr>
<tr>
<td>IB1</td>
<td>Employees of the bank have knowledge about basic teaching of Islam</td>
<td>1.80</td>
<td>0.75</td>
</tr>
<tr>
<td>IB2</td>
<td>Islamic values requires having social duties towards the society</td>
<td>1.82</td>
<td>0.75</td>
</tr>
<tr>
<td>IB3</td>
<td>Islamic values highly influence Islamic banking products and services</td>
<td>2.16</td>
<td>0.99</td>
</tr>
<tr>
<td>IB4</td>
<td>The bank works towards the common good of the society</td>
<td>2.06</td>
<td>0.74</td>
</tr>
<tr>
<td>IB5</td>
<td>Because of Islam, honesty and fairness are the core values of the bank</td>
<td>2.10</td>
<td>0.94</td>
</tr>
<tr>
<td>IB6</td>
<td>Because of Islam, the bank cares more about its employees</td>
<td>2.25</td>
<td>1.02</td>
</tr>
<tr>
<td>IB7</td>
<td>To comply with Islamic values, the bank highly considers societal interests</td>
<td>2.24</td>
<td>0.96</td>
</tr>
<tr>
<td>IB8</td>
<td>Organisational training is not enough to understand the Islamic ideology of Islamic banks</td>
<td>1.92</td>
<td>0.75</td>
</tr>
</tbody>
</table>

### Table 6: Questionnaire items and descriptive Statistics of Human Capital
Appendix Two: Questionnaire Forms

Title of Project: Human Capital in the UAE Islamic banking: Addressing the challenged of Emiratisation

<table>
<thead>
<tr>
<th>Information page: Consent Form</th>
</tr>
</thead>
</table>
| The questionnaire has been designed to determine the challenges of Emiratisation and investigate the Human Resource Development practices of Senior Emirati Managers in the Islamic banking sector, in order to develop a human capital capacity building model, which will improve current human resource development practices. The research involves participation in a structured interview (Questionnaire). This study is only concerned with human capital capacity building in the UAE Islamic banking sector through investigating skills, knowledge and attitude and behaviour of senior Emirati managers in relation to retention issues, developing human capital in the sector. However, the study will focus on three factors, which include: human capital, social capital, and training needs assessment in Islamic banks. Analysis of these factors will help research to identify the study’s objective and to develop a comprehensive strategy for human resources in the Islamic financial sector in UAE. The outcome of the research will help the Islamic financial sector in developing a best practice framework for human capital capacity building in order to improve current practices in Islamic banks. Since you are the only person who is able to provide a clear picture about the way in which you practice your career. Therefore, you are kindly requested to answer openly and frankly, and your answers will be kept strictly confidential and anonymous. If requested, the name of the bank can also be anonymised.

Participation in this study is entirely voluntary and that I can withdraw from the study at any time without giving a reason. I understand that I am free to ask any questions at any time. If for any reason I have second thoughts about my participation in this project, I am free to withdraw or discuss my concerns with Miss. Qamber’s supervisors Dr. Claire Haven-Tang, Dr. Rimpe Lincoln and Professor Dr. Omar Masood.

I understand that the information provided by me will be held confidentially and securely, such that only the researcher can trace this information back to me individually. The information will be retained up to one year and will then be anonymised, deleted or destroyed. I understand that if I withdraw my consent I can ask for the information I have provided to be anonymised/deleted/destroyed in accordance with the Data Protection Act 1998.

1. Participant to complete this section: Please initial each box.
   
   [ ] 1. I confirm that I have read and understand the information sheet for the above study. I have had the opportunity to consider the information, ask questions and have had these answered satisfactorily.
   
   [ ] 2. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving any reason.
   
   [ ] 3. I agree to the use of anonymised quotes in publications.
   
   [ ] 4. I request that the name of the bank is anonymised.

2. Signature of Participant Date
### Part One: Human Capital and Social Capital.

3. Please state your opinion on each statement given below by ticking the most appropriate response that describes you.

1= Strongly Agree 2= Agree 3= Neutral 4= Disagree 5= Strongly disagree

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The bank gets the most out of its employees through cooperation in team tasks.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td></td>
<td>○</td>
</tr>
<tr>
<td>2. Employees are considered creative and bright</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td></td>
<td>○</td>
</tr>
<tr>
<td>3. Employees are considered as the best in the industry</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td></td>
<td>○</td>
</tr>
<tr>
<td>4. The bank has provided training opportunities enabling employees to extend their range of skills and abilities.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td></td>
<td>○</td>
</tr>
<tr>
<td>5. The bank supports its employees’ attempts to acquire additional training or education to develop their career</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td></td>
<td>○</td>
</tr>
<tr>
<td>6. The bank is committed to the training and development of its employees</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td></td>
<td>○</td>
</tr>
<tr>
<td>7. The bank values skill and experience when recruiting and promoting employees</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td></td>
<td>○</td>
</tr>
<tr>
<td>8. The recruitment programme in the bank is comprehensive and aims to hire the best candidates available.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td></td>
<td>○</td>
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<tr>
<td>9. Career development programmes in the bank is satisfactory.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td></td>
<td>○</td>
</tr>
<tr>
<td>10. The job in the bank requires to have different skills and talents in order to undertake different tasks.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td></td>
<td>○</td>
</tr>
<tr>
<td>11. Career plans in the bank is highly satisfactory as are crafted to develop new skills</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td></td>
<td>○</td>
</tr>
<tr>
<td>12. The bank seeks input from employees to identify training needs</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td></td>
<td>○</td>
</tr>
<tr>
<td>13. Training is a part of career development</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td></td>
<td>○</td>
</tr>
<tr>
<td>14. Training motivates employees to perform better at work</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td></td>
<td>○</td>
</tr>
<tr>
<td>15. Training enhances loyalty level of employees towards organisation.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td></td>
<td>○</td>
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<tr>
<td>16. Training programs are relevant with organisational and personal goals.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td></td>
<td>○</td>
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</tbody>
</table>
### 4. Social Capital

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>17. Employees of the bank are optimistic about each other's motivations and abilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18. People would try to take advantage of others if they got the chance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19. The management looks after the career interests of its employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20. Employees help each other if required</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21. Employees trust management to look after their career interests.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22. Employees are free to state their opinion even if they disagree with others</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23. When it comes to finding a really good job, 'who you know' is more important than 'what you know'.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24. In order to get a really good job, friends or family members in high positions are needed.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25. Working for the bank makes employees to be a part of the local community</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26. There is a friendship among colleagues</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27. The work environment in the bank gives the feeling that employees are part of the team</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>28. The bank encourages its employees to take initiative and do what needs to be done even if no one asks to do it.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>29. Working for the bank gives the feeling of being valued by society</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30. The bank encourages its employees to have better attitude towards colleagues such as helping workmates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31. Helping others leads to personal development in the long term</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>32. Attend a local community event such as school concert, craft exhibition regularly improves interactions with other people</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>33. Being an active member of a local organisation or club (such as sport, craft, social club) is a good way of establishing social interactions with others</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>34. The work in the bank is interesting and challenging</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>35. The bank supports multiculturalism.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Part Two: Culture

5. Please state your opinion on each statement given below by ticking the most appropriate response that describes you.

1= Strongly Agree 2=Agree 3= Neutral 4=Disagree 5=Strongly disagree

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Managers should make most decisions without consulting subordinates.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>2. It is frequently necessary for a manager to use authority and power when dealing with subordinates.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>3. Rules and regularities are important because they inform workers what the organization expects of them.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>4. Standard operating procedures are helpful to employees on the job.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>5. Instructions for operations are important for employees on the job.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>6. It is more important for men to have a professional career than it is for women to have a professional career.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>7. Men usually solve problems with logical analysis; women usually solve problems with intuition.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>8. Solving organizational problems usually requires an active and forcible approach.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>9. Group success is more important than individual success.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>10. Employees should pursue their goals after considering the welfare of the group.</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
</tbody>
</table>
Part Three: Islamic Banking

6. Please state your opinion on each statement given below by ticking the most appropriate response that describes you.

1= Strongly Agree  2=Agree  3= Neutral  4=Disagree  5= Strongly disagree

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I have knowledge about basic teaching of Islam</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. I believe I have social duties towards the society</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. I believe Islamic values highly influence Islamic banking products and services.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. My organisation works towards the common good of the society</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Because of Islam, honesty and fairness are the core values of my organisation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Because of Islam, my organisation care more about its employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. To comply with Islamic values my organisation highly considers societal interests.</td>
<td></td>
<td></td>
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<td>8. Organisational training is not enough to understand Islamic ideology of Islamic banks.</td>
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### Part four: Demographic Information

7. **Gender**
   - [ ] Male
   - [ ] Female

8. **Age**
   - 20-30 years
   - [ ]
   - 31-40 years
   - [ ]
   - 41-50 years
   - [ ]
   - 51-60 years
   - [ ]
   - 61+ years
   - [ ]

9. **Religion**
   - Muslim
   - [ ]
   - Non-Muslim
   - [ ]

10. **Highest academic qualification you have achieved**
    - School Certificate
    - [ ]
    - Diploma/Higher Diploma
    - [ ]
    - Bachelor Degree
    - [ ]
    - Master Degree
    - [ ]
    - PhD Degree
    - [ ]

11. **Job title:**

12. **Department /Section:**

13. **Years of service within Islamic Bank**
    - 1-5 years
    - [ ]
    - 6-10 years
    - [ ]
    - 11-15 years
    - [ ]
    - 16+ years
    - [ ]

14. **Years of service within Conventional Bank**
    - None
    - [ ]
    - 1-5 years
    - [ ]
    - 6-10 years
    - [ ]
    - 11-15 years
    - [ ]
    - 16+ years
    - [ ]

15. **Have you attended any training programme?**
    - Yes
    - [ ]
    - No
    - [ ]

16. **What types of training courses did you take? And what level of impact has the training had on your role?**
    - Management training
    - Low
    - [ ]
    - Medium
    - [ ]
    - High
    - [ ]
    - Product related training
    - Low
    - [ ]
    - Medium
    - [ ]
    - High
    - [ ]
    - Personal skills training
    - Low
    - [ ]
    - Medium
    - [ ]
    - High
    - [ ]
    - (communication, team building)
    - Low
    - [ ]
    - Medium
    - [ ]
    - High
    - [ ]
    - Sales training
    - Low
    - [ ]
    - Medium
    - [ ]
    - High
    - [ ]
### Open Ended Questions

17. What are your recruitment procedures and what can be done to make it better?

18. What is your training plan and policy in the organisation?

19. What is your view of the effectiveness of the Emiratisation policy on training and development of employees/ recruitment and selection and competitiveness of your organisation?

20. What is the influence of Emiratisation policy on the career journey of female employees?