

Technology powerhouses in the Middle East: Bridging markets and brands?

Dubai, United Arab Emirates – The high-tech sector has a reputation as a dynamic, fast-changing and very demanding corporate environment due to the industry's insatiable demand for **never-ending innovation**. The key success factor for every IT company is its capacity to predict and address industry and market trends (the R&D road map), in order to ensure that its intellectual property is well protected, and that it can commercialise, launch and monetise technological innovations ahead of the competition.



The high-tech industry is not the best environment for people who perform best in a very structured and risk-averse environment that guarantees stability, predictability and long-term career growth within the same department. In IT, that business unit might not exist a year from now!

A good example is “cloud” computing. Cloud technologies have entirely changed the face of the IT industry. Previously, all technological solutions needed to be made available on the “premises” - the new reality of the “cloud” has required drastic realignments of organisational capacities and

blueprints, and has considerably transformed the industry itself.

The same pattern is seen with on-going mergers and acquisitions – new co-brands and co-solutions are created, portfolios widen or specialize, cross-industry innovations emerge, and market leaders settle down.

Moreover, IT players in **Emerging markets** face additional challenges and complexity due to the necessity of reconciling the complexities of a limited local talent pool, marked improvement in corporate standards and great potential for business expansion with the established corporate cultures of multinationals. How can high-tech companies build sustainable business models in emerging markets and more specifically in the Middle East region?

The answer is by **using the right people** to integrate global brands with local markets – using a Global or Regional HQ to build up trust (by translating market trends and ensuring that R&D efforts, GTM strategies and global capabilities are addressing market potential) while creating strong local teams. These local teams should have the capacity to penetrate the market, develop the business from a start up environment and build brand awareness, while the same time preparing their successors for the upcoming growth phase.

In this thought leadership paper, we would like to summarize our main observations and key lessons from more than half a decade's partnership with A-brand IT clients operating in the Middle East on their critical recruitment and on-boarding, management trainings and consultations and other talent acquisitions and maintenance initiatives.

We will try to highlight the potential opportunities and risks in two principal domains: the HR Business Partner practice and the Leadership team.

We have seen many IT companies suffering from endless churn, bad hiring decisions, regional leaders fully disconnected from the Global HQ, lost partnerships and business opportunities, and damaged reputations. Conversely, others are extremely successful and capable, with stable leadership teams that attract top talents in the market. It is important to identify what distinguishes a global AAA IT brand with a well-established portfolio and a stunning global reputation from **just some company doing business in the Middle East...**

Strategy and the HR Business Partner

In many cases, high-tech corporations underestimate the complexity of the business environment in the Middle East. They may try to replicate HR tactics that worked well in the well-established markets of Western Europe or the USA, or to leverage best practices from the emerging markets of Eastern Europe or Asia Pacific, but unfortunately neither strategy is directly applicable to the Middle East.

The business culture of the Middle East is very much based on relationships, which can be a limiting factor for building a sustainable organisation with healthy succession planning. Companies need to be proactive in reaching out to the best available talents and bringing in missing competencies from new talent pools, rather than continually hiring “friends of friends” from internal references and the same networks.

In the worst-case scenario, the local operation can end up with one or two dominant regional nationalities, and a complete disconnect from the original corporate culture. This results in a domestic operation under a global brand name, and there is a risk that the multinational corporate culture will soon become “little Cairo” or “little Delhi.”

In order to prevent this, it is necessary to have a strong HR Business Partner (either on-site or overseas) who is well aware of the regional particulars and the talent pool specifics, and can partner with the Leadership teams to develop adept HR strategies by translating the best global practices into **a meaningful regional approach**. The HR Business Partner will ensure that the company has the right balance of talent and succession planning, resisting the “friends of friends” tendencies and instead making hiring and promotion decisions based on skills, competencies, integrity and leadership potential.

Historically, companies have overlooked the importance of having a strategic HR Business Partner and have instead opted to hire an HR Administrator (i.e. a purely operational role). This can be a limiting factor on the organisation’s sustainability and growth. Moreover, lack of vision in HR policy tends to disincentivize team loyalty, and the result is often employees who are happy to “surf the wave of organic market growth” and jump ship to the next great career opportunity as soon as a bigger and better package is offered.

These days, more and more companies are demanding that their HR needs are overseen by a manager who is a strong senior business partner for the leadership teams. The HR Business Partner should have the capacity to advise and challenge, and to guarantee that the local HR agenda is aligned with global standards while reflecting regional specifics. And above all, the HR Business Partner must ensure that the corporation’s Middle East entities represent the same corporate culture and company values as everywhere else in the world.

Management and Leadership capabilities

In emerging markets, there are no well-established business standards or century-long leadership practices. Emerging markets by their nature tend to be more familiar with strictly hierarchical, autocratic or even military leadership, in association with reduced numbers of professionals due to limited education access.

The Middle East is no exception, and concepts such as open door policy, the proactive approach, idea sharing, brainstorming and teamwork are by no means universal. Therefore corporates should tread very carefully when evaluating the soft skills and leadership capabilities of potential senior hires, to ensure that they will promote rather than resist the corporation’s global culture and values.

In the Middle East, there are also challenges with regard to limited local capability for leveraging the global corporate team and dealing with senior overseas stakeholders. In high-growth markets such as the Middle East, it is critically important for the local Leadership team to be able to build up trust with global teams, in order to have full transparency and generate the necessary support to engage global capabilities and expertise with local market needs.

The most successful regional leaders for IT corporations in the Middle East are those who can “translate between West and East.” These may be Middle Eastern nationals who grew up or were educated in Western countries, or who come from mixed family backgrounds or who simply have a sound track record with multinational companies.

In conclusion, you need the right people to build a sustainable IT business in any market. But for a market as complex as the Middle East, we would advise organisations to never compromise on the capabilities of the HR Business Partner and local Leadership team. A good start and sensible recruiting decisions from the very beginning will allow the organisation to focus solely on its growth opportunities.



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