

The Influence of Socio-cultural Forces on Labour Relations, Performance Appraisal and Reward Systems in Eritrea

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Citation: Fitsum Ghebregiorgis (2016) The Influence of Socio-cultural Forces on Labour Relations, Performance Appraisal and Reward Systems in Eritrea. J Bus Hum Resour Manag 2: 010.

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Abstract

The paper provides substantial and current information on human resource management (HRM) knowledge and practices in Eritrea from a viewpoint of general managers, human resource professionals, departmental managers and union leaders. The paper focuses on contextual factors to provide theoretical insights. The paper argues that some contextual variables impose certain challenges. However, evidence also reveals that the concept and knowledge of HRM practices, such as labour relations, performance appraisal and reward systems, are in place with some indicators of local influence.

Keywords: HRM practices; Socio-cultural forces; Developing countries; Eritrea.

Introduction

Without doubt, modern management theories and techniques generally have their roots in the developed countries [1]. Some studies of management in Africa, nevertheless, have stressed the relevance of context and suitability [2 - 4]. Several authors [1, 3, 5, 6] have questioned the transferability of Western management techniques to non-Western societies.

Although considerable literature has grown over the last two decades and half, little has been learned in cross-cultural management theory from studying management in Africa. General management theory seems to ignore contributions that could come from studying organisations in Africa [7]. Jackson further suggests that HRM in Africa could be better understood by applying the

cross-cultural perspective, and by researching good management practices in Africa that are based on different management systems. Africa contributes less to the existing body of knowledge because there is a common prejudice about HRM in Africa, which paints a negative picture of the continent. Current literature on management in Africa still represents it as characterised by nepotism and favouritism [8], fatalism, resistance to change, decision-making based on relationship criteria [9], and in addition, that it is highly centralised, hierarchical and authoritarian [10, 11], and has more loyalty to tribesmen than to the organisation [12]. Unfortunately, these perspectives impede constructive research into the nature of management systems in Africa [7, 13], and into the implementation of Western management practices where appropriate.

The present paper does not profess the blind transfer of Western HRM practices to developing countries in general, and Africa in particular, nor does it advise the supremacy of Western models over indigenous knowledge systems, as there are some local management systems, such as *ubuntu* (literally translated as ‘I am who I am through others’) in South Africa, which are posited as having the potential to build competitive advantage [14]. Rather, the present paper suggests that some cultural patterns are conducive for Western management practices and thus, modern management practices have a place in the African workplace. We take this approach because we share Jackson’s view that “simply arguing that Western principles and management practices are not applicable in organisations in Africa is too simplistic because of the hybrid nature of organisations that have been subjected to cultural influences and it is also a gross over-simplification when looking at the realities of organisations in Africa” [7]. This has spurred our interest in how HRM practices and policies that have been developed elsewhere may affect organisations in Africa.

Although we believe that some aspects of management theories developed in the West may apply to the African context, it is also our belief that the adoption of foreign practices should be contingent upon contextual circumstances. A body of research in Africa underscores the importance of contextual factors, including national and organisational cultures that may have a determining effect on the design and diffusion of HRM theories, policies and practices [2, 7, 8, 15 - 19].

In our attempt to address HRM from a developing country perspective, we do not give much emphasis to the major socio-economic and cultural differences between the Western developed world and developing countries. Such differences are clearly identified and distinguished elsewhere [1, 20]. The present paper also does not intend to make a comparative analysis of management practices between industrialised and developing countries. The main objectives of this paper are to extend our views about cultural values of Eritrea and how they impinge on or promote HRM. Specifically, this study identifies contextual factors that influence HRM practices such as labour relations, performance appraisal and reward systems and considers the challenges managers face in executing their jobs.

Method

In conducting this study, we carried out on-site interviews with general managers, human resource professionals, department managers and union leaders in randomly selected twelve private and state-owned organisations in the manufacturing and service sectors. A total of thirty-four respondents have been selected for interview. We employed multiple informants to get credible information. Extensive interviews with managers are

important because they have the required knowledge about performance appraisal, reward systems and organized labour union practices. These individuals are chosen because they are in a better position to furnish the information required. In addition, we extended the scope of coverage through discussions with departmental managers and union leaders to minimise the risk of managerial bias. Björkman and Xiucheng [21] indicated that conducting longitudinal research and/or gathering data from multiple informants would help researchers to avoid this common method bias problem.

Cultural Values of Eritrea

Eritrea has nine tribal groups with one working language. The population is estimated to be half Christian and half Muslim. The natural and foundational unit of Eritrean society is the family, where blood and kinship ties form the social relations. The smallest unit of social organisation is the extended family, called ‘*enda*’. *Enda* can be conceived as the outgrowth of an individual family or alternatively as a social unit that binds several core families together. However, there is no clear demarcation as to how many family households are included within one *enda*. Although being transformed into a modern society, Eritrea can be characterised as patriarchal. Men are dominant at all levels in the society, the father being the most dominant member of the family. Children are expected to show absolute obedience to their parents, and adults are also expected to obey their parents.

Culture is ingrained and expected to influence the implementation of foreign management practices within a society’s cultural contexts. A country’s culture may hinder or facilitate the implementation of such practices. Hence, we expect Western HRM practices to be interpreted within the framework of the Eritrean culture. As expatriate manager notes: “*I have not seen any area here where we cannot apply Western management practices because of the culture or lack of management knowledge. However, we need to strike a balance between quality of work and life. It is not always advisable to do like we do it in London, New York, or Paris. That is what is understood here and that is what we are learning. For an Eritrean the social life is equally as important as his/her work.*”

Although this is only one example, other managers express similar views. Hence, we can conclude that the culture is conducive to the implementation of Western HRM practices. Accordingly, we concur with Jackson when he argues that a simple conclusion like ‘Western models may be inappropriate’ is a total misunderstanding when observing the realities of organisations in Africa [7]. In addition, one important point can be deduced here: the inseparability of the work life and the social life of an Eritrean employee.

Jackson [13] argues that people management in organisations reflects a reconciling of the gap between work life and home life; and, in Africa, the separation of home/community life and work life may be a huge problem where life is seen as integral and cannot be conceptualised separately and compartmentalised.

Support and loyalty to the family is one of the most cherished values in Eritrean society. The extended family system is a major source of security, economic and social support in daily life, sickness, old age, job loss and other societal events. It is the moral obligation of an Eritrean with an income to financially support the poor, the aged and the needy within the family. It is also stipulated in the Eritrean Constitution [22] that “*parents have the right and duty to bring up their children with due care and affection; and, in turn, children have the right and the duty to respect their parents and to sustain them in their old age*” (Article 22: 3). Eritrean traditional heritages reflect the cultural norms of working together, developing a sense of co-operation, and helping one another in times of adversity and prosperity. Supporting the family is a symbol of solidarity and the interests of the family are always a priority. The extended family system is a risk-sharing mechanism that provides a safety net for family members and fellow Eritreans who fall on hard times.

The extended family system has further implications for HRM. The notion of ‘*seb biseb*’ (personal relation/kinship) influences recruitment practices, particularly in privately (family) owned firms, because for them it is logical to employ someone they know and trust. Hence, it is not uncommon that employment usually tends to be of kin, friends and family members of neighbours or acquaintances. The *seb biseb* system more or less operates like the Chinese *guanxi* (personal contacts), an explicit condition of employment and a highly regarded aspect claimed as crucial in getting a job [23], and like the *wako-ni-wako* employment culture of Zambia, which is a tendency to recruit and promote relatives [24]. Viewed from a Western HRM point of view, it may be negatively labelled as nepotism or favouritism but, to a certain extent, it manifests employers’ need for initial credibility through a third party (e.g. a family member or friend) and there is a belief that people usually recommend candidates with the skills and calibre required by the employers. In Eritrea, however, internal policies in government offices, civil services and public enterprises prohibit family members from working together in the same organisation.

Labour Relations

Labour relations in Eritrea have a long history, most of it subject to repression and intimidation from colonial rulers. In early 1949 Eritrean workers established unions in pursuit of their own economic and social goals [25] but, with the annexation of Eritrea by Ethiopia in 1961,

legal trade unions ceased to exist and the confederation’s office was closed. In May 1991, through the initiatives of employees, company-based unions reorganised and according to Proclamation No. 8/1991, the National Confederation of Eritrean Workers (NCEW) was established to protect the rights and benefits of employees. The NCEW is an umbrella for firm-based trade unions.

Ten years later, in 2001, Labour Proclamation of Eritrea No. 118/2001 was issued, repealing and replacing the former proclamation and all other related laws. Employee and employer rights are protected under this proclamation. The new labour law was ratified to attract foreign investment and it gives managers a free hand to hire and fire workers. It also gives employers more recruitment sources. Employers can recruit directly from the labour market, at the company’s gates, through private employment agencies and via licensed brokers. Each firm has a company-based union and a clearly outlined collective agreement. In accordance with the collective agreement, employees, through their union, have the right to participate in decisions affecting employment issues. As one of the union leaders notes: “*Whenever management is to make decisions with regard to recruitment, selection and or promotion, as a union we fully participate. Our participation in decisions with regard to future manpower planning is limited, because it is always included in the budget year and preparing the budget is the responsibility of management; however, concerning the number and type of employees to be recruited, trained, or to be promoted, we cast our vote like the rest of the members of management committee.*”

Another leader also explains that “*the collective agreement is ‘a judge’ by itself. Hence, management cannot violate any article or go the way it wants to go.*” Warren [26] argues that the “union voice asserts workers’ rights and presses for best practices in companies, and helps prevent management from treating workers as a dump factor of production.”

Labour relations in Eritrea emphasise the resolution of conflicts and hold that conciliation at the workplace is vital in such resolution. The confederation makes frequent visits to the workplace where a complaint is filed. Stress is placed on dialogue and regulations allow the concerned employee(s) to be accompanied by families (friends). As Article 123 specifies, where any labour dispute arises, parties involved in the dispute have a responsibility to meet at the workplace and make a serious preliminary effort to resolve the dispute in a spirit of understanding and attaining consensus through conciliation.

The labour law also gives employees the right to organise freely and the right to strike in connection with a labour dispute. The fundamental principles of the unions are to protect the basic rights of employees. In addition, in connection with a labour dispute, an employer has the right to prevent all or part of his/her employees from working by way of a lockout.

In either case, the employees or the employer must notify the concerned bodies five days in advance. There are also restrictions for both the employees and the employer, for instance, in respect of essential services and where conciliation or arbitration to resolve the dispute is in process. Although the labour law gives management a free hand to fire workers, management - union relations are not intertwined. The confederation includes five federations, classified according to the type of industry and nature of business.

Performance Appraisal

Performance appraisal is widely practiced in Eritrea. However, the timing for formal performance appraisal measures varies, with some firms conducting appraisal annually and other firms semi-annually. Performance appraisal is centred on an individual employee and his/her contribution to the organisation as measured against some objective criteria. The procedures of performance appraisal also vary among organisations. For instance, in some organisations performance appraisal is a three-way system: self-assessment, three of his/her peers and the management committee, while in other cases a two-way system is used: self-assessment and the department head. There are also cases where only the human resource manager is responsible for employee appraisals. In the first-mentioned practice, the appraisee has no knowledge of the three peers. The committee is well-aware of who is not on good terms with whom and, in such case; an individual cannot be selected as an evaluator for a particular employee. When the appraisal is completed, the committee communicates the results to the employee, which he/she has to acknowledge by signing. Since everybody expects a higher grade, most of the time appraisal ends in arguments. Similarly, Aycaan [27] in her study of Turkish organizations reported that giving and receiving feedback becomes a real challenge in cultures where people get emotional when they receive especially negative feedback. The way the results are communicated can be a problem because collectivist cultures tend to avoid direct confrontation. Consequently, discussing a person's performance openly with him/her is likely to clash head-on with the society's norm of keeping harmony and may be felt by the subordinate as an unacceptable loss of face [28].

Recently, there is a proposal to change the self-assessment system for two reasons. Firstly, some people give themselves a higher grade, while other, more modest, better employees give themselves a lower grade, as well as some cases where employees report too little about their weaknesses. Secondly, and most importantly, the culture places certain limitations on self-assessment. In Eritrea, it is not acceptable to personalize about your own achievements. The role of supervisors in performance appraisal is limited because, in most cases, they lack adequate knowledge of HRM. According to the managers interviewed for this

study, supervisors need a basic knowledge of the meaning and process of performance appraisal. In fact, in Eritrea performance evaluation is one of the most challenging tasks.

Although the organisations under study have a standard performance evaluation form, it is difficult to get objective appraisals because in most cases it is totally Western-oriented, so that some statements are not applicable to a particular employee. As the managers explained, the form must be revised in order to be fully applicable to every individual employee. Badea [29] stated that "Romanian companies reveal a series of characteristics of the human resource management models applied in developed countries, but it is primitive."

Reward Systems

Erez [30] explains that theories of motivation and managerial practices developed in the USA are mainly guided by the equity rule, namely that rewards are differentially distributed, contingent on an individual's performance. She further argues that, in practice, the cultural values of individualism and collectivism modify the principles of reward allocation. Thus, the rule of equality fits better with group-oriented, collectivist cultures, whereas the rule of equity fits with individualistic cultures [30]. In the Eritrean case, rewards are allocated on the basis of equality – to each employee equally to maintain consistency. Although performance appraisal is centred on an individual employee, all employees are entitled to get one month's salary as a reward every year. As a policy, it is stated that rewards should be allocated according to individual performance, but managers say that there are difficulties in implementing this. For instance, in some organisations, a system of financial reward and recognition letters was introduced to differentiate excellent performers from average performers, with the three best performers being awarded every year. However, this created resentment among the employees because many important events in Eritrean life are the result of collective action. In other words, little of value occurs as a result of individual or small-group effort. An Eritrean saying, roughly translated as "*a cow never fattens half of its body*" clearly reflects the resistance of employees to the concept of individual reward.

In other organisations, 'employee of the month' or 'employee of the year' was introduced, with some links to financial rewards, and again it created more discontent than motivation. This is not an exceptional Eritrean case, because other researchers elsewhere also reported that selecting a single employee for superior performance are not preferred, because it is believed that it will hurt other employees feelings and disturbs group harmony [27]. Hence, to maintain equality, reward is currently based on the performance of the organisation rather than on the performance of an individual employee.

Conclusions and Implications

Based on the evidence presented so far, we conclude that the context in which HRM practices are implemented imposes certain challenges. The concept and knowledge of HRM practices, such as performance appraisal, rewards, and labour relations are in place in Eritrea and show some local influence. Performance appraisal and reward systems show evidence of certain difficulties mainly due to cultural values. Anakwe [15] asserts that “country-specific characteristics, such as culture, socio-economic factors, political-legal climate and technological factors influence the meaning, interpretation and implementation of foreign practices.”

Labour relations in Eritrea are not characterised by disputes [31]. The emphasis is on conciliation at the workplace whenever a case arises and that is typical of Eritrean culture. Sound relationships between management and employees create a conducive working environment and better firm performance. Furthermore, Eritrea has a (collectivist) culture that is conducive for the implementation of Western HRM practices such as teamwork and employee participation. These practices increase the self-esteem of employees and boost productivity [32].

Generally, performance appraisal, reward systems, and labour relations practices are in place, however, more is required from managers to make these practices practically applicable. Of course, this is without disregarding the local cultural values.

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