

Human Resource Management in Eritrea: Current and Future Trends

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Introduction

Eritrea, with its 124,320 square kilometres and a population of about four million, is Africa's newest independent country, having formally achieved its independence from Ethiopia in April 1993. One of the African nations that were colonised by Western countries, Western control was imposed on Eritrea for about 60 years: Italy (190-1941), Great Britain (1942-1952), imposed federation with Ethiopia (1952-1961), and a colony of Ethiopia (1961-1991) (GOE, 1996). Almost all enterprises that exist in Eritrea today were built towards the end of the Italian colonial era. These enterprises had ad hoc management practices where the managers were the owners. The administrative systems that exist today in the civil services were inherited from the British colonial period. In 1974, the Ethiopian regime nationalised all private firms and hierarchical management practice was implemented with the establishment of personnel management departments. Following the country's liberation in 1991, most firms privatised and emphasis was given to HRM. The transition from personnel management to HRM was not a new phenomenon as the managers of today are business school graduates in management studies who are well aware of the subject. The dynamics of HRM in Eritrea derive fundamentally from the establishment of firms with foreign interest during colonial times, as well as through exposure to the British/American-oriented curricula of the country's education system.

Before independence, the economy as well as the human resource base of Eritrea, especially the skilled and trained manpower witnessed untold degradation. Educational institutions at all levels suffered severely. However, after independence of Eritrea, the Government stated its development policy and a strong emphasis on human resource development (HRD) was one of the main four elements of this policy. High priority given to HRD was seen as key for accelerating broad based growth and poverty reduction. Accordingly, over the last decade, Eritrea has made several attempts regarding HRM. The government of Eritrea has intensified its HRD programme by expanding a formal education at all levels and vocational education training. The government also reformed the civil service sector by streamlining it, reducing the staff position by 34 percent (down to 18,500 from over 30,000) and an improved salary scale was introduced to motivate the employees in order to work efficiently and to reduce systemic corruption. The restructuring of the civil service both functionally and organisationally enabled the government to clearly see the gap between the available human resources (HR) and that required in the civil service, the private sector and educational institutions.

This paper focuses on HRM policies and practices such as: recruitment/selection, training/development, compensation, employee performance evaluation, reward systems and industrial relations. These practices will be treated as generic features. The paper reviews and describes HRM practices and examines the evolving context in which HRM is taking place. Hence, the main objective of this paper is to review the nature and scope of HRM in Eritrea and the factors that affect it. Specifically, the paper tries to explore to what extent are Eritrean organisations translating Western HRM practices and policies. This paper has four sections. The first section presents the introduction, research methodology and the cultural background of Eritrea followed by the current trends in HRM in section two. Section three describes the future trends in HRM in Eritrea. Finally, section four provides conclusions and research implications.

Method

Whether HRM is an organisation initiative or a macro policy instituted, it is manifested in organisations daily activities. Hence, to determine to what extent Eritrean organisations are adopting HRM policies and practices, we contacted six private and state owned profit-making organisations in the manufacturing and service sectors between December 2002 and June 2003 and between January 2004 and June 2004. These sectors were selected because they were considered to be representative cases for most organisations in Eritrea, and in terms of firm size, structure, managerial staff and capital investment the selected firms are more or less similar to the majority of organisations in Eritrea. The sample includes two beverage manufacturing firms, two hotels, one medical lens manufacturing and one tobacco producing firm. Where necessary, we also contacted other related governmental and semi-governmental agencies. An intensive qualitative case study approach was used; employing semi-structured interviews with human resource professionals, general managers, departmental managers, union leaders and other concerned government officials. These are considered suitable on the premise that managers are primarily responsible for the development, formulation and implementation of key human resource processes and strategies and because they are in a better position too furnish relevant information during the interview. Thus, extensive interviews with managers are important because they have the required knowledge of HRM. To avoid a “managerialist” bias, we extended the scope of the coverage through discussions with departmental managers. Björkman and Xiucheng (2002: 862) state that “conducting longitudinal research and/or gathering data from multiple informants would help researchers to avoid this common method bias problem.” In-depth face-to-face interviews were conducted employing open-ended questions. The advantage of open-ended questions is that the respondent is free

to express his/her ideas and thus the researcher can get additional information. We collected qualitative data in order to get an in-depth insight into the HRM practices in Eritrea. The questions were related to the external environment, to recruitment and selection, training and development, compensation, performance evaluation and rewards. We asked 23 concerned respondents for an interview appointment and we secured 22 interviews (see Annex I). We asked open-ended questions to managers, but in order to focus the interviews on the most important issues that would help us answer the research questions, we identified relevant concepts from the literature. However, this did not limit the responses of the interviews. Managers provided and expressed additional insights. In order to pre-test the research instrument for suitability in a field setting, we conducted a pilot study. The questions were translated into the Tigrigna language, which is spoken in all industrialised and urbanised areas of the country. The first author, with bilingual skills and born and educated in Eritrea, verified the translated questionnaire and made some alterations after the pilot study. Except three, all interviewees responded in the local language, Tigrigna, to facilitate communication, and then one of the researchers transcribed the interviews into English on the same day in order not to forget observations made during the interviews.

Culture-collectivism

Eritrea has nine tribal groups with one working language. The population is estimated to be half Christian and half Muslim. With the exception of one tribal group (a minority that constitutes one half percent of the population), other tribal groups assimilate among each other easily. The natural and the underpinning unit of the 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 an outgrowth of an individual family or alternatively as a social unit that binds several core families together. However, there is no clear demarcation on how many family households are included within one *enda* (Abraham, 2001). Although being transformed to a modern society, the Eritrean society can be characterised as patriarchal. Men are dominant at all levels in the society and the father is the dominant member of the family. Children are expected to show absolute obedience to their parents and parents are also expected to obey their own parents.

Culture is ingrained and expected to influence the implementation of foreign management practices within society's cultural contexts. Culture may hinder or facilitate the implementation of such practices. Hence, we expect the Western HRM practices to be interpreted within the framework of the Eritrean culture. However, as some expatriate managers explained, the culture is conducive to implement Western management practices such as team work or employee

participation, but there is a need to strike a balance between quality of work and of life. As one expatriate manager noted:

“I have not seen any area here where we cannot apply Western practices because of the culture or lack of knowledge. In 20 years of my career, Eritreans are the best employees I have ever worked with everywhere. They are hospitable and perfect for the hotel industry. That is all here and the employees are very polite and respectful to their seniors, elders and guests, which is typical Eritrean culture. I am not that much managing them, because they are self-managed. It is not always good to do like we do it in London, New York, or Paris. There should be a balance between quality of work and life. That is what is understood here and that is what we are learning from Eritreans. For an Eritrean the social life is equally as important as his/her work.”

Thus, 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 (Jackson, 2004). Besides, one important point can be deduced here: the inseparability of work life and social life of an Eritrean employee. An Eritrean worker feels more comfortable within a group than alone and harmony in a workplace and within a society is considered vital. Jackson (2002) has argued that human resource management in organisations requires reconciling the gap between work life and home (community) life; and the separation in Africa between home/community life and work life may be a huge problem where life is seen as integral and not to be compartmentalised.

Supporting 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 (death in a family), old age, job loss and other societal affairs. It is the moral obligation of an Eritrean with income within a family, to support financially the poor, the aged and the needy. The Eritrean traditional heritages reflect the cultural norms of working together, developing a sense of cooperation and helping one another in times of adversity and prosperity. Supporting to the family is a symbol of solidarity and the interests of the family is always a priority. The extended family system is a risk-sharing mechanism that provides a safety net for family members and fellow Eritreans who have fallen on hard times. The extended family system is a symbol of solidarity and the interests of the family are always a priority, because the success and social acceptance of an individual is judged by norm based on traditions.

Current situations

This section of the analysis presents HRM in its context by examining the actual practices in Eritrean organisations. It focuses on how managers actually execute the HRM practices of recruitment and selection, training and development, compensation, employee performance evaluation and reward systems in light of the context of Eritrea. Furthermore, due attention is provided to the regulatory environment, that is, industrial relations in Eritrea.

Recruitment and selection

Employee recruitment and selection in organisations in Eritrea follow a formal procedure. Several sources are used in recruitment. Among them are mass media, which include local radio (Dimtsi Hafash), newspapers (Eritrea Profile, Haddas Eritrea and, Haddisa Al Eritrea), television (Eri-Tv) and advertisement on international newspapers. Employees are often hired based on objective criteria such as education, work experience, skills, etc. Selection happens mostly after a series of tests, interviews and references to identify applicants with the necessary knowledge, skills and abilities and due importance is given to educational qualification and work experience. In some cases, local experts (from Centre for Training, Testing and Consultancy of the University of Asmara and Asmara Technical School) are invited to administer tests and interviews. Various selection tools are used to assist in determining a person's personality, attitude and character in relation to the specifications that a position may require. The absolute necessity for the individual characteristics as defined in terms of educational and technical competence is for suitability with organisational values. According to one general manager:

“The aim of having stringent recruitment and selection procedures is because the employee has to be ready to work up to the level of international standards.”

Curriculum vitae, references, employee referrals, interviewing, test and standard application forms are some of the selection methods regularly used in all firms. Nevertheless, tests and interviews are of paramount importance. Specifically, test assumes a vital place to differentiate one applicant from the other because applicants may have the same educational background with similar previous work experience. Firms have a clear employment policy that emphasises recruiting quality people in which case due importance is given to selection, but at the same time they also emphasise on providing training to upgrade the knowledge and skill of employees in order to possess and retain quality people.

Organisations in Eritrea emphasise on internal recruitment, where existing vacancies within the organisation are usually filled by promotion from within. Normally, where a vacant position is available, a new function is created, or a

new outlet opened, current employees shall be given priority over external applicants, provided that all such employees satisfy the organisation's job specifications. Management notifies existing employees with a time limit of 8 days to compete and if no one applies for the vacant place, then, managers seek external recruitment. As one human resource manager explained:

“According to labour proclamation number 118 of 2001, we have a free hand to hire and fire employees. However, we also have a collective agreement with the union that priorities should be given to existing employees to fill vacancies.”

Since most Eritrean organisations have a limited and stable product line, they focus on “make” decision, that is, their staffing and development strategies emphasise internal recruitment and internal training and development. Harel and Tzafrir (1999) argue that internal labour market as a source of filling vacancies sends a strong message to the workforce that the organisation values its people and is providing opportunities for advancement to existing employees, which strengthens psychological contract and encourages employees to direct their efforts to acquire a new skill. Unless specified, recruitment is usually lifetime employment, which shows firm's commitment to job security of employees. Recruitment in most cases is part of the annual business plan, but cohered with every department of the organisation's manpower requirement. Upon the employment of a new recruit, an orientation event that ranges from one to three days takes place that helps the newcomer to integrate with the goals of the organisation and co-workers. As a training manageress in one organisation commented:

“The purpose of orientation is to socialise the new recruit with goals and objectives of the organisation, the entire environment of the organisation and to help the employee feel a sense of belonging to the organisation.”

Specific orientation is the responsibility of the employing department and it involves information and activities required to develop the skill and know-how of the tasks to be performed in order to be a productive member of the organisation.

In Eritrean organisations, the management [recruitment] committee, composed of the general manager, human resource [personnel] manager, heads of different departments and union leader, judges an applicant's suitability for a given position on the basis of tests and interviews. In most cases there is horizontal communication among the departments for consultations rather than only with the general manager, which is considered as very important for smooth functioning of all operations. This vertical and horizontal communication also serves as control mechanisms. Youndt *et al.* (1996) also argue that an egalitarian culture is vital for the enhancement of the flow of information and ideas throughout the organisation, both horizontally and vertically. Although management authority and empowerment is in the hands of the general manager,

the department heads are free to make decisions under their authority. For major decisions, the department heads under the chairmanship of the general manager make the final decisions. The essence of having a recruitment and selection committee is to control nepotism and favouritism. The notions of *seb biseb* (personal contacts) and *seb zelewo arafidu mote* (derived from the Tigrigna saying ‘*a man with relatives dies late*’) are influential in every day life with some implications to recruitment and selection, although to a very low extent, because in government offices, civil services and public enterprises internal policies prohibit family members from working together. The positive outcome (to avoid corruption and enjoy the creativity of diversified workforce or ethnicity) of such internal policies has been also adopted by other agencies (organisations) and these notions are loosing ground in the Eritrean businesses except in some privately (family) owned, because for them it may be logical to employ someone that you know and trust. Therefore, employment here usually tends to be of kin, friends and family members of neighbours or acquaintances. However, more recently the *seb biseb* culture has become deeply rooted among foreign NGOs and embassies. To be employed there you need someone from within or an outsider with acquaintances with them. Kinship networking is important and it is not uncommon to see such relationships dominating these organisations. Hence, having a recruitment committee is a powerful control mechanism as there are always people who play or don’t play by the rules—be it is from a moral or a legal standpoint. Thus, if not impossible, it will be difficult to prefer in-group members and acquaintances during recruitment and selection. Accordingly, we may conclude that HRM practices are less influenced by ethnicity (religion) in Eritrean firms. Tessema (2005), in his study of HRM in civil services conducted in 10 ministries in Eritrea also stated that nepotism and favouritism do not play any important role in HRM practices. There seems to exist some similarities across countries in Africa, because Debrah (2004) in his study of Tanzanian firms stated that unlike in many other Sub-Saharan African countries, recruitment, selection, training and promotion in Tanzania are less influenced by ethnic origin.

Diversity of the workforce and the actual time between recruiting and placing an individual to work (lead-time) are another two issues that we consider. Regarding diversity of the work force, managers stated that in recruiting either the core or the peripheral group of employees, ethnic minority, gender and the disability issue are not considered in the composition of the workforce. That is, there is an equal employment opportunity and any qualified candidate will get the job no matter of his/her age, gender, racial group and/or ethnicity. However, in one of the organisations covered in this study there was a one-time event that ethnicity was considered because two applicants were equal in all criteria and management favoured the minority. According to the general manager, “*although there is no clearly written policy, as a person he supports minority considerations.*”

Traditionally, in Eritrean firms' secretarial positions are occupied by women, because men do not compete for such positions. Hence, it is not surprising to see women dominating these positions. According to the managers interviewed, if the legal system did not prohibit discrimination according to gender, they would opt to recruit females for sensitive areas of work such as cashier and purchasing (positive discrimination, because females are thought to be trustworthy with money issues and are impuissant to manipulate the system). As far as the lead-time process is concerned, it takes a maximum of two to three weeks for core employees and a maximum of two to four days for the peripheral group of employees.

However, political instability is a major concern for HRM. The acute shortage of skilled manpower has necessitated management to hire temporary female workers because the majority of young male are enlisted in the army. An employment structure comes about with an exceptional presence of women. According to the survey conducted (in 2001), "the average share of women in manufacturing in sub-Saharan Africa was about 38.5 percent in the late 1990s, where as in the Eritrean sample, women amount to 55.8 percent of the permanent employees, a far larger share than in other surveys in Africa" (CPR Unit, 2002: 3). Mobilisation has drained Eritrea's skilled workers also resulting in rising wages. For instance, one general manager explained:

"Simply because we are not able to pay according to the present labour market, we lost a number of our professional employees. The environment is affecting us one and a half times. It is impossible to offer an employee, say, 3000 Nakfa per month while the highest management body are earning 2000 Nakfa. Unless we make some changes, definitely in a short period of time there will be a lot of suffering."

Training and development

The importance of training has grown steadily into a national concern over the last decade, especially since the setting up of an HRD programme in 1997. The government of Eritrea spend a great deal of money on HRD¹. Over the last six to nine years a culture of training has developed in Eritrea. The tone of the government was well heard across all organisations. That is, when the government launched massive training programmes abroad for civil servants in 1997, private and state-owned organisations immediately followed the policy and 'mimiébal akmi seb' (capacity building/HRD) became talk of the street. In private businesses, public enterprises and civil services training and HRD

¹ In line with the intensive training and development campaign, the government of Eritrea, through the office of Macro Policy's HRD, sent about 600 recent graduates and individuals from various organisations to South Africa in 2001.

received considerable attention. Training is conducted after a series of training needs assessment, has been done. Although training needs assessment is employed as a means for employment policy and promotion, most of the time it is conducted when employees are recruited to work in the organisation, new technology (machinery) is being introduced and/or to deal and work flexibly with change rather than to tackle absenteeism or turnover or for continuous developmental aims in the long run. The information required for training needs assessment is obtained from observation and document examination. This suggests that employees are not basically involved in the training needs assessment, which is deemed desirable for better results.

The frequency of training varies from a minimum of one to three times a year. Initial training is always given as an extension of recruitment (orientation). Most of the training was conducted on-the-job with a particular focus to multi-skilling to equip employees with flexible skill so that they can shift between tasks and activities. Furthermore, firms also offer employees training opportunities abroad to get exposure (off-the-job training). Some organisations have a training budget and allocate a great deal of money on training and other firms have also established their own training centres.² However, in most cases the training budget is at random. That, is training budget is not predetermined. Some researchers (e.g. Mwarua, 1999) report that for best results, a training programme should not last more than one week (with no more than three hours in a single training session) and an employee should not attend more than one training programme in a year. It is believed that such arrangement keeps the normal operations of the organisation with very little disruption. However, in Eritrea, the frequency of training is more than is suggested in other reports, as mentioned earlier. It is the managers' belief that more frequent training contributes more to performance than the damage done by disruption, because it boosts employee morale.

Quality in training is the primary concern, because employees have to be ready in the event of new technology introduction or work redesigning and restructuring. Although quality of employees and quality of products or services are central to organisations, lack of enough budget and other institutional difficulties hinder the total achievement of the training objective. Training is viewed from an employee development strategy; however, it is not necessarily

² For example, at Red Sea Bottlers the budget allocated for training is one percent of sales, which can reach up to US\$ 500/employee on average. At Hotel InterContinental, the training budget has been increasing over the last three years. According to the training manageress, the budget per employee increased on the average from US\$ 50 to US\$ 75. This figure is only for on-the-job training. However, if overseas training and workshop budget is included, it can reach up to US\$ 3-4,000. At British-American Tobacco, the total budget for training per year is large and on the average the amount of money per employee trained reaches approximately between US\$ 71 and US\$ 357.

linked with pay increase or promotion. In most cases, training is not integrated in a planned way to employee's career development.

Upon completion of the training module, the trainer prepares a written questionnaire that covers essential elements of the training topic and each trainee fills in the questionnaire. Then, the trainer evaluates the trainee's knowledge (understanding) of the training given based on the results of the questionnaire. In some cases, the trainer conducts written or oral examination of the trainee to determine the trainee's understanding of the training module. Retraining may be conducted as appropriate to ensure that the relevant trainee has a good understanding of the training topic. Furthermore, the respective department manager directly supervises the newly trained employee in all job specific work activities for at least two weeks or more ensuring that his/her performance is satisfactory, but managers do not consult employees to evaluate the training programme. One human resource manager noted:

"We don't ask employees to provide a statement on the training they took and its relevance because the answer would be obvious that 'definitely relevant' or 'very helpful.'"

However, it is rare to get negative feedback in a training session in Eritrea and normal to get positive feedback. As much as possible, trainees avoid direct confrontation with the trainer. Trainees may be hardly willing to give negative feedback on training facilities (which in most cases is beyond the control of the trainer) and duration of training, but not on the performance (qualification) of the trainer, methods, course content and relevancy of training, because it is disrespectful to the trainer. Sawadogo (1995) argues that in the African tradition of passive learning and respect for knowledge and the trainer, accurate feedback may not be forthcoming. He further illustrates that people who see themselves as recipients of knowledge might find it strange that the trainer is soliciting suggestions and feedback from them. An informal discussion during session breaks might be helpful; however, useful information can be obtained provided that trainees are willing to give objective feedback and encouraged for more open exchange of views. As far as prioritising minorities in training opportunities is concerned, issues of minority, ethnicity, gender and disability are not considered in training or retraining.

Unfortunately, the economic crisis had adverse effects on HRM. Accordingly, training of employees and fresh graduates has been deterred as a result of budget cuts. The massive capacity building programme, which was underway, had to be minimised, because a large part of money allocated for training was diverted to other activities to manage the crisis. Furthermore, the government had reduced off-the-job (abroad) training by cutting the budget. Consequently, some organisations with financial problems find training an easy outlet to get savings.

Compensation

Every organisation has a compensation package standard that emanates from Central Personnel Administration (CPA). The CPA administers the payment structure based on educational qualification. Since independence the government has undertaken salary reviews twice to adjust public and civil servants salaries. The compensation system in most business organisations in Eritrea is not different from the government's civil services, public enterprises or other Western companies. It includes two aspects, namely monetary compensation (salary, bonus) and benefits such as pension contributions and in some cases health insurance. In Eritrea, firms' wages, salaries and other benefits largely follow government policies (Ghebrejorgis and Karsten, 2006). Anytime the government comes up with a new scale in the civil service, then other organisations follow that practice. In most of the cases, firms provide employees with essential benefits such as medical treatment and in some cases free meals at workplace. The latter practice is more common in the hotel industry. These types of benefits encourage employees to reciprocate with more loyalty and commitment to the organisation.

In most of the state-owned firms, compensation policy is centralised by the government, where as private-sector firms are free to design their own payment system (scale) and policies according to the labour market, nature of work and what they can afford. Managers stated that compensation is very important in attracting and retaining qualified employees. It motivates employees and helps them to be high performers and highly committed to their job and organisation. Although models of workplace organisation (for example, Herzberg, 1968) argue that pay alone is not an effective tool for motivating employees (because it doesn't satisfy many human needs), paying high salaries may have a positive motivational effect on employees as far as developing countries is concerned. Some managers' state that:

“As far as Eritrea is concerned, compensation is a very decisive factor, because what counts most in the employees' life is the amount of money that he/she takes home.”

In Eritrea, firms with attractive compensation package usually get a large number of applicants from which to choose and they have employees with a long tenure in the organisation. However, in most cases there is no coherence between compensation and training. That is, even if any employee or a group of employees get the opportunity for long-term training, currently the compensation package will not be adjusted once the employee(s) are reinstated to duty. This is a particular problem that employees are facing, which emanates from the prevailing economic crisis of the country. Managers' commitment for attractive compensation package is clear; however, the prevalent situation imposes certain challenges. Recruiting employees with a compensation package above the existing labour market is not encouraged, because civil service employees may turn their face to lucrative private and other state owned profit-

making organisations. In Eritrea, the majority of modern organisations are in the public sector, which results in high interference in the management of organisations. The government influences the compensation system of firms to maintain the labour market in balance. Any adjustment of compensation in Eritrea is macro-policy driven. This significantly influences managers' strategic thinking. As one general manager put it:

“We are working in a short range planning let alone integrating HRM practices with business strategy. We don't have strategic planning, because we don't know exactly what will happen overnight. Any state-owned enterprise is in the process of privatisation and suddenly we may be informed to hand over the firm as we observed it in some cases. There is no predictable environment to make strategic planning or draft policies.”

Although some of the firms are financially strong, management has no choice except to comply with government policies. Hence, it is difficult to say that compensation practices are integrated with other policy areas such as training and development. However, management processes all workmen's compensation and personal accidents claims to ensure prompt settlement of company and employee claims. Even if the compensation package available in Eritrea (compared to inflation or standard of living³) is low, usually internal and external equity is highly maintained.

Employee performance evaluation

Employee performance evaluation is widely practiced in organisations in Eritrea. However, the timing for formal performance evaluation measures is different. In some firms, performance evaluation is conducted on an annual basis and in other firms semi-annually. Performance evaluation is centred on an individual employee and his/her contribution to the organisation as measured against some objective criteria along excellent—poor continuum on a five-point scale. However, a recent phenomenon is being introduced to reduce it to a four-point scale to avoid people's central tendency to evaluation. Key success factors and key result areas are used to measure individual performance. For instance, the key success factors for a human resource manager include: implementation of collective agreement, co-ordination of organisation functions with budget as per plan, maintenance of accurate employee data, employee resourcing and employee development programmes. In addition, the procedures of performance evaluation are also different among organisations. For instance, in some organisations performance evaluation procedure is a three-way system: self-

³ According to the Ministry of National Development (2005) report, the consumer price index of March 2005 shows that inflation has risen more than three fold compared to that of March 2000.

assessment of the employee, three of his/her peers and management committee; and in other cases a two-way system—self-assessment and the department head. However, in most cases, the human resource manager is responsible for the evaluation of employee performance. In the three-way practice, the appraisee has no knowledge of the three peers. It is the management committee that prepares the list of three individuals to evaluate their peer. The committee knows well who is not in good terms with whom and in such case an individual cannot be selected as an evaluator for a particular employee. When evaluation is completed, the committee communicates the results to the employee, which he/she has to acknowledge by signing. Due to cultural factors, subordinate ratings are not common in Eritrea. Peer evaluation is likely to be biased because those who have good interpersonal relationships with the appraisers can expect to receive favourable assessment. Hence, peer evaluation might not allow for reliable and objective information of subordinates.

The way performance evaluation is communicated usually creates a problem, because collectivist cultures have a tendency to avoid direct confrontation. Mekonnen and Mamman (2004) also reported that there is potential and covert resistance to evaluating and discussing individual performance in Ethiopian organisations. Cultural norms not only impact on the process but also the form of performance evaluation (Aryee, 2004). Sawadogo (1995) also suggests that because African society tends to be high context where it is difficult to separate the actor from the actions, people do not criticise others openly. In a high-context culture, communication depends heavily on the context or non-verbal aspects of communication.

Currently, some organisations are in a way to drop the self-assessment system for two main reasons. Firstly, some people give themselves an “A” grade while other, more modest, but better employees provide themselves a lower grade. There are also cases that the employees report a little about their weaknesses. Secondly and most important, the Eritrean culture places certain limitations, because in Eritrea it is unacceptable to talk about your own achievements. One human resource manageress noted:

“The Eritrean culture should be considered during performance appraisal, because it is not the norm to talk about personal achievements in public. Eritreans prefer if someone tells about the achievement of the other.”

Scholars who have studied performance evaluation in developing countries have found the exercise to be complicated by cultural and social issues (e.g. see Mendonca and Kanungo, 1994). Besides, the role of supervisors in performance evaluation is limited, because in most cases they lack adequate knowledge of HRM practices in general, and performance appraisal in particular. Some general managers underscored that:

“The appraisal form is totally Western-oriented, so that some statements are not applicable to a particular employee. Thus, the

form must be revised in order to be fully applicable to every individual employee. In addition, appraisals should start at the supervisory level, but supervisors need knowledge and understanding of the process of performance appraisal.”

Supervisors' lack of knowledge and understanding about the meaning of performance evaluation and the generally Western oriented evaluation form (system) contributed to the irregularity of performance evaluation recently. There seems to exist some similarity between Eritrean and other organisations across the continent with regard to the irregular use of performance evaluation measures. Ramguttu-Wong (2004: 63) points out that “in most cases, performance evaluation does not exist in Mauritian organisations, or else it remains a purely administrative exercise, whose aim is unclear”; and Mekonnen and Mamman (2004) indicated that organisations in Ethiopia do not undertake performance evaluation regularly.

Reward systems

Erez (1994), explained that theories of motivation and managerial practices developed in the United States are mainly guided by the equity rule, namely that the rewards are differentially distributed and that they are contingent upon performance. That is, incentives and bonuses are linked to an individual's performance. She further argues that in practice cultural values of individualism and collectivism modify the principles of reward allocation, and the rule of equality fits better with group oriented, collectivist cultures, whereas the rule of equity fits with individualistic cultures. In the Eritrean case, rewards are allocated on the basis of equality—to each employee equally to maintain consistency. Although performance evaluation is centred on an individual employee, all employees are entitled to get a one month's salary as a reward every year to avoid confusion and unnecessary conflict. As a policy, it is clearly outlined that rewards should be allocated according to each performance, but the managers stated that there were difficulties to implement it in practice. For instance, one financial manager noted:

“Firstly, the collective agreement strictly prohibits rewarding a particular group of employees. Secondly, in our organisation, the nature of the production process is a continuous flow of production and one cannot claim that a certain department performs better than other departments (employees in one department did better job than others), because the final product is the outcome of all departments. Hence, rewarding a group of employees in one part of the production process means creating resentment among other employees and the consequence is that the next part of the production process becomes a bottleneck.”

In some organisations a financial reward and a recognition letter system were introduced to differentiate excellent performers from average performers and every year three of the best performers were awarded. However, it created resentment among the employees, because many important events in the Eritrean life are the result of collective action. In other words, minimal value occurs as a result of individual or a small group effort and the overall performance of the organisation is the collective effort of all employees equally. This concurs with Jackson's (2004: 167) recent study of employee commitment in Africa, when he argues, "African employees appear to be team workers. Reward systems may be developed that reflects this group orientation and reward team rather than an individual effort."

Also in other organisations, a system of 'employee/supervisor of the month' or 'employee/supervisor of the year' was also introduced with some links to financial rewards. Again, it created more discontent than motivation. There was a belief that it was not judged fairly, because some department managers tend to pick the performance of an employee in a particular week or month. As an expatriate manager explained:

"To be honest, I know that it is a Western concept but I am not totally satisfied with the system of posting 'employee of the month' notice in such a conservative and collectivist culture. It creates probably more problems than motivation. I was aware that when I arrive, there was a belief that the selection process was not fair because they don't observe to pick the right employee. That's why it lacks fairness and it falls down. I don't think we will improve the process except to involve the union as part of the committee. Generally, the idea is positive and the staffs that win will favour it."

The recent development is that a target is set as a standard to achieve and depending on that target employees get rewards. For instance, if a firm achieves 120 percent of the target, then each employee will get 120 percent of his/her salary as a reward. Other enterprises also allocate rewards in accordance with the collective agreement. For instance, if the profit of the firm is equal to or greater than a given sum of money (e.g., about 1 million US dollar in one of the organisations visited), then each employee will have his/her monthly salary as a bonus. If profits are below the specified amount of money, then each employee will take a bonus of only his/her 17 days salary. However, most of the time organisations reach the stated profit level.

Hence, it can be concluded that reward is based on the performance of the organisation rather than on an individual employee to maintain equality. This is by no means unique to Eritrea, as authors elsewhere have shown similar findings. For instance, Ramguttty-Wong (2004) in her study of HRM in Mauritius found that most Mauritian firms simply gave annual increments and production bonuses across the board, rewarding good as well as bad performance. She argues that it would appear that Mauritian *culture de méfiance*

(culture of mistrust) limits many managers from setting up evaluation systems in the first place and from linking assessments with rewards. A study of HRM in Libya by Almhdie and Nyambegeera (2004) indicates that Libyan organisations profess the Islamic faith; hence, performance evaluations primarily focus on the personal characteristics of the employee rather than job performance. Beugré (2004) also stated that in Ivory Coast, performance evaluations are rarely used as a basis for compensation and promotion. In furtherance, another study in South East Asia (South Korea) shows that management and employees take performance evaluations as an annual but irrelevant formality, because performance ratings doesn't affect promotion and compensation decisions in a meaningful way since promotion and compensation is traditionally based on seniority (Kim and Briscoe, 1997).

Generally, the reward system is uniform because employees are entitled to a bonus of one month's salary annually. This reward system is likely to promote effective teamwork. Evidence shows that rewards are determined by the performance of the organisation, but there is usually no specific formula (except the collective agreement) that links rewards to performance. The reward system in Eritrean organisations can be seen as similar to profit-sharing mechanisms in Western firms in the sense that both are group incentives that everyone receives and both depend on the performance of the organisation (Ghebrejorgis, 2006). However, due to the free rider problem that may occur in any organisation anywhere in the world, it is difficult to state whether the reward provides any noticeable work incentive for the Eritrean employees. Furthermore, many organisations across Eritrea also offer training opportunities as a means of reward to empower the employees and to maintain sound relationships. Mwaura (1999) asserted that training in many organisations in Africa is considered as a kind of fringe benefit, to which every employee has a right regardless of need.

Industrial relations

There are laws and regulations to guide HRM practices in the public and private sector. These were developed in order to ensure their employment practices and to promote good industrial relations and human relations at work place. The labour relations in Eritrea have a long history and have been under repression and intimidation from colonial rulers most of its time. It was by early 1949 that Eritrean workers organised for self-organisation (unions) in pursuit of their own economic and social goals (Killion, 1997). With the annexation of Eritrea by Ethiopia in 1961 legal trade unions ceased to exist and the confederation's office was closed. After liberation 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, the Labour Proclamation of Eritrea No. 118/2001 was issued and the former proclamation and all other laws issued repealed and replaced. The new labour law was ratified to attract foreign investment and it gives managers a free hand to hire and fire workers. Employers can recruit directly from the labour market or company gates, through private employment agencies, licensed brokers, or through employment services of the Ministry of Labour and Social Welfare. The NCEW seeks to promote employee participation in decisions affecting employment issues. Each firm has a company-based union and a clearly outlined collective agreement. In accordance of the collective agreement, employees through their union have the right to participate in decisions affecting employment issues. Jackson and Shuler (1995: 249) also argue that “unions give voice to their members; establish policies and procedures for handling wage and working condition grievances; provide for job security; and secure health and retirement benefits.” Similarly, although policies for handling wages and retirement benefits are the responsibility of the State of Eritrea, one of the union leaders noted:

“whenever management is to make decisions with regard to the number and type of employees to be recruited, trained or promoted, we cast our vote like the rest of the members of management committee.”

Other leaders also agree that *“the collective agreement binds management and employees and it leaves no room for management to manoeuvre decisions against the interest of employees.”*

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. 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. Currently, there are 230 factory-based unions with over 23,000 members throughout the country, representing over 75 percent of the total workforce (see Annex II). The majority are concentrated in Asmara, the central location of the industries. There are representatives in all six regions of the country located in five cities; however, the regional offices are currently inadequately equipped. Due to the concentration of industrial activities in Asmara and the port cities of Massawa and Assab, these three urban centres constitute large memberships with 71, 16 and 8 percent, respectively. These three cities encompass 95 percent of the total membership.

Future trends in HRM in Eritrea

So far, we have raised the relevant issues in detail regarding the current employment practices (human resource management) in the selected organisations. In this section, we would like to pay attention to some factors that are more likely to challenge Eritrean managers in general, and the government in particular, in the future with regard to HRM. These variables include: health status of the society (HIV/AIDS), brain drain, privatisation and globalisation.

HRM and HIV/AIDS

The HIV/AIDS pandemic is a global problem, although extremely severe in sub-Saharan Africa. It is estimated that some 25.4 million people in Africa are living with HIV and in some regions such as Southern Africa over 25 percent of the population is infected with the virus (UNAIDS, 2004). If more is not done to combat the epidemic, in the next 20 years HIV could infect nearly 90 million (up to 10 percent of the continent's population) Africans (UNAIDS, 2005). HIV/AIDS is rapidly weakening economic stability and a decline in labour productivity in the countries that have been hardest hit by this epidemic. The AIDS situation in Eritrea is worrying, but there are reasons to be hopeful. According to UNAIDS (2004), the national HIV prevalence rate in Eritrea is 2.4 percent (3 percent in previous years), but currently "there seems to be stabilisation of the prevalence, thanks notably to the government efforts with clear and precise commitment." HIV/AIDS has many implications for the workplace in Eritrea. For instance, these include costs of long-term sick leave (where any employee is granted sick leave with 100 percent of his/her wages for the first one month, 50 percent of wages for the next two months and also the next three months without pay in which case he/she still assumes his/her position), absenteeism, training and career development and succession planning.

Hence, the costs associated with the health status of the workforce may also add pressure on the critical HRD as a strategic HRM in Eritrean organisations and

may also raise costs of training and development. Besides, organisations may no longer be encouraged to give training with the same enthusiasm as they used to before. Experiences of other countries, for instance, show that employers in Zimbabwe are not spending money on training employees, as they see this as a bad investment and wastage of resource if a high proportion of employees are likely to die of AIDS; and organisations in Kenya and Botswana are screening recruits for HIV (Jackson, 2004). Research has shown that some 12 percent of the labour-force in Malawi and 20-30 percent of employees in South Africa are HIV positive (Achmat and Cameron, 1995; Baruch and Clancy 2000). Eritrea is not an exception from these countries and a similar trend will occur in HRM unless tackled properly. Organisations may incur an increasing cost of recruitment, additional training costs to replace others and a reduction in revenue because of absenteeism due to illness and above all delivery of essential services will be under threat. Productivity will also decline as a result of increased absenteeism due to ill health of the employees and time taken off to care infected family members or to visit others, as the social life for an Eritrean is as important as work life. Employees will also be less productive at work, particularly in more demanding physical jobs. Hence, organisations may refrain from employing (provide training opportunities to) people diagnosed as HIV/AIDS, because their life expectancy is shorter with an expected decline in individual and firm performance.

HRM and brain drain

Unless the problems of compensation package and other HRM issues are handled with great care, soon there is considerable risk of a significant brain drain both domestic and international. Civil service servants, state-owned enterprise employees and others that choose not to work in these institutions will either migrate to other private and non-government organisations inside the country or flow to other countries. One of the major problems that Africa is critically facing regarding its human resources utilisation is international migration. This is one of the biggest threats to sustainable economic growth. Hence, managers and other concerned officials in Eritrea need to recognise the effects of employment practices and mismanagement. The flawed approach to human resources utilisation leads to brain drain. Recently, brain drain in Eritrea is very significant among the highly trained and hard to replace professionals and this can be expected to increase in the near future.

We believe that two main factors contribute to the brain drain: the harsh economic and political condition of the country (push factor) and the opportunities of better standard of living and working conditions of industrialised countries such as Europe and USA (pull factor). Scholars argue that professionals who find themselves treated with disrespect and constantly threatened with dire consequences ultimately vote with their feet (Kamoche *et*

al. 2004); and individuals whose skills seem to be highly appreciated in countries other than their own migrate to other countries (Balogun and Mutahaba, 1990). Undoubtedly, the government of Eritrea can play a significant role in addressing the problem of brain drain. Hence, if the flight (international migration) of highly skilled individuals is to be avoided, then, the government at macro level and the managers at the micro level seek to effectively utilise human resources by attracting, developing, motivating, treating with respect and dignity and retaining professionals and others with a key skill.

HRM and privatisation

Although the government of Eritrea managed to sell most of the thirty-nine large manufacturing enterprises since the beginning of 1997, the rate of privatisation was slow.

Probably, due to the border conflict that erupted a year later (1998), privatisation in Eritrea attracted limited foreign investment. Nonetheless, the government is still making extra effort to privatise all state-owned firms. It is true that privatisation leads to a private sector business practice with a focus on quality. On the one hand, privatisation is important to HRM, because it introduces modern management practices, work organisation and new production technologies. There is also high possibility that firms would engage in advanced manufacturing technology, total quality management and just-in-time production. Hence, technology will shape HRM, because firms will need highly selective hiring, comprehensive training and developmental evaluation, which are absent at present. Generally, investment in different management capabilities will be required. On the other hand, privatisation leads to loss of jobs in the pursuit of efficiency. It is too early to judge the overall consequences of privatisation. However, the minimal experience in Eritrea indicates that although new technology and new working practices introduced, privatisation resulted in more dismissals and lack of guarantee for immediate improvement in organisational work performance. As far as Eritrea is concerned, this is not conducive for retaining highly qualified workforce.

HRM and globalisation

With the advancement and fast growth of information and communications technology (ICT), the world is becoming smaller and smaller with a speedy interaction. Globalisation can have far reaching implications for HRM and management practices in general. Many countries across the globe are feeling the forces of change and they are opening up their economies (domestic markets) to external forces (influence) and at the same time penetrating other countries economies. Accordingly, it is expected that Eritrean firms will face increased competition in the domestic and international markets. It is not that far

for the Eritrean firms to seek to gain a foothold in overseas markets in search of profits and mastery of new technologies. Recently, globalisation, or *áwlema*, is talk of the street in Eritrea. Hence, Eritrean firms need to transform their HRM systems in order to compete effectively in the global market.

Whereas the present HRM system stress on group reward and neglect individual performance, the future of HRM policy would emphasise a performance-based system. Performance may emerge as one of the main important variables to determine employee compensation as firms try to increase productivity. There would be a link between evaluation and reward. Therefore, performance evaluation will serve as an evaluation tool for pay increase and will be developmental in orientation. Thus, firms would shift from the current two-way and three-way performance evaluation procedures to a more objective measurement of employee performance such as the 360-degree evaluation, which include supervisors (boss), self, peers (subordinates) and customers. Extremely few Eritrean organisations have self and peer evaluation practices. These practices are largely absent in most firms and customer evaluation is not introduced yet. Although it may seem too early to predict the problems that firms may encounter with customer evaluation, currently due to cultural factors the peer evaluation and self-assessment are showing certain difficulties. The compensation system would consist base pay, performance pay and other benefits. Discriminant reward levels based on individual performance would be introduced to reward excellent performers more than average performers; rather than the present uniform reward to maintain equality and consistency. Competing in the global market would entice Eritrean firms to utilise employees more effectively by introducing individual incentives into the compensations system rather than uniform reward across the organisation. Hence, there would be more involvement of workers and information sharing.

Furthermore, firms will rely more on a systematic and more sophisticated recruitment and selection procedures in re-sourcing employees. At the same time, a change in lifetime employment (job security) practice would be expected, because there will be more job mobility (lifetime career). A significant amount of employee training and education would be required to build competitiveness in management and transform the HRM systems in response to fierce competition and succeed in the global marketplace. In short, there would be more strategic integration between various HRM systems and practices/policies (internal fit), between HRM strategies and other organisational components such as business strategy (external fit). To prepare for tomorrow's competition requires creative minds, skilled workers who are ready to meet the challenge. Hence, these categories of workers would be identified: recruited, further trained and retained that is a very worthwhile investment in human capital.

Conclusions and implications

The main objective of this paper was to investigate to what extent Western human resource management policies and practices are translated in a developing country context. This paper contributes to our understanding of the nature and scope of HRM practices and policies in Eritrea. This paper mainly focuses on extant managerial practices and on the challenges managers face in executing their jobs to provide theoretical insights from a developing country context. The evidence reveals the prospect that the concepts and knowledge of HRM practices are in place with some local influence. The concept of HRM practices as exhibited in Eritrea is at an early stage. Although slow in process, the prospect is the recognition of managers (organisations) of the importance of effective management of people. Several attempts are being made to develop the human resource capacity at both a macro and micro level. It is recognised these days more than ever before that the employee is a critical resource for the success of the organisation.

Unfortunately, the environment as it evolves today presents certain challenges to HRM practices through a series of influential trends. The political instability, economic crisis, the unpredictability of the environment and other institutional difficulties significantly influence managers' strategic thinking. The prevalent situation impedes the strategic management of human resources, because HRM policies and practices were not systematically integrated among each other. Nevertheless, the culture [collectivist] is conducive for implementing HRM practices such as teamwork and employee participation. These are highly regarded practices in modern HRM literature that boost employee morale and higher organisational performance. Furthermore, the regulatory environment such as the labour law provides managers more means of recruitment sources.

Based on the current HRM practices, the paper also highlights future trends in HRM in Eritrea. Specifically, the impact of the AIDS epidemic in Africa is now a matter of great concern to policy makers and managers. Although there are no reported cases available regarding employees in Eritrean organisations, the potentially disastrous effects of the disease will have a significant burden on the way people are managed. The scope of the phenomenon is wide, and its implications apply to many aspects and facets of management such as equal employment opportunity and effectiveness.

This study sheds light on HRM practices in a developing country. The findings of the present study offer important academic and practical implications. Several suggestions for practitioners follow from our results. Firstly, managers should realise that employees should be given an opportunity to evaluate the training provided to determine if the programme is accomplishing its objectives and to identify strengths and weaknesses in the programme. An ideal training programme should provide timely feedback to trainees and trainers. There is no doubt that the role of feedback is so important in order to guide the attainment of

objectives and to make important decisions concerning programme improvements. Secondly, managers need to recognise that training should be provided in light of its impact in bringing change in both— the organisation and the individual employee. There should be goal congruence because if the organisation is to develop and prosper, then the employee should also be trained and developed. The absence of advancement opportunities could discourage hard work. Kamoche (2002) also concluded that firms should take into account the specific circumstances of their employees while designing and implementing HRM practices. Thirdly, managers must also strive to integrate HRM practices with one another if they are eventually to have an effect on organisational performance and employees emotional and physical well-being. Furthermore, the government should take the necessary steps to demobilise the professionals and others with skills who are currently enlisted in the army doing national service. This will provide Eritrean industries the opportunity to move forward for better performance. The government should focus on the expansion of training institutes to ensure the production of employable skills and develop the necessary skills and knowledge based on labour market information.

Like all research, the present study has several limitations. As the study is limited only to two industries, there may also be limitations on the generalisability of the findings. However, the organisations covered are a reasonable cross section of those to be found in most industries. Future research would also benefit from a large-scale quantitative study survey that would add statistical generalisations and strengthen validity of the results.

However, within the above-mentioned limitations, this paper makes considerable contributions. Firstly, it is one of the few approaches to the study of HRM policies and practices in developing countries in general, and Eritrea in particular. Secondly, this study provides a reasonable picture of HRM practices and policies in Eritrea. Generally, the paper produced managerial accounts on the nature and deployment of HRM practices, which are descriptively rich in detail. This study sheds light on the extant of managerial practices from a developing country context.

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Annex I. The total duration of the interviews conducted with respondents.

No.	Organisation	Interviewees	Interview time
1	Asmara Beer Factory	General manager	122 minutes
		Personnel manager	92 minutes
		Director of administration	45 minutes
		Union leader	46 minutes
2	Hotel InterContinental	General manager*	65 minutes
		HR manager	81 minutes
		Training manageress	72 minutes
		Executive housekeeper*	70 minutes
		Owning Co. Representative*	45 minutes
3	British-American Tobacco	General manager	45 minutes
		HR manageress	151 minutes
		Personnel manager	45 minutes
4	Red Sea Bottlers	HR manager	102 minutes
		Financial manager	65 minutes
5	Ambassoira Hotel	General manager	95 minutes
		Financial manager	50 minutes
6	Fred Hollows Intraocular Lens Manufacturing	General Manager	115 minutes
		Administrative Manager	60 minutes
7	Ministry of Tourism	HTTC, director	75 minutes
8	Ministry of Labour and Human Welfare	Head, labour relations	75 minutes
9	Ministry of Education	Head, Vocational training	60 minutes
10	National Confederation of Eritrean Workers	Head, Industrial relations	90 minutes

* British, Indian and French expatriates, respectively.

Annex II. Worker membership by federation and gender

Federation	Male	Female	Total	Percent
Food, Drink, Hotels, Tourism, Agriculture and Tobacco	2,515	1,744	4,259	18.5
Mining, Chemical and General Works	4,291	878	5,169	22.5
Service Industry	1,839	498	2,337	10.1
Transport and Communication	4,001	691	4,692	20.4
Textile, Leather and Shoe	1,825	4,633	6,558	28.5
Total	14,671	8,544	23,015	100

Source: National Confederation of Eritrean Workers (2002).

As can be seen, 63 percent of the members are male and 37 percent are female. The majority of female workers are in the textile, leather and shoe sector and the majority of males are concentrated in mining, chemical and general works and in transport and communication. Currently, the NCEW is aiming to increase union membership based on the new labour law (No. 118/2001) and the Seven ILO Core Conventions, to which the government of Eritrea is a signatory. NCEW is also planning to assist firms to establish training co-operatives to improve the skill and knowledge of workers. Training programmes in skills development, and technical and vocational training in the workplace are important elements in the NCEW plans. The NCEW plans to continue on-the-job training and, with the help of donors, training and other experience-sharing (exposure) programmes will take place outside the country.

Annex III. Interview guide

The following presents a sample of the interview questions conducted with managers and union leaders. Detailed information on the questionnaires used can be obtained from the first author upon request at fitsumg@asmara.uoa.edu.er.

A. General questions

1. What is the most important asset in your organisation?
2. Is there a national policy with respect to HRM in Eritrea?
3. How do you react to external factors that may affect your HRM practices and policies?
4. To what extent do you make an explicit effort to integrate HRM with firm strategy?
5. To what extent is the personnel department involved in strategic planning process?

B. Recruitment and Selection

1. What activities do you make to attract people?
2. Which methods of recruitment do you use to fill vacant positions?
3. What influences your recruitment decisions?
4. Do you plan your recruitment with the overall business plan?
5. Who actually makes the final decision about the type (number) of people employed here?

C. Training and Development

1. Do you have a training policy? (also availability of training manual).
2. Is there any training needs analysis done before training is initiated or given?
3. How often are training activities evaluated?
4. Does the training opportunity equally available to all employees?
5. Is there any specific sum of money set (allocated) for training?

D. Compensation

1. Is the compensation policy set by your organisation or centralised by the government?
2. Do you conduct market survey to set the compensation level of your organisation?
3. Is compensation related to performance?
4. Who is responsible for the appraisal of employees?

5. What is the range (as a percent of fixed income) an employee gets annually as increment?

E. On trade unions

1. What are the requirements to establish unions?
2. Is it open to anyone for membership?
3. What functions the unions accomplish?
4. Are employees encouraged to participate in information sharing (grievance procedures)?
5. Is there law of the management-union meeting?

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