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AIRLINE'S EXPATRIATE PROBLEMS IN OUTSTATIONS,  
AND MEANS TO HANDLE THEM: A CASE STUDY.

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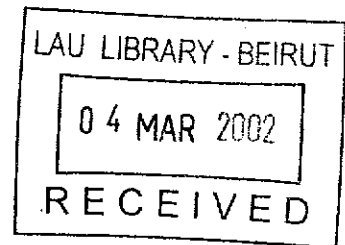
A Research Topic  
Presented to Business Division  
Beirut University College

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In Partial Fulfilment  
of the Requirements for the Degree  
Master of Science in Business  
Management

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BY  
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APPROVAL OF RESEARCH TOPIC

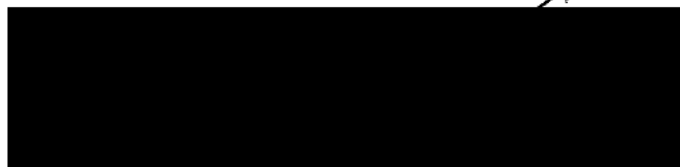
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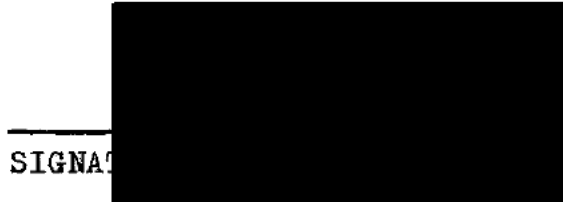
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# Chapter 1

## INTRODUCTION

This work is meant to be a case study of a department in one of the biggest firms in Lebanon, namely The Industrial Relation Department of the Middle East Airlines.

In this firm, the type of jobs are widely varied. Moreover, the functions are complicated due to the fact that the firm deals with employees working outside their home country, bound by both the laws of the countries they are working in and by the rules, regulations, and laws of Lebanon, the home country of the firm.

Consequently, different standard of remuneration and work conditions would have to be derived to insure that harmony and equity are guaranteed to all employees regardless of the base at which the employee works.

The problem that will be highlightened, the objective of this work, as well as the research plan that is going to be followed, will be stated in this chapter in order to expose the case and orient the study.

### 1.1 Statement of the Problem

The emphasis in this work, is going to be on the Personnel (Outstations) Section of the Industrial Relation Department.

outside MEA's home country (Lebanon).

Those employees in the course of their work are subjected to the laws and to the environment of the countries they are working in. Naturally, these two parameters (namely the laws and the environment) differ from one country to another. As a result, employees working in the same position but in different countries, have different working and living conditions namely working hours, holidays, benefits, salaries, and different housing and educational facilities for their families.

The monetary compensations are of major importance, in this respect, be it in the form of basic remuneration or living subsidies. They are mostly emphasized when we take into consideration the fluctuation in the international monetary value of different currencies, more specifically the Lebanese Pound's devaluation against foreign currencies.

Also, the living and educational standards are a source of concern, as the employees working outside Lebanon normally do so for a long period (minimum of five years), which necessitates taking along with them their families. These standards, if below what is desired can be a source of annoyance or expense for the employee to control, to adjust to, or to change.

Moreover, a major concern for those employees, is their future after their return to the Head Office, and the problems they face regarding their Beirut occupation, title and salary.

Similarly this problem is shared by management in the company who have the responsibility to properly utilize the experience of the expatriates upon their return to Lebanon.

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All of these problems fall within the scope of this paper and constitute collectively the statement of the problem.

### 1.2 Statement of the Objective

After the statement of the problem, the objective will be finding a system that will handle the complications arising from the problem.

The objective can be seen as to recommend a procedure that will enable MEA to make best use of the expatriate's experience, provide them with the motivation to stay productive and perhaps to suggest equitable means to reduce complains arising from remuneration discrepancies.

### 1.3 The Research Plan

Having the problem and the objective defined, a plan

should be set in order to analyse the problem and achieve the objective. The action plan proposed in this research is to:

- a. Specify the role of personnel management in any organization.
- b. Expose the unique characteristics of the organizations that have airtransport services as their industry and show the relevance of this uniqueness in the systems, rules regulations, and practices of the Industrial Relations of such organizations.
- c. Take MEA as our specific case: an aviation industry organization with emphasis on the role of its Industrial Relations Department and its various functions.
- d. Focusing specifically on the section of Personnel (Outstations) with its various problems and available tools to solve these problems.
- e. Finally provide comments and recommendations that propose the solution of the problems stated in section 1.1 and thus achieving the objective of this work.

## Chapter 2

### PERSONNEL MANAGEMENT

It is often said that there are three important elements that make up a business enterprise: money, material and people. And it is people -the human element- that is often responsible for the success of the organization.<sup>2</sup>

If this were true, then how come that two competing firms operating in the same industry, securing their resources from the same market, employing their personnel in the same area, and marketing the same product, yet one company is more profitable than the other?

Looking at the organization of both firms, one sees no obvious difference, for both have their major functions divided into five major departments:

- Production: were the operations of the organization take place.
- Finance: which is concerned with the financial resources of the organization.
- Marketing: to handle the finished product until it reaches its ultimate user and eventually generate through its sales, revenues.
- Personnel: concerned with managing the manpower of the organization including the control and administration of their rights and obligations.

- Legal: to handle the legal matters in the organization both intro and inter-organizationally.

A closer look at the two firms, however, may reveal that the profitable one has a thoroughly satisfied, hence more productive working force while the other firm has an unsatisfied, less productive personnel.

~~As a result, it can clearly be seen that it is the working force that determines the degree of success enjoyed by the profitable firm. This is not entirely true, but for the purpose of this paper, it will have to be accepted as a major reason for the success of the organization.~~

The personnel department plays an important role to keep the other departments working with the efficiency required by the company's objectives. It can be considered as a link between the employees in all the departments and the organization.

An organization can not be formed unless it has an objective(s). Objectives usually dictate the direction of the activities in the organization. All elements needed by the organization must be aquired and coordinated in order to accomplish that objective.<sup>12</sup>

The personnel department has to recruit, retain and develop employees, who are the essential element of the organization, to achieve the organization's objective while simultane-

ously help them satisfy their need.

How can an employee achieve his or her objective in working for an organization leads us to ask why do people join organizations. People contribute to an organization only if they think it helps them satisfy their personal objective. A person's objective is to fulfill his or her various needs.<sup>11</sup>

The needs of human beings can be classified into three categories:<sup>4</sup>

- Physiological needs: are those that issue from the necessity to sustain life (food, water, air, rest, shelter...) in addition to the security need, a protection against the hazards of the environment.
- Social needs for companionship, the opportunity to associate with, help and be helped by others.
- Egoistic needs for recognition, dominance, independence, achievement and growth.

By joining an organization various needs can be satisfied:<sup>10</sup>

First of all, the salary satisfies the physical needs and sometimes determine the social status. Job continuity satisfies the security needs. Social needs also can be satisfied in different forms: friendship, teamwork, and

belonging to group.

The achievement need is met when the employee feels he or she is getting something done and being recognized for it. This primary function of a personnel department is, as stated before, the integration of the human and the organization's objectives. In performing this function, the personnel department becomes involved in the employee's life inside as well as outside the organization. It has to examine the employees needs, physical and social, as well as egoistic needs and try to create schemes and policies in order to satisfy these needs, thus creating satisfied as well as motivated employees.

Yet, the personnel department must not allow the employees interests to conflict with that of the organization, rather it should try hard to make both interests go in the same direction. In other words it has to coordinate, reconcile and integrate the goals of individuals within the organization to maximize the achievement of the organization's goals, and optimize performance.

Because organizational goals are not simple they should be divided, translated into different activities. The different activities are further divided to smaller jobs in order to gain effectiveness through division of labor.



After that comes defining job descriptions and job specifications. Organization of the jobs and their interrelation creates the organizational structure of the company which includes defining the authority and responsibility and the status of different employees within the structural heirarchy of the organization.<sup>3</sup>

The personnel department has great responsibilities for seeking out, maintaining and retaining the organizational work force. It has also to promote the effectiveness of the work force so that employees will be motivated to develop and realize their capabilities. A major responsibility is also to participate in collective bargaining procedures: resolving conflicts, specifying policies and administring labor contracts. Thus the role of the personnel department can be seen as tranlating organizational goals into jobs then qualifying the work force to fulfill these jobs. It has also to consider external environmental forces and adapt the organization to any changes that such forces might impose upon the organization in the future. In large organizations the personnel department has to play a dual role one on the executive level and the other on the staff level. That is it has to handle the affairs of the working force and at the same time design, plan,

and develop career paths for the staff in light of the company's strategic planning. This is when it becomes an Industrial Relations Department having the following general functions<sup>13</sup>:

- "- Selecting and defining organizational goals.
- Planning for manpower management.
- Establishing and revising policy on manpower management.
- Maintaining appropriate organization.
- Developing appropriate administrative style.
- Innovating goals policy, organization and administration.
- Reviewing and evaluating goals, policy, organization and administration."

In addition, the Industrial Relation Department has the following specific functions<sup>13</sup>:

- "- Manpower planning: forecast, schedules, organization planning.
- Labor relation: negotiation and administration.
- Staffing: defining requirement, career planning, recruiting, screening, promotion, transferring etc...
- Training and development: personnel appraisals, counseling, training, management development.
- Wage and Salary Administration: job evaluation, wage and salary surveys, benefits and services.
- Communication: publication (intraplant) information for participants, feedback, participant attitudes.
- Internal audit and evaluation of manpower policies and programs."

It is true that personnel management is a complicated process, yet it is indispensable for every occupation and industry and for every type of employed manpower in all

societies.

It is significant to state here that whenever Personnel Management is mentioned in this paper, it is Industrial Relation, as defined above, that is meant. Only in discussing the various divisions of MEA's Industrial Relations Department that personnel is mentioned in a different context.

The personnel department in small companies ~~do not~~ ~~employ~~ the functions of industrial relations department. Only in large companies that the strategic and futuristic dimension is added to Personnel to become Industrial Relations. In such cases (small companies) Personnel normally handle records of leaves, sickness, staff entitlements, insurances, promotions and government regulations.

## Chapter 3

### THE AVIATION INDUSTRY

The aviation industry is a service industry which has as a main activity the safe and prompt air transportation of people, goods, and mail from one place to another.

In order to accomplish the main activity, several others should be performed. These other activities include operating aircraft in flight, operating ground equipment that enable the aircraft to fly safely, maintaining the aircraft, handling cargo, mail and passengers, preparing or arranging for meals served on the aircraft, and attending to the business details of operating an airline which includes the management of a firm and the associated government and international regulations that are related to aviation and airtransport.

These activities are the same in all airlines regardless of its size or the number of people it employs. They are indispensable to assure the passenger reliability, safety, and comfort.

Since its birth, in the late twenties, the aviation industry has been undergoing development as to improved aircraft designs in body as well as in engines, greater built-in safety, increased speeds, more passenger comfort, and greater operating economy.

The aviation industry is anything but static: continuing technological and sociological problems are faced by continuing innovations influencing the different activities and offering better services.<sup>6</sup>

The quality of the people has been as important to the success of the aviation industry as has the quality of its equipments. In fact, it is the human element that makes the difference in any aviation firm because all firms use improved equipments, follow the latest safety procedures, make flight on time and practically render the same service for the same price. Yet why passengers prefer to fly "X" airline and not "Y" airline? The employees who interact with customers, render services to them, represent the company, and reflect its good image are the people responsible for building confidence and respect in the minds of customers of any airline.

The quality of the airlines people is as much of attitude and personality as of skill and training. The type of the job usually specifies what qualifications an employee needs to have, but in addition to that some personal qualifications are required. For example, the flight crew members should possess: mental alertness, mature judgment, initiative, emotional stability, self assurance, self control, willingness to assume responsibility, and an ability

to react quickly and accurately under pressure. Flight attendants and reservation personnel must have general knowledge, objective understanding of people, mature judgement, communication skills and a separation between oneself and his or her profession.<sup>5</sup>

No airline employee is of greater importance in terms of an airline's total service than is another employee. It takes the cooperative and team effort of all to provide the safe, efficient, and reliable service. All employees should regard themselves as one group having each member contributing and thus determining the success or the failure of the whole group. Usually, airlines' workers have a sense of identification with the firm they are working for rather than with the specific job they occupy.

Due to the variety of jobs in an airline, their complexity and the stress they create to employees, the function of the personnel department is quite demanding. Because, in addition to the usual activities it has to do, some more difficulties arise, such as how to compensate for the hardships some employees have and the remedy of the stress and problems of the employees resulting from their constant alertness, and assuming the grave responsibility for the flight, trying to please and gain the confidence of customers, in addition to the demanding

schedule of working at odd times, weekends or holidays, for airtransport can not be meaningful unless it assumes the philosophy of continual operation (twenty four hours per day, three hundred sixty five days per year).

Many personnel departments employ counselors to solve the problems of employees and help them emotionally in order to remain able to earn customers' satisfaction upon which the livelihood and success of the company depend.<sup>1</sup>

The nature of the airlines industry necessitates that any firm has representative offices in all the countries to which their aircrafts go. These offices are called stations, their size depends on the frequency (number of flights per week) of the airlines flights to that station. Invariably the station is a miniature firm representing the mother company.

Obviously, such a station will have to abide by the labour laws, the social values and norms of the host country, which suggest a permanent necessity of adaptation of employees to new situations. This major characteristic of the aviation industry is more acute than in any other industry.

It becomes a way of life to the expatriates who have to leave their own country and try to settle in another while

knowing that they have to be transferred again.<sup>6</sup>

The company also will be facing difficulties when trying to keep the work running smoothly at the stations and, at the same time, attend to the employees' comfort in living abroad. Consequently comes the necessity of every aviation firm's need to create policies or systems concerning its expatriates. Such policies or systems have to take into consideration the smallest details in the expatriate's conditions of working and living in the country to which he is assigned.

These systems, once established should be applied and checked to ensure their utility. Also they should be revised and adjusted every time a new situation arises or when better practices are found.

All of these will introduce additional complexity in the function of the airline's Industrial Relations Department.

It is this part, the Outstations Personnel Management, where anomalies arise due to the various environmental (natural) factors that are introduced, and it is this area that this paper is exploring.



Chapter 4  
A CASE STUDY OF MIDDLE EAST AIRLINES  
INDUSTRIAL RELASIONS DEPARTMENT OF MEA

4.1 MEA

The reasons for selecting MEA as a case for this study are plentiful. MEA is not a pioneer Arab and Lebanese Airline only. It has also established itself as a dynamic, resourceful, progressive and prosperous international airline.

MEA has many areas in which it proved itself successful. All of these areas have something to do with its human resources. In fact, it has always been advocated by all chief executives in MEA, that MEA's greatest asset is its human element.

Because such a conviction and a record could not be achieved without a sound, wise and effective Industrial Relations policies and practices, and because it is the purpose of this paper to tackle one area of MEA's Industrial Relations domain, namely Personnel (Outstations), and in order to justify the decision for chosing MEA's Industrial Relations, some land marks in MEA's success-tale are cited below.

411. MEA's Growth:

MEA is an airline which was founded in 1945 as a privately owned company with a capital of 1,250,000 L.L. and became a joint stock company in 1949 with a capital of 25,000,000 L.L.

It started its operations with only one aircraft and one route (Beirut-Nicosia) then the operations expanded to include flights to the Gulf, Europe, Africa and the United States (in 1980) with an increasing number of aircrafts reaching a maximum of twenty-four in 1980 as shown below: (table 1)

TABLE 1 (Source: MEA Annual Report 1984)

<u>YEAR</u>	<u>NUMBER OF AIRCRAFTS</u>
1945	1
1971	5
1974	19
1976	20
1978	22
1980	24
1984	18

From the day it was founded till the beginning of the Lebanese civil war the company was expanding rapidly. Its

operations as well as its organizational structure were growing: several departments had to be either enlarged or created in order to fulfill the activities that the company needed to perform. Moreover, its representatives in other countries turned out to be actual departments called stations, which are miniature firms representing MEA in different countries.

~~After 1974, and because of security situation in~~  
Lebanon, the operations of MEA have been distributed and interrupted especially during the closure of Beirut International Airport (table 2) which made it impossible for MEA to render its services.

TABLE 2. Beirut International Airport closure days

(Source: MEA Annual Report 1984)

1976	168 days (Jan 17-22, June 7-23, June 27-Nov.18)
1980	5 days (July 9-13)
1981	22 days (April 21-May 12)
1982	115 days (June 7-Sept. 29)
1983	54 days (Aug 10-15, Aug 29-Sept 29, Nov 30-Dec 15)
1984	154 days (Feb 6-July 8)

This fact led MEA to decrease its idle capacity, thus preventing extra losses, by leasing its aircrafts to other airlines.

A comparative table records MEA's growth in twenty years 1965-1984 (table 3).

412. MEA's Management

An airline with the above growth record could not be simply lucky. It must have had a management of great insight to success and of great ability to cope with challenges and changes. Such a management would have not succeeded the upheavals of forty years of existence and stay alive in the most competitive business, airtransport, without both a strong infrastructure and a network of systems and schemes that enabled the Airline to stay afloat in the sky.

The above description is documented by both a record of profit in most years (see table 4), and by international recognition of MEA's achievement testified by the following rewards:

- 1974 MEA was cited by "Travel" as the second best service airline.
- 1975 First Annual Airline Technical Management Award by Airtransport World.
- 1978 Gold Medal of the Associate Engineer for Airline Management.

Table 3: (Source: MEA Annual Report 1984)

Year	Total Passengers	Freight, Mail, Excess Baggages (Tons)	Hrs Flown	Overall Load Factor (%)	Employees
1965	427,446	5,818	25,000	62	3,204
1966	455,861	6,988	26,167	56	3,285
1967	441,985	8,166	26,380	56	3,379
1968	515,677	11,338	30,200	49	3,565
1969	558,012	12,207	30,934	40	3,842
1970	642,252	14,580	29,830	43	3,797
1971	775,316	16,278	31,732	48	4,147
1972	880,384	18,394	37,009	47	4,430
1973	954,305	22,749	40,582	50	4,767
1974	1,158,841	23,903	45,083	50	5,256
1975	1,075,900	22,637	44,529	41	5,402
1976*	***	***	***	***	4,530
1977	1,010,036	20,699	32,222**	51	4,462
1978	932,853	22,704	34,278**	48	4,882
1979	1,010,221	24,205	34,777**	55	5,126
1980*	1,042,265	25,005	35,613**	54	5,553
1981*	936,618	24,608	32,424**	53	5,424
1982	634,919	17,512	23,066**	49	5,233
1983*	795,961	20,536	29,368**	40	5,136
1984*	486,598	10,834	17,523	49	4,972

\* Beirut International Airport was closed in these years (Table 2)

\*\* Excluding lease to other airlines.

\*\*\* The events of 1976 and the virtually interruption of scheduled operations, render statistical comparison meaningless.

Table 4: (Source: MEA Annual Report 1984)

<u>Year</u>	<u>Revenue*</u> (LLOOO)	<u>Revenue/Employee</u> (LL)	<u>Profit (Loss)</u> (LLOOO)
1965	102,885	32,111	3,535
1966	113,663	34,600	4,847
1967	128,940	38,159	2,271
1968	148,116	41,547	3,161
1969	159,168	41,428	(8,670)
1970	187,286	49,325	1,552
1971	227,566	54,875	15,817
1972	271,172	61,213	27,934
1973	305,516	64,090	32,656
1974	417,025	79,343	35,514
1975	416,662	85,461	(14,263)
1976	240,356	53,059	(20,687)
1977	517,501	115,980	20,172
1978	527,680	108,087	(6,000)
1979	689,824	134,574	51,139
1980	925,875	166,734	88,798**
1981	891,175	164,302	(87,712)
1982	777,801	148,634	(187,538)
1983	875,065	170,379	(127,596)
1984	678,482	136,461	(293,413)

\* Including non-operating revenue.

\*\* After deducting staff bonus.

- 1980 Outstanding Achievement Award by the Airline Executive Magazine.
- 1983 Industry/Public Service Award by Airtransport World.

In addition, MEA Chief Executive has been chosen by IATA as the chairman of the International Air Transport Agency's Executive Committee (1986), and the Secretary general of the Arab Air Carrier Organization (AACO) since 1966.

The importance of this is the fact that these recognitions came about during the difficult years in the history of MEA 1975-present.

Perhaps, no other company in the world would have survived eleven years of war, airport closed, interruption of operation, aircrafts destroyed, and financial loss.

413. MEA' Staff

Of a great significance is the loyalty of MEA staff: The staff of MEA have proven to be unique in their dedication to their company. Not did they only stay with the Company during its difficult times, but they also displayed exemplary behaviour and tolerance among themselves when such attitudes were rare on the Lebanese social scene because of the outcome of civil strife in the country. They took a great deal of risk in commuting to work and inspite of accidents, persisted to do so. They even contributed some of their income to the company several times in order to insure the continuity of the Airline. All of this they have done fanatically inspite of the fact that MEA is not known for its high salaries and inspite of the gloomy economical state of the company.

Needless to say, this kind of loyalty must have been cultivated through fair and understanding practices in Industrial Relations.

414. MEA Benefits

Perhaps there is no other company in Lebanon that has offered its staff as much and as comprehensive benefits. Industrial Relations Department has introduced so many



original ideas to harmonize conditions and to aid its staff, that it may require a full project to cover.

Below are listed major areas of such benefits:

- Full medical insurance.
- Staff store (cooperative).
- Canteen.
- Health exercise facilities through a Ceders Club.
- Free travelling for staff and their dependants.
- Education assistance for staff children.
- Financial loans at zero interest.
- Marriage and birth bonus.
- Free transportation to and from work.
- Life and accident insurance.
- Early retirement schemes.
- Education incentive scheme for the staff.
- Proficiency incentive scheme.
- Excellence scheme.
- Creative action and thought Bonus.
- Thirteenth month bonus.
- Shareholding opportunity in the company.
- Annual profit bonus.
- Open Ceiling on cost of living adjustments.
- Automatic Annual increment.
- Opportunity for career development.
- Automatic once-every-seven-years adjustment of salary.

- Opportunity for changing job.
- Local pharmacy.
- Clinic service with three full-time doctors.

It is because of the above achievements of MEA and more specific of its Industrial Relations Department that MEA's Industrial Relations Department was chosen as this paper's project.

#### 42. Industrial Relations Department

The Industrial Relation Department accompanied the stages of growth of the company, and evolved from a small function taking care of only twenty five employees in 1945 to a department concerned with about five thousand employees occupying wide ranges of jobs and belonging to different nationalities and environments.

The Industrial Relations activities consist of:

- Recruitment
- Personnel (Lebanon)
- Personnel (Outstations)

In addition, it encompasses the activities of the training Department.

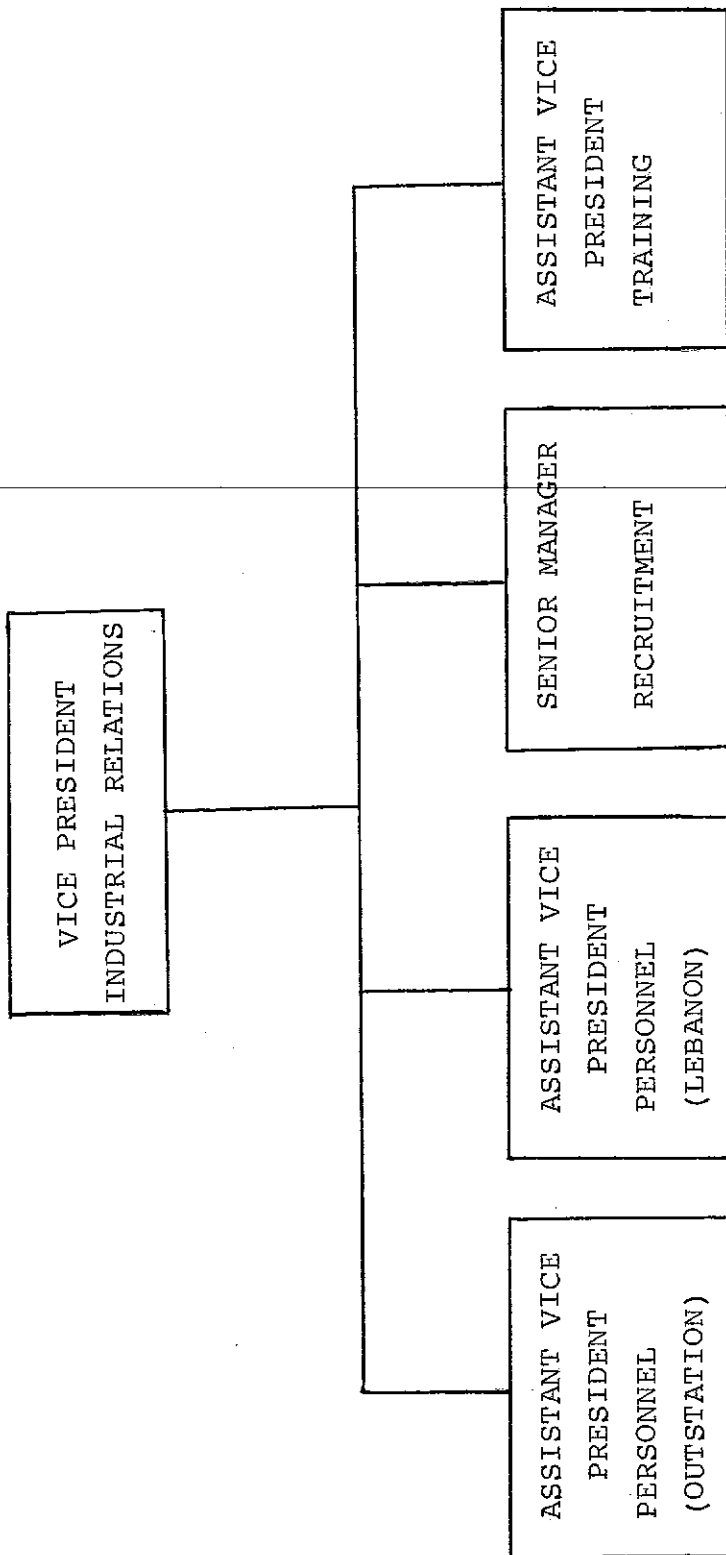


Figure 1  
Hierarchical Organization Chart of the  
Industrial Relations Functions.

421. The Training Department

The Training Department functions are to train, inform, and test, theoretically and practically, MEA staff and, with upper management approval, non MEA staff, locally and abroad, by MEA and by non-MEA instructors on all commercial, technical and management subjects, related directly and indirectly to MEA specifically and to aviation in general.

Also the Training Department qualifies and licenses staff in certain areas of specifications. In addition, the Training Department carries on research, studies, and special assignments required by any MEA department on subjects related to and/or associated with the various fields of training.

The Training Department also provides managerial consultancy to other airlines and companies and offers desired training to staff to broaden their education and eventually their productivity.

Furthermore, the Training Department offers university students with work-shops and practical training in the field of management, engineering, and data processing.

Because most of these activities are staff services, the Training Department has effectively become the staff

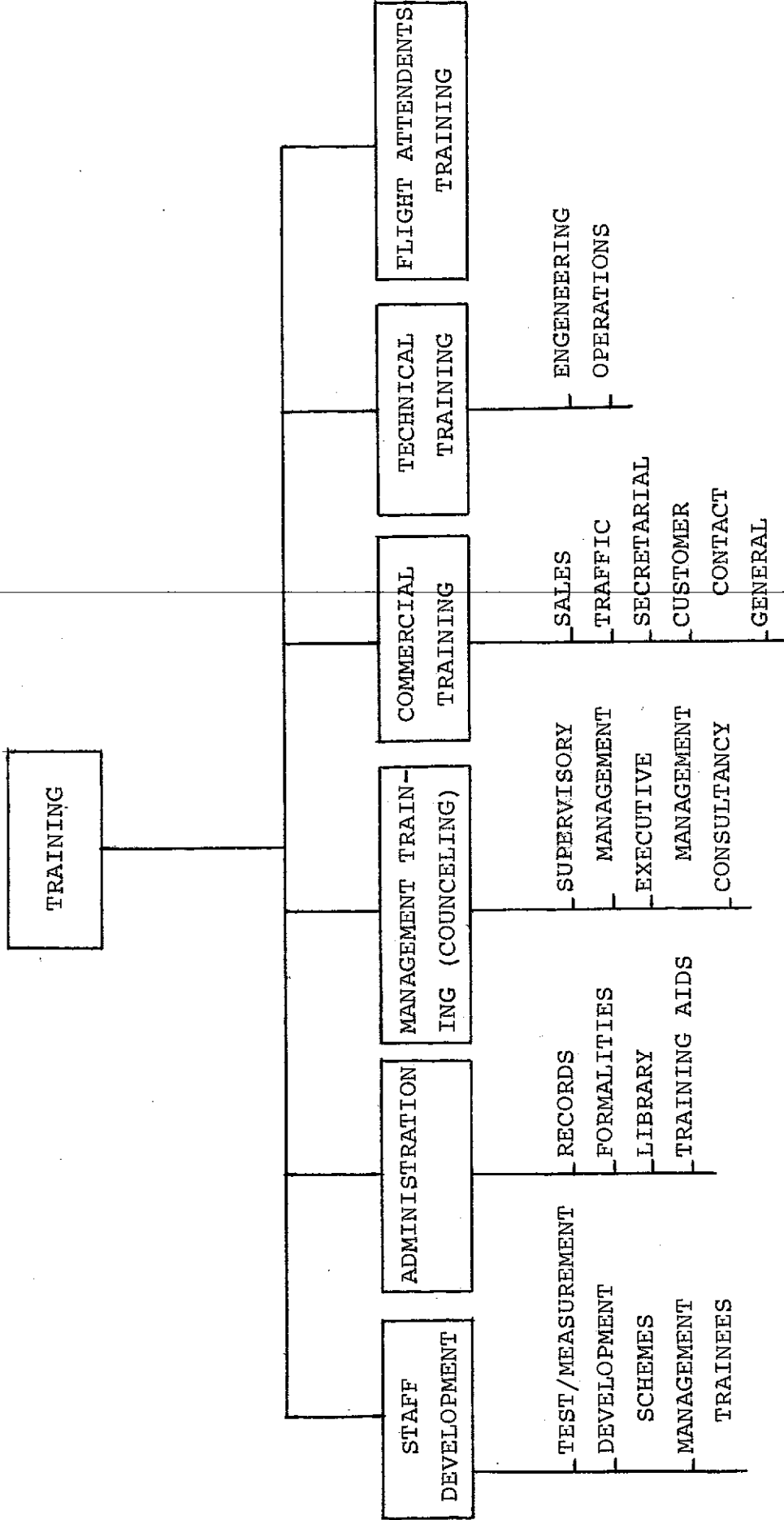


Figure 2  
 Functional Organization Chart of  
 The Training Department

development wing in the structure of the Industrial Relations functions, in fact it is a part of the Industrial Relations network of activities and its director reports to the Vice President of the Industrial Relations. To achieve all of the above, its functions are distributed as shown in Figure 2.

#### 422. Recruitment

This section of the Industrial Relations Department as the name implies, is responsible for recruiting employees for the company's various divisions and is a part of the Industrial Relations Department. Forecasting manpower recruitment occurs at the divisions concerned according to the company's policy for a certain period (usually one year), then requests are given to the Recruitment Section.

After checking the vacant position in the company's Establishment (the company's law as to the number and level of positions that each department can have), the Recruitment Section advertises the company's need for employees in the newspapers.

A period of receiving applications follows then

applicants fitting the standards set by the company for the position applied for, sit for one of the two types of tests:

-Technical: for positions that require technical skills.

-Administrative: for administrative positions that do not require a particular technical skill. This type of tests includes:

- English language test.
- Aptitude test.
- IQ test.
- General knowledge test.

After evaluating the tests the highest passing scores are selected, and the candidates, accompanied with their letters of appointments are sent to the divisions in which they fit to become MEA employees.

The tests for technical jobs (Pilots and Engineers) and for Flight Attendants follow a different trend. Technical aptitude, proficiency in sciences and Math as well as certain technical degrees or diplomas (especially for Engineers) are required. For Flight Attendants, deportment, attitude and behavioural

skills are emphasized. For management trainees who are to assume, after two years of training, a managerial position, university degrees are required plus interviews and tests revealing their logical thinking ability and their aptitude to make proper decisions.

423. Personnel (Lebanon)

This section of the Industrial Relations Department is the executor of the policies concerning personnel management, set by the Industrial Relation Department. This section has the following subdivisions:

4231. Employee Relation: Concerned with such functions as:

- Placement
- Transfer
- Promotion and demotion
- Formalities
- Benefits
- Retirement
- Disciplinary actions
- Studies and proposals for changes in schemes and developing or regularizing procedures.

4232. Records: two forms of records are kept for each employee:



- A complete file of all letters or forms concerning the employee.
- A summary card on which only important information is recorded.

4233. Salaries and wages: where the company's rules for salaries and wages are applied. Salaries and wages are calculated in this office together with the different allowances and increases granted to the employee by the company. Also in this office different researches concerning salaries and wages are made.

4234. Establishment and Statistics.

Keeping the establishment up to date and doing statistics on the company's employees, are the main functions of this subdivision.

4235. Welfare Section includes:

42351. Medical Insurance: apply the medical scheme of the company and it is a link between the employees and the Lebanese Social and Medical Security.

42352. Clinic: a health service that provides care for industrial injuries and illness, medical complaints, and health examinations.

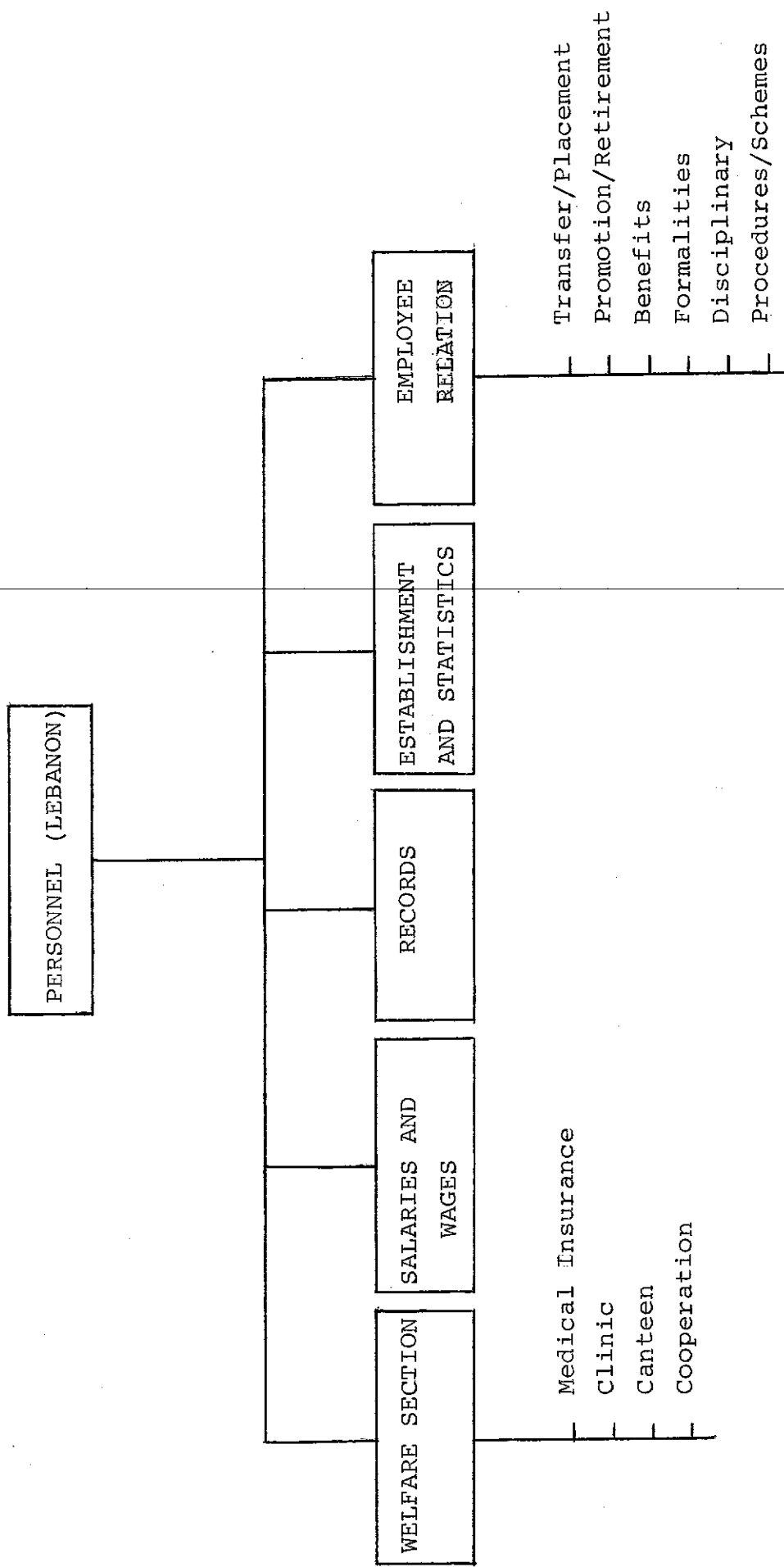


Figure 3  
Functional organization Chart of  
Personnel (Lebanon) Section

42353. Canteen: provides food services to employees  
at low prices.

42354. Cooperative: supplies employees with various  
goods at cost price and on account.

424. Personnel (Outstations)

4241. Role

As was mentioned in a previous chapter, airtransport activities necessitates that the airline have representative offices in the countries to which its aircrafts go (on-line offices), and in towns or countries where the aircrafts do not go (off-line offices).

Such offices (stations) vary in their size and activity according to the need of the airline in that particular country. They are miniatures of the airline performing most of its activities. They are considered, by the firms, as self contained units and expected mainly to<sup>8</sup>:

- Promote to the fullest extent passengers, cargo, and mail sales.
- Maintain the best relations with travel agents, cargo agents, and postal authorities in the territory they cover.
- Exploit fully all possibilities of obtaining traffic.
- Establish and maintain close relations with national and other carriers representatives, government and airport authorities, and Lebanese diplomatic or consular representatives.

- Disburse company's funds within the limit of budgetary and authorized provisions and in accordance with instructions received from the Head Office.
- Ensure that MEA reservation and flight handling procedures are strictly adhered to.
- Ensure that all accounting procedures laid down by the Head Office are observed.

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- Manage MEA sales and administrative offices productively, economically and efficiently.

The above functions can be summarized as:

- Marketing MEA services.
- Handling passengers and aircrafts.
- Maintaining good relations with external bodies.

The stations' employees are not only Lebanese; locals are also employed because of various reasons some of which are:

- 1- Some countries prohibit employing a stranger if the same qualifications exist locally.
- 2- Some functions, according to some government regulations, can not be performed except by locals such as: Sales promotion, accounting, public relations.

- 3- Locals cost the company less, where as the salary of a local is not necessarily less than that of a Lebanese, the company do not have to subsidise the local for housing and education, thus bringing the local's total remuneration less than his Lebanese counterpart.
- 4- Employing locals reflects a good image for the company since it is providing society with opportunities for work.

Expatriates (Lebanese employees working outside Lebanon), are employed in the stations for different reasons, some of which are:

- 1- Policy of the company preferring Lebanese management.
- 2- The head of the station, who is regarded by MEA as its ambassador, should be Lebanese.
- 3- Non-availability of qualified local staff.
- 4- Exceptional consideration (such as language) requiring Lebaneses.

There exist a third type of employees at the stations which is the seconded employee: Any Lebanese employee who requests his or her transfer from Lebanon, to another station and accept that the company treats him

or her as a local, is called a seconded employee.

The local employees are employed according to their own country's Labour Law, and they get, in addition, the benefits and privileges that MEA gives to all its employees. The seconded employees abide by the same laws as the locals. Thus, local and seconded employees are not a part of the problems this paper deals with.

However, the expatriate's position is not as natural as that of the local: He is removed from his own country to another where he has to face different situations whether physical, social, cultural and legal... all of which are different from that of the Lebanon-based personnel.

Furthermore, and because of his function, he is expected to change his country residence, periodically.

To cope with all of these factors and the changes thereof, the Personnel (Outstation) Section is established as a special function within the Industrial Relations Department to deal with the affairs of MEA staff at the outstations.

The expatriate is the concern of the Personnel (Outstation) Section from the moment of his outside assignment till his return to the company's headquarters in Lebanon.

4242. Organization

The Personnel (Outstations) Section is mainly divided into the following main functions:

- Recruitment and termination
- Records
- Salary administration
- Conditions of service
- Adhoc personnel matters

42421. Recruitment and Termination

This function includes:

- Applying recruitment procedures of locals
- Preparing all forms and formalities that are needed by local for appointment.
- Performing terminations, resignations, and retirements procedures and formalities.
- Updating the company's Establishment concerning the outstation's personnel.
- Preparing statistics about the outstations and their personnel.



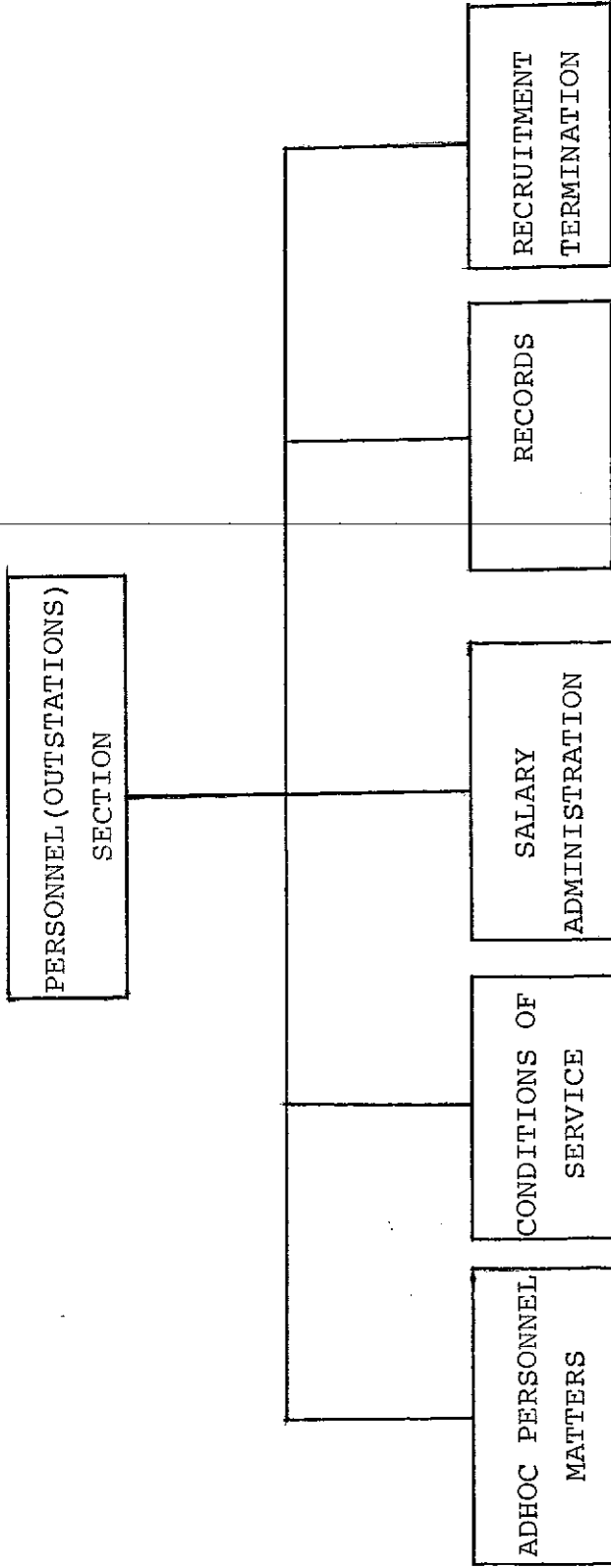


Figure 4  
Functional Organization Chart of  
Personnel (outstations) Section.

42422. Records:

This function is performed by keeping records of all locals and expatriates in which the most important information about them are recorded.

These records are considered as a control tool to every outstation employee with regard to leaves, air tickets and salary progression.

42423. Salary Administration

This function includes the calculation of salaries and their adjustments due to transfer, promotion, allowances, cost of living increases etc.... Also the theoretical Beirut-Salary of each expatriate is calculated and adjusted as necessary.

42424. Conditions of Service

The conditions of service in each country are observed and adjusted for each concerned station accordingly.

42425. Adhoc Personnel Matters

Various matters or problems raised concerning the outstations' personnel are addressed to this function where they are acted upon.

4243. Policy: Selection and Assignment

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Whenever expatriate vacancies exist in any station, the need for a new expatriate arises. Expatriates are selected from within the company, each in accordance with his specialty. They are taken from the appropriate (mother) department. Normally, the position is advertised, and applications are collected from employees who request their transfer to that position. Different criteria exist for selecting expatriates, namely are:

- College education.
- Training courses taken at MEA.
- Past experience.
- Personal characteristics.
- Abilities and skills.
- Requirement of the vacant job.

All those criteria are assessed to determine the employee's fitness to the new position.

Another program for expatriate's selection is to take a college graduate and train him for a two years period in the company's Head Office in Lebanon. He would be undergoing a familiarization program which enable him to get to know the various departments of MEA. Then, upon completion of the training program in Lebanon, he is sent for another training program outside Lebanon, in the different stations of MEA. He would be trained at small stations first and progressed to bigger stations. In the same way, from small to bigger positions. When he finishes both training programs he would be assigned in the planned position, outstation.

As to the basic principles which govern assignments, the company has divided the stations into two groups:

- 1- Group A: Includes stations located in the Middle East and Africa.
- 2- Group B: Includes stations located in Europe and The United States.

Expatriates are supposed to complete a cycle made up of five assignments abroad. Out of these five assignments, at least two should be in stations of group A, and at least one in stations of group B. The remaining two assignments, will be determined in accordance with the company's needs and requirements.

The period of assignment is set at a minimum of five years and a maximum of eight years at any one station. A few stations (Benghazi and Aden) have a period of assignment of 3-5 years each.

The maximum of eight years is considered as an absolute maximum that would be only applied in exceptional cases.

At the end of the cycle of five assignments, the expatriate will return to the Head Office and be assigned a position compatible with his experience. Since his grading category and title in Lebanon were deleted during his assignment abroad, they will have to be redetermined by his department (Marketing and Traffic) upon his return to the Head Office.

#### 4244. Expatriation Scheme

In general when a company sends an employee to work abroad, it has to take into consideration many factors that it would not be bothered with if the employee works in his or her home country. Such factors vary in importance yet, they are all necessary to consider because they determine the conditions of working and living of the expatriate, A detailed list of such factors would include:

- Salary
- Cost of living
- Bonus
- Working week, working hours and overtime.
- Leaves: Annual, compassionate, sick, maternity and special in addition to holidays.
- Notice period
- Probation

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- Uniforms
- Retirement age
- Indemnity
- Income tax
- Cost of formalities
- Social security scheme
- Medical scheme
- Social, hardships, and disturbance allowances.
- Cost of being a stranger
- Period of expatriation
- Transfer entitlement and premature transfer allowance
- Job continuity
- Post expatriation position
- Loans
- Housing allowance and standard of company's accommodation.
- Transport (car) and duty transport.
- Education allowance

Those factors differ from one country to another, some of them are only expatriation costs, that the company as well as the employee, have to incur, and some are determined by the labour laws of the country but need the company's adjustment in order to fit the expatriates conditions of work.

The consideration of all these factors constitute what is referred to as the Expatriate Scheme. It is obvious that such a scheme can neither be fixed nor universal because of the various elements that are dependant upon local policies. It is in the application of this scheme that most problems and grievences arise between expatriates and Personnel (Outstation) Department.

The policy of MEA Personnel (Outstation) is to follow the laws of the country in which the station is located, whenever they apply, on condition that they don't give less privileges than those that were enjoyed by the employee in Lebanon.

Being an expatriate, the company gives him much more facilities than any ordinary employee. Those facilities are related to his living conditions, and compensations for expatriation (resettlement) and for the hardships of the country in which he works.<sup>7</sup>

As to the living conditions, the expatriate is paid a salary which is equal to the local level of pay augmented by a social allowance (when the local level of pay is low) and a hardship allowance (in hardship countries). The salary is presented in a legal way that insures reduction of tax payment by the employee. The salary is regularly reviewed in order to best reflect the rise in cost of living at the place of assignment.

Some expatriates are provided with a flat to live in, and/or are subsidized by a certain amount (discussed later). Other expatriates are responsible for their house but can get a zero-interest loan from the company to rent.

The first category includes country, sales and station managers, while the second category includes everyone less than manager. Both categories, however, are entitled to non interest loans for car and furniture.

Expatriates are medically insured by local schemes but can get insured by MEA's Medical Scheme if it better covers the weaknesses of the local medical insurance system. The MEA Medical Scheme provides full coverage to the employee and his family.



As compensation for expatriation, the cost of being a stranger is paid to some expatriates in order to compensate for the various extra expenses that will incur as a result of becoming a stranger at the country of assignment (resettlement).

Also extra free air tickets are granted to them and their families to be able to visit their home country and other countries, bringing the total individual annual free air tickets to five.

During his assignment abroad, the expatriate is considered on unpaid absence as far as MEA Beirut is concerned. However, his actual salary in Lebanon continues to be adjusted in the same manner the salaries of the staff in Lebanon are adjusted. These adjustments are the Seniority Increase, Company/Government Cost of Living Increases, Scale Adjustments, Promotions, Automatic Assessement...

In this manner, the actual salary in Lebanon of the expatriate is always kept up-to-date, together with his relative reserves for Indemnity/Social Security contributions which continue to be made in order to preserve continuity of service in Lebanon up-to-date. This in fact is the salary the expatriate would receive upon his resettlement in Lebanon.

4245. Problems of Expatriates

Although most factors that concerns expatriation are considered in MEA's "Expatriate Compensation Scheme", yet expatriates are facing many problems during and after their assignment abroad. The solution to some problems are mentioned in the Scheme but the company's alternative is not enough to be a complete solution.

The expatriate's problems can be divided into two categories:

- 1- Those problems arising from his presence outside Lebanon: In this stage most of the problems are directly related to finance (housing, living expenses, education and transportation).
- 2- Those problems arising upon his return to Lebanon: The futuristic problem that he faces as to his new occupation, title and salary when his expatriation tour is over.

In the first category several problems arise one of which is the house that the expatriate should occupy. The main considerations to be taken when selecting a house are:

- If it fits the size of the family.
- If the standard and the geographic location are up to the Company standards. Since most expatriates are engaged in public relations activities, their houses would contribute to the Company's image.
- The amount the expatriate has to pay from his own pocket.
- If the expatriate is a manager or above, the house may cost him more than the Company's contribution. The Scheme provides a certain subsidy (see appendix) but in some cases this is not enough and the expatriate has to pay from his own pocket.

Whether the company provides for the house or provides a loan for the employee to rent his house, the housing problem is a burden on the employee especially because he has to keep his house at Lebanon and thus paying for the expenses of two houses at the same time.

Regarding the furniture, the employee is expected to buy it at his expense. All that the company can provide is a loan to buy it and an allowance to take it from one station to another.

Upon the dislocation of an expatriate, the problem arises as to what to do with his furniture. Should he sell it, he most likely would incur a loss.

The car, a practical and luxury item, is a major problem because its price vary widely from one country to another (in one country a small car would cost three times more than a luxurious car in another).

An expatriate does not have only to buy a car at his expense, helped by a loan from the company, but he has also to pay its customs when he is transferred from one country to another. What makes the problem worse is that expatriate with high position are expected to possess a reasonably good car for the company's image.

A social problem is that of children education. When the expatriate is first assigned, usually to group A countries, his children will have to attend the local schools whose standard of education is much lower than the Lebanese standards. As to languages taught, it is only one language: the local.

In most of these countries, the expatriate have the alternative of sending his children to mission schools where they can be taught another language. The problem with these schools is that they are very expensive.

Supposing that the expatriate has found a solution to his children's education at his first assignment, he will be facing another one when he is transferred from

one station to another: he has to take his children along with him, send them to another school which teaches different languages than those of the first station. The children have to readjust to new programs, new language and new standards of education.

This problem is most aggregated when the expatriate is transferred from one station of the A group to another of the B group because of the extremely, different type of education in the two stations.

An alternative to the expatriate is to keep his children in a school in Lebanon. In this situation we have two cases:

- Boarding schools (The expatriate's wife can travel with him).
- Ordinary schools (The mother has to stay in Lebanon to take care of the children).

Both cases can be a source of unhappiness to the expatriate, since in the first he will be deprived from his children, and in the second he will be deprived from his whole family.

To mention the fact that at least now, it is not desirable to leave the family in the war-stricken Lebanon -a situation that can not but impose financial burden on the expatriate.

No matter what security state Lebanon is in, the problem of education can result either in a low standards of education for the children, or a separated family and unhappy marriage.

The most important problem of all, is the salary that the expatriate gets. If the salary is enough the solution of the other problems becomes easier.

The expatriate usually expects his salary to include:

- Living expenses at the stations at the standards that his position requires.
- Rent of two houses: One in Lebanon and one at the station.
- Cost of furniture at the station house.
- Cost of car and its customs when transferred from one country to another.
- Cost of education at not lower than the Lebanese standard of education.
- Medical expenses if the actual medical insurance does not cover all the medical expenses.
- Savings.

As to the form of the salary, the expatriate would certainly prefer it to be subjected to the least possible

income tax, especially in the countries where income taxes are very high.

Also, the currency that the salary is paid in, must insure minimum fluctuation in the buying power of the salary. Else the salary would need constant readjustment in order to satisfy the expatriate's needs.

The second category of problems concerns the problems that the expatriate is most likely to face when he returns to Lebanon. This has a close relation with the period of expatriation.

If we calculate the period of expatriation we see that the minimum is twenty five years (five assignments, five years each). And the maximum is forty years (five assignments, eight years each).

If the average number of years of expatriation (which is about thirty two years) is added to the age of the expatriate when he was first assigned abroad (approximately thirty years old), then his age when he comes back would be approximately:

- Sixty two years old (if the expatriate was taken as an experienced MEA employee).
- = Fifty nine years old (if he was taken as a fresh college graduate and underwent the training program).

In both cases, few years remain for the expatriate to retire. Those years are expected to be spent in a type of position that enable the expatriate to use his past experience in the various activities he used to perform.

This is mostly a company problem as it has not much expectation from, or use for, an employee who has only a few years to retire. The expatriate, in such a case, can become both frustrated and a burden on the company.



## Chapter 5

### RECOMMENDATIONS, CONCLUSION AND SUMMARY

#### 51. Recommendations

It is fair to state that most international airlines suffer from the so-called expatriate syndrom. This expression refers to the collective problems that both the company and the expatriate face in the course of the expatriate's duties outside the home base.

As stated before, international airlines require some of their staff to occupy certain positions (sales managers, station manager, sales representative) in foreign countries to run their offices abroad, to represent the company in different markets, and to facilitate the operation and various activities of the airline itself. It is obvious that such employees (expatriates) will be subjected to the different conditions prevailing in these foreign countries while simultaneously being a part of the company's structure and systems.

The situation is furthermore aggravated by the fact that they have to serve in different countries in the course of their expatriation assignment. The problems arising from such practices are in general of two natures:

a- How to utilize the experience of the expatriate

in the best interest of the company upon the termination of his assignment.

- b- How to cope financially with the various and varying elements associated with the country where the expatriate is based such as taxes, housing and living expenses.

MEA is no different from these international airlines in having to face these problems. MEA's case is further complicated by the fact that for the last eleven years, it has been living under strenuous conditions arising from the strife in Lebanon and reflecting on its activities, operations, finance, sales, and safety of aircraft and staff.

More specifically it reflected on the expatriate's financial status by rendering his pay fluctuating mercilessly with the changes in the value of the Lebanese pound.

When the Lebanese pound suffers a drastic devaluation the expatriate's pay in foreign currency reaches outrageous proportion compared to his counterpart in Lebanon which forced the company to place restrictions on pay and/or on the opportunity for expatriation.

On the other hand, where it used to be possible for the expatriate to keep his children in Lebanese schools, because of the unsafe conditions in Lebanon, such a possibility shrank and the result was that expatriate has

to place his children in foreign schools suffering consequently from the exuberent educational fees in addition to the change of educational standards as he carried his children along with him from one country to another. Perhaps a serious result of this strife was the inability of the company to return the expatriate to home base, often much to the liking of the expatriate due to the fact that there was no need for him to return home. The expatriate has no desire to return because of the unsafe conditions. The company, in its turn, does not wish him to return perhaps to avoid new foreign assignments in order not to face the outside political and militia pressure to impose one candidate or another.

Certainly the above discussion was more or less conditional upon the state of the country and more certainly still, it can not be accepted as a norm in our argument. Therefore for the rest of the discussion we shall address ourselves to the situation where things are normal in the spirit of the activities that MEA went through between 1962-1975, where expansion and growth were both planned and achieved by MEA and where schemes and systems reflect futuristic strategies and not present situations.

511. Expatriate Potential

At present, one can say that by following the scheme of expatriation assignment an expatriate would be expected to finish his assignment at the age of 59 to 62 (Section 4245), depending upon the age he started his foreign assignment which is normally related to whether he was a graduate trainee who went through the extensive program of being prepared for such an assignment and consequently started below the age of 30.

It is obvious that the extent of benefit that the company can get out of such an expatriate upon his return to home base is related to the number of years of service he still has to offer before retirement and on his motivation and desire to offer such a service. One can almost predict that such a contribution on behalf of the ex-expatriate is inversely proportional with his age.

It behooves us, therefore, to look at the system for expatriation assignment and see how it can be modified to produce more effective after-expatriation productivity.

5111. The graduate trainee program should remain and be applied more universally on all expatriate's positions. Such a program states that a university graduate can be hired to undergo two years extensive

theoretical and on-the-job training in the various activities of the airline, to be followed by another two years of six months assignments in an acting capacity of certain positions such as sale manager, station manager etc... in various countries to be followed with an actual expatriation assignment at an age of approximately 28 years.

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5112. The period of service can be reduced to 4 and 6 years in groups A and B with 5 such assignments interrupted by two local (i.e. in Lebanon) assignments of three years each.

This recommendation has the following advantages:

- a. The expatriate actually has continuous contact and practice in the home base through his local assignment and can accordingly draw from, and still into, headquarters in practice the experiences of expatriation and local assignments. Such a process can not but result in full integration of the expatriate's experiences and consequently lead to
- b. The diminishing of the state of loss that an expatriate at present feels when he returns to headquarters after several years of expatriation. This state of loss has been the

direct result of his continuous absence from home base, of the reluctance of his associates in home base to absorb him in any local natural progression scheme (pretending that he does not know really what is going on), and of his advanced age. All of this, more often than once, led to the expatriate becoming a "corridor manager" in his own department.

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- c. The proposed program does not only facilitate the integration of experiences, and reduce the number of years of expatriation before retiring to home base\*, but it also provides a continuity of function-and-title association for expatriates. To explain this, we have to remember that at present this expatriate occupies similar positions to his counterparts at headquarters with the stipulation that upon the conclusion of his expatriation assignment he will return to Lebanon to assume a position of AVP (Assistant Vice President) and above. Such progression in title has never been looked upon favorably by locals who rightly assume that a person with continual service with the Department (Marketing and Traffic)

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\* According to the proposed recommendation, an expatriate will have to return after two foreign assignments to home base, i.e. after 8-12 years of expatriation.

is more qualified to assume the exclusive title AVP and VP than a person who had been away for 25 to 35 years.

5113. At present the expatriate, upon the conclusion of his assignment, returns to his mother Department namely Marketing and Traffic. With the above restrictions in mind one can see that his productivity and contribution is highly hindered by his limited choice.

If one really evaluate the experience of the expatriate one discovers three major areas where the expatriate can be highly useful:

- As a result of his sales activities abroad he has acquired valuable experience in strategic sales and marketing experience.
- As a result of his direct contact with foreign communities, institutions and groups he has acquired valuable public relations experience.
- As a result of his contact with various government regulations and rules he has acquired valuable experience in handling various personnel and labor matters.

Therefore, one can suggest that the scope for utili-

zing the expatriate's experience is most necessarily limited to that of his mother department but rather can be extended to encompass the Public Relations and the Industrial Relations Departments (specifically Personnel Outstations)).

Because of our recommendation in 511 and the opportunity for the expatriate to rotate between outstations and home base it is possible to expose the expatriate to such functional variety and opportunity early in the game, i.e. during his local assignments thus allowing a smooth transition in his activity upon his return.

The above recommendation may be expanded further to imply that as long as the rotation between outstations and headquarters is continuous there is actually no need to assume a certain period for ending the so called expatriation assignment. In fact, five assignments abroad and three assignments locally will certainly consume the working years of an employee. Furthermore, one is only suggesting that should a termination of the expatriation assignments be sought the relocation of the expatriate is no more a difficult task when the above (career opportunity) are considered.

512. Expatriate Financial Entitlement.



There is no doubt that MEA has had several attempts at alleviating the hardship that an expatriate meets during his assignment. These attempts called schemes have been equitable and up to date as much as possible.

Equally, there is no doubt that the expatriates invariably feel that their financial entitlement do not meet their financial obligations. The basic areas where the expatriate claims difficulties are his living expenses, the educational fees for his children and the house rentals.

5121. For the house rentals, MEA has provided adequate procedures for meeting the housing difficulties for expatriate, it has allowed (as stated before in section 4244) for a reasonable house rental with a housing subsidy to enable the expatriate to meet the fluctuation in house rental abroad. Furthermore, it allowed a periodic revision of its standard house allowance to keep a brest with such changes.

Probably there is little to contribute in this area in terms of improvement.

One possible suggestion which has been considered by MEA at various times is to rent the house in the name of MEA and furnish it by MEA with the

basic minimum furniture and have it available for expatriates to occupy. The rent would then be paid by MEA while any additional furniture will be bought by the expatriate and repossessed by him upon end of assignments.

Such practice would be expected to be feasible when things come back to normal as undoubtedly it places additional financial burden on MEA.

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5122. Living Expenses

This area has been most adequately covered by MEA, it provides the expatriate with a monthly living allowance (about \$650) to cope with the hardship of expatriation in addition to a salary commiserate with the local pay at an equivalent position that the expatriate occupies. This portion is paid in local currency and is adjusted continually with the changes of cost of living in that country. It is made more beneficial to the expatriate still by subjecting only a portion of it to local taxation.

5123. Educational Fees

This area is the most troublesome for those

expatriates with children at school. It is particularly so now since such expatriates rarely dare to leave their children in Lebanese schools where both the safety of the children and the continuity of education are much in doubt.

The real issue from a financial point of view lies in the fact that school fees abroad are invariably higher than those in Lebanon which, in order to be met, will drain out the expatriate's income.

MEA can not really be expected to pay the educational fees for the education of the children of the expatriate particularly with its present financial situation. On the other hand if the situation is improved enough to make money and consider such generous contributions, the expatriate would then be in a position to leave his children in Lebanon.

Only because MEA's Industrial Relations has been committed through its various bonus, allowance, and assistance schemes to aid its staff in all their difficulties, that it is dared here to suggest that perhaps MEA could consider a formula for assisting expatriates in their educational expenses by providing a percentage of the difference between the

school fees abroad and that of an equivalent class or grade in Lebanon, or it could provide a zero interest loan for that purpose to be repaid in small installements.

## 52. Summary and Conclusion

It is clear that Airline Management is a complicated and a dynamic one. The various functions, specialties and skills required, coupled with the various interactions with the market, economical and legal constrains, and the constant changes that are either imposed or desired on an airline service, render the operation of an airline a complex one to say the least. All of this reflects profoundly on the activities of the Industrial Relations of an airline who is always conscious of the need to satisfy its employee to insure the achievement of the company's goals. Such a department can not operate on adhoc basis or impulsively. It has to design systems and schemes, plan manpower needs, recruit, train, develop and retain its staff. It is no secret that most airlines do not make money and that the habit of an employee leaving one airline for another successful one is common enough to cause constant worry among airlines especially because of the amount of time, money, and effort spent by an airline on training its staff.

With MEA, the situation is complicated further by the effect of the civil strife in the country. The situation in Lebanon during the last eleven years, had direct effect on the operation and on the performance of MEA. Yet, inspite of all difficulties, MEA managed to survive. This survival does not only mean to stay operational. The previous chapters have revealed the extent to which MEA's Industrial Relations Department has succeeded in attending to the Company's staff needs and the various and intricate network of systems and schemes it has designed and devised to insure their survival. Yet, a true indication of the success of these attempts on the part of MEA's Industrial Relations Department (and for that matter any Industrial Relations Department) in the percentage turn\_over of employees.

Given all of the above factors concerning airlines and the specific obstacles MEA specifically had faced, one would expect a high turn\_over of its staff.

Yet the following statistics, as provided by MEA Industrial Relations Statistics Division, show that inspite of everything, MEA stayed healthy as far as its staff "movement" is concerned (Table 5).

It is obvious from Table 5 that:

- The percentage of those "moved out" compares well

Table 5:                    MEA Staff Fluxion  
 (From IR Statistics Division)

1977-1980

No of Years	4		
No of Staff (1976)			4530
No Recruited (1977-1980)		2486	
Av. No Recruited/year		622	
% Recruited/year			<u>13</u>
No Resigned		925	
No Terminated		682	
No Deceased		45	
No Retired		<u>67</u>	
Total Moved Out		1719	
Av. No Moved Out/year		425	
% Moved Out/year			<u>9.3</u>
Av. Resigned/year		256	
% Resigned/year			<u>5.6</u>

1981-1984

No of Years	4		
No of Staff(1980)			5553
No Recruited (1981-1984)		381	
Av. No Recruited/year		98	
% Recruited/year			<u>1.7</u>
No Resigned		428	
No Terminated		434	
No Deceased		64	
No Retired		<u>36</u>	
Total Moved Out		962	
Av. No Moved Out/year		241	
% Moved Out			<u>4.3</u>
Av. Resigned/year		107	
% Resigned/year			<u>1.9</u>

with those moved in (recruited) thus retaining a dynamic flux of staff movement.

- The percentage of those resigned is relatively low indicating a desire on behalf of the staff in MEA to stay with the Company.
- Of great significance is the low percentage (1.9%) of those resigned during the difficult years (the losing years 1981-1984) indicating the great faith the staff have in their Company (MEA) and in its viability.

It is noteworthy that in addition, the situation in the country was at its worse in these years (1981-1984) and that the airport closed for a total of 345 days (almost one year) all of which could have motivated the staff to leave not only MEA but also the country. Instead, they stayed with the company, contributed part of their salary and continued their struggle for their and for MEA's existence.

These are strong indicators that the policies and practices of MEA's Industrial Relations Department have succeeded in fulfilling its mission in keeping the staff committed and productive and in meeting contingencies with a futuristic vision for survival and growth with resiliency and dedication.

On the other hand, the Personnel (outstations) section of MEA's Industrial Relations Department has, as shown before, done its share in reducing the impact of the company's difficulties on its Expatriate System. Its various and continually changing schemes all poured in the direction of making the difficulties less strenuous on the expatriates. The Personnel (Outstation) section had to do all that with the added burden of trying to cope with the company's strategy of diminished activities which implied reduced operation and network which as far as Personnel (Outstation) is concerned, meant closing outside offices, reducing staff (mostly local) and even cutting on the expatriates entitlements. The expatriates, on the other hand, like their colleagues and fellow staff, in Lebanon, responded with faith in the Company, the system and the future - and they persist.

Such a record and a performance on the part of MEA's staff is the greatest testimony to the Company's Industrial Relations Department diligent effort to keep MEA a viable organization, through satisfied and dedicated staff.

In the final analysis it maybe the staff that kept MEA afloat, with its Lebanese flag decorating the skies but it was the policy and strategy of the Industrial Relations Department that managed to retain the staff to do that



and to do it willingly and continually.

It is expected that there are a lot of other areas in which the Industrial Relations Department will have to improve, redesign or change its policies. It is further expected that future changes and challenges will have to be met, dealt with, and conquered -a task so demanding and taxing to any Industrial Relations Department.

Nevertheless, one can not but feel confident, that MEA has the infrastructure, the systems, the policies and the strategies, and above all the staff, to survive and survive abundantly once the outside and uncontrollable factors that are associated with the country's strife are removed.

This faith was shared recently by an English Consultancy Group (Alistir Tucker Associates and Touche Ross) which was commissioned by the Lebanese Government to consider the possibility of merging MEA with TMA (the Lebanese Transmediteranian Airline for Cargo). Their conclusion was clearly stated: MEA has all the making of a successful airline and with the removal of the war side-effects it will regain its position as a prosperous and a leading International Airline.

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## Appendix 1

### A BRIEF HISTORY OF M.E.A. AIRLIBAN

- MEA was founded in May 1945 by Saeb Bey Salam.
- Initial capital was 1,000,000 L.L.
- First regular services began in January 1946.
- The "De Havilland Rapide" was the first type of aircraft MEA used.
- In 1949 an agreement between MEA & Pan Am was established whereby MEA was transformed from a private to a joint stock company. Pan Am acquired 36% of MEA shareholding & 3 of 7 seats on MEA's Board of Directors.
- In 1955 MEA became an associate Company of BOAC.
- BOAC acquired 38.74% of MEA's shareholding and 4 out of 12 seats on its Board of Directors.
- In July 1961, the facilities of MASCO were purchased by MEA and became an integral part of it.
- In 1962 MEA was financially independent and fully Lebanese-owned Company.
- In 1963 full merge of MEA and Air Liban.
- Air France associate of Air Liban acquired 30% of MEA's shares and 2 seats on its Board of Directors.
- In 1964 MEA was number 16 in IATA out of 93 members.
- In 1965 full integration of MEA and Air Liban.
- In 1968 B707-320G type were introduced.
- In 1969 MEA took over the traffic rights of Air Liban and employees of LIA, rendering MEA only passenger airline in Lebanon.
- In 1973 50,000 of MEA's shares were allowed to be sold to the employees representing 5% of the total Company's shares.
- In 1975 B747 were introduced.
- In 1977 MEA leased part of its B747 fleet to SAUDIA.
- In 1980 the decision for Air Bus was taken.
- In 1981 the capital was increased to 150,000,000 L.L.
- On the first of March 1983, regular flights to New York were started.

REFERENCE: 46

DATE:

SECTION: TWELVE EXPATRIATE COMPENSATION SCHEME17.2 COMPANY RENT SUBSIDYA) PRINCIPLES

- 1) The Actual Rent of the house most recently rented by the Company at the Station/area is taken as standard for determining what would be the rents for the various levels of posts at the station. The resulting "calculated Standard Rents" are then projected, where necessary, with the rise in Cost of Living in order to put them up-to-date.
- 2) The maximum Company Rent Subsidy that may be granted shall be equal to 75% of the difference between the "calculated Standard Rent" and the "Standard Rent" (included in the AEE). In case the "Actual Rent" of the flat rented by the Expatriate concerned is more than the "calculated Standard Rent" of the post, the excess rent shall not enter in the calculation of the maximum Company Rent Subsidy.
- 3) The Company Rent Subsidy is subject to change (up or down) in case of any change to the "Actual Rent" or the "Standard Rent".
- 4) The maximum Company Rent Subsidy has been set at 75% of the difference between the "calculated Standard Rent" and the "Standard Rent" because the Company Flat, taken as standard for determining the "calculated Standard Rent" of the various levels of posts, is confined to a determined standard and size, specified in the Expatriate Compensation Scheme, whereas the Expatriate responsible for his accommodation is free from such limitations and, consequently, is able to rent, if he so wishes, a flat of smaller size and at a cheaper location.
- 5) The maximum Company Rent Subsidy cannot exceed the difference between the "Standard Rent" and the "Actual Rent" as otherwise the Expatriate concerned will be receiving a subsidy more than he actually needs.

TOP SECRET

REFERENCE: 47

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SECTION: TWELVE EXPATRIATE COMPENSATION SCHEMEB) EXAMPLESEXAMPLE I

- A. Suppose the "Standard Rent" is SR 24000-per annum.
- B. Suppose the "calculated Standard Rent" is SR 36000-per annum.
- C. Suppose the "Actual Rent" of the flat rented is SR 40000-per annum.

The Company Rent Subsidy is calculated as follows:

Since the "Actual Rent" of SR 40000. -is in excess of the "Calculated Standard Rent" for SR 36000.-per annum by SR 4000.-per annum, this excess is the responsibility of the Expatriate and will not be subsidized. Therefore, the maximum Company Rent Subsidy is equal to: 75% (36000 - 24000) = SR 9000 p.a.

EXAMPLE II

- A. Suppose the "Standard Rent" is SR 24000.-per annum.
- B. Suppose the "calculated Standard Rent" is SR 36000 per annum.
- C. Suppose the "Actual Rent" of the flat rented is SR 30000.-per annum.

The Company Rent Subsidy is calculated as follows:

Maximum Company Rent Subsidy: 75% (36000 - 24000) = SR 9000 per annum. Since the difference between the "Actual Rent" of SR 30000.-per annum and the "Standard Rent" of SR 24000.-per annum is only SR 6000.-, then the Company Rent Subsidy is only SR 6000.-per annum, and not SR 9000.- per annum.