

# Chapter 2

## MALAK

### Technologies Ltd.:

#### A Case of Employee Retention and Talent Management

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#### **EXECUTIVE SUMMARY**

*This case examines a critical and often overlooked organizational and managerial function, the need for effective talent management systems. The issues surrounding employees' voluntary turnover at a leading Palestinian ICT vendor are explored. Overall, the firm's culture, leadership, and HR practices were appreciated by the majority of the staff. However, the structure of the organization and a lack of retention strategies were leading to the loss of indispensable IT engineers. Retention strategies in IT organizations might need to be reshaped to accommodate employees' expectations. Talent development and succession management relevant to all employees should be firmly embedded within the company's talent management system.*

#### **ORGANIZATION BACKGROUND**

MALAK Technologies Ltd. (MALAK) is a leading software development vendor which was formally founded in 2006. It operates in the technology and communications sector and its major areas of expertise are software development services and computing and network services on a contractual basis (outsourcing). Since 2006, MALAK has been successful, demonstrating outstanding financial and mar-

ket performance over a six year period despite the complex and dynamic business environment that characterizes the Information and Communications Technology (ICT) sector worldwide. More specifically, the ICT sector in Palestine is still in its infancy and its infrastructure is still not fully developed. The Palestinian legal and economic framework is weak, thus impeding the successful management of IT projects. However, MALAK demonstrated innovation in overcoming these impediments by creating a distinctive outsourcing-based business model that sources revenue by partnering with international clients. MALAK staff used to work virtually on challenging project assignments with international Information Technology (IT) oriented clients.

MALAK's visionary entrepreneurial management team realized that despite the firm's success, rapid changes in the IT industry and fierce competition by new market entrants could threaten their firm's leading position. Therefore, in addition to international partnerships, they crafted a marketing strategy that also targeted niche markets by addressing customers' specific needs. It focused on tackling challenging assignments through providing unique customized innovative IT solutions. This strategy was pursued vigorously as MALAK management deemed it a *sin qua non* to maintain the company's leading position in the local market, as well as develop an international portfolio. The firm started with eight employees and now has a staff of over ninety members, most of whom are professionals of graduate level. The organization is designed in an organic team – based structure because the nature of their work is project – based and is enriched through a friendly and a cooperative culture.

## **SETTING THE STAGE**

### **The Context of the ICT Industry in the Middle East, the Arab Region and Palestine**

Malak Technologies is part of the growing ICT industry in the Middle East. After the enrolment of several Arab states in the World Trade Organization (WTO), they started to increasingly adapt and develop their legal and regulatory frameworks for ICT, in order to consolidate and expand the industry. In 2003, Dutta and Coury showed that many Arab states had uneven levels of awareness, and perceptions of the importance given to ICT. Nonetheless, most Arab States demonstrated success in ICT implementation due to major internal political, economic and social shifts as well as in response to changes in technology and wider global trends. For example, political leaders in Saudi Arabia, U.A.E, Egypt, Jordan and Morocco invested heavily in promoting the use of ICT. Several Arab entrepreneurs invested in e-commerce

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