

# NATIONAL CULTURE INFLUENCE ON MANAGEMENT PRACTICES IN THE CONSTRUCTION INDUSTRY OF UNITED ARAB EMIRATES

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Environmental and cultural differences have been recognized by management researchers as an important element in differentiating management systems. They have acknowledged that managerial approaches, values, behaviours and efficiency differ across national cultures. National cultures and unique societal and institutional structures will continue to support different models of organizational culture and management practices. However, in the majority of existing studies, researchers have either focused almost exclusively on the American and European context and developed explicit theories of management practices, or suggested that most management theories need modification for different national contexts. Limited research has focused on cultures and behaviour of management in the modern Arab world, although a number of previous studies attempted to elucidate and characterize the behaviour and attitude of managers in the Arab Middle East countries. Whilst these studies are valuable to the extent that they call attention to this central part of the world, none have developed a definitive model/style of management practice and organizational culture specifically for this region of the world. As part of extensive research to establish the management practices model and organizational culture adopted in the construction industry of the United Arab Emirates (UAE) and empirically examine its impact on performance, a model is developed. This model seeks to determine the relationship between Management Practices and National Culture. Analysis of data collected through a questionnaire survey revealed that construction companies in UAE are generally adopting a mixed approach that combines Western and Eastern management practices. Results of an analysis based on three groups of management dimensions yielded a detailed profile of the type of management applications used.

Keywords: management practices, organizational culture, national culture, United Arab Emirates.

## INTRODUCTION

Environment and culture have been regarded as important elements in management studies. Culture in particular is seen by many scholars as an important element in differentiating Eastern management systems from those in the West. Culture, likewise, plays an important role in Middle Eastern society. Unique historical, social and religious traditions require that special attention be paid to cultural traits in the exercise of authority, control and interaction. Religious and civic traditions of Islam have transmitted a legacy of behaviour, attitudes and beliefs that have a deep and constantly evolving impact on society's entrepreneurial culture. Culture affects

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government policies, social norms, consumption patterns, business transactions, management practices and labour relations. Organizing and managing people in this region requires a comprehensive understanding of these traits.

The aim of this research is to establish and develop a model for management practices and organizational culture in the construction industry of the United Arab Emirates (UAE), and to determine the extent of which National and Islamic culture and local environment influence management practices. The paper first examines the literature on management practices – culture relationship and management in Arab Middle Eastern countries, and then presents the research method adopted, followed by the findings and discussion and finally the conclusion.

## **LITERATURE REVIEW**

### **Management practices – culture relationship**

The literature contains considerable empirical research on the management-culture relationship. For example, research carried out by Horii *et al.* (2005) entitled “Modelling and Analyzing Cultural Influences on Project Team Performance”, concluded that team performance is better when management practices are congruent with National Cultural values. They support Hofstede’s proposition of preferred coordination mechanisms (Hofstede 1991). Hofstede proposed that each culture has a preferred coordination mechanism, implying that workers from each nation deliver a better performance if they use their own preferred management practices. Similarly, Neman and Nollem (1996) carried out an empirical examination of the effect of Hofstede’s (1980, 1991) five national culture dimensions and analogous management practices. They found support for the thesis that business performance is better when management practices are congruent with national culture. This was based on data from 176 work units in one large U.S.-based corporation. The work units were located in eighteen European and Asian countries.

Another empirical study that follows Hofstede’s cultural dimensions was carried out by Pheng and Yuquan (2002) in comparing Chinese and Singaporean cultures. They obtained data through a questionnaire-based survey and concluded that national differences for organizations exist even between these two close cultures. Abu Bakar (1998) carried out research on the management practices of Malaysian Construction Companies and concluded that local companies do not adopt Western management practices or Japanese management practices, but actually adopted an approach that lies in between these two systems.

### **Management practices in the Arab Middle Eastern countries**

A review of Arab management text books reveals that most are mere translations of American textbooks. They follow U.S. and, to some extent, European management theories. However, a few have attempted to “Arabize” particular indigenous concepts and practices and characterized the behaviour and attitude of managers in these societies. Our literature review revealed that a few available studies of management in the Arab Middle Eastern countries demonstrate the existence of a coherent though varied style of management related at least as much to the indigenous culture and the environmental and historical features of those societies as to the influence of any external paradigms acquired from North America or the Far East. Weir (2000) argues it is now possible to talk of a ‘Fourth Paradigm’ that characterizes management experience in the region. Much of the distinctiveness of this paradigm derives from the Islamic culture and Arab influence of the population and demography, which are the dominant patterns of belief and social organization. Some characteristics derive

from the specific physical environment – the influence of the desert and the cultural practices deriving from the Bedouin way of life. On the other hand, Al-Rasheed (1994) has argued that the influences of globalization, industrialization and changing technology are just as significant as those of the Islamic and Arab legacy.

An early attempt to characterize the management styles found in the region is in Muna's (1980) study "The Arab Executive". Muna's sample included Lebanese, Syrian and Egyptian managers, but was relatively small. Badawy (1980) found that organizational characteristics and management practices are strongly influenced by the indigenous culture. In a series of significant contributions, Attiyah (1993) examined the influence of culture on managerial organization and found that, while managers in an Arab context use more than one style, there is a strong tendency towards participative and consultative styles. Another major attempt to characterize management direction and identity across the Arab world is found in Dadfar (1993), who demonstrated the significance of sociocultural influences on the behaviour of Arab managers in their own context. He identified tribalism, Islam, Westernization and government intervention as significant factors influencing Arab management practices. This was also concluded earlier by Ali (1990), who similarly categorized Arab management into three groups: Westernized, Arabized and Islamized. Although these valuable studies have shed light on and characterized the behaviour and attitude of managers in the Arab Middle Eastern countries, the literature lacks empirical studies that concentrate on specific culture-related management dimensions and organizational cultures that distinguish management practices in this region from those of the rest of the world. This is what this research attempts to address.

## **RESEARCH METHOD**

In order to achieve the aim of this research, a questionnaire survey was distributed to collect the required data. Data obtained from the survey were analysed to establish Management Practices and Organizational Cultures adopted by our sample of construction companies in the UAE. A model of Management Practices was then developed.

Quantitative data were collected by means of a survey consisting of two sections. The first section utilized questionnaires developed by Maloney and Federle (1990 and 1991) to examine the organizational culture that exists within organizations. Maloney and Federle demonstrated the validity of the Competing Values Framework in understanding and measuring organizational culture in Engineering and Construction companies. The profile produced by the framework covered all aspects of organizational culture, from the oldest – that is, hierarchy – to the team approach to organizing. With this approach the culture of the organization was examined with respect to six elements of culture: the dominant characteristics of the organization, the organizational leader, the organizational climate, the organizational glue, criteria of success and management style of the leader. For each individual element of culture, respondents were requested to distribute one hundred points among the four statements for each issue depending on how similar the given description was to their organization's practice. The points allocated to each statement for a cultural issue were then averaged to determine the overall culture. The individual culture elements were then used to develop an aggregate culture for the organization: Clan, Market, Hierarchy and Adhocracy. In this way, the measurements were able to reflect the types of organizational culture adopted and the most dominant organizational culture. For example, a high score on human resources and development commitment reflects

the clan culture, which shows a strong tendency towards the Eastern applications compatible with Islamic and Arab culture.

The second section of the survey consisted of questionnaires adapted from the Hybrid Evaluation Model developed by Abo *et al.* (1991) and is similar to the approach adopted by Abu Bakar (1998). Management characteristics that were developed in this section represent 12 management dimensions within three main groups: Work Organization and Administration (Job Classification, Wage System, Job Rotation, Education and Training and Promotion Exercise), Group Consciousness (Small Group Activities, Information Sharing and Sense of Unity) and Labour Relations (Hiring Policy, Job Security, Labour Unions and Grievances Procedures). These groups represent the functional core and supporting systems in the management of an organization and are regarded as culture-related practices and significant in distinguishing different management styles and approaches. A scale of 5 points (-2, -1, 0, 1, 2) was used to provide a measure of the range of application of management elements between Western and Eastern applications. The degree of application of each item is obtained on the basis of differences that account for the polar opposite character of Western and Eastern management practices. This approach makes it possible to evaluate where a particular company is located with respect to these two extremes. On this basis of evaluation, -2 was awarded to an element that revealed the maximum degree of application of Eastern characteristics and 2 to an element with maximum Western characteristics.

To collect the required data, a sample of 65 construction companies was randomly selected from Dubai and the Abu Dhabi Chamber of Commerce and Industry registrar in the UAE; this represents 15% of the targeted population. Piloting was conducted prior to the main survey so that any potential problems in the proforma of the questionnaire could be identified and rectified at an early stage.

## FINDINGS AND DISCUSSIONS

### Management Practices

Table 1 presents the aggregate average evaluation of all companies that responded to the survey (graphical presentation in Figure 1) and shows that the overall average degree of application of the management practices for all companies in the sample on all items was -0.092.

This suggests a mixture of Western and Eastern applications, with a tendency towards Eastern applications. However, the scores of individual groups suggest that the first and second groups (Work Organization and Administration and Group Consciousness) tend to apply mixed applications with an inclination towards Western

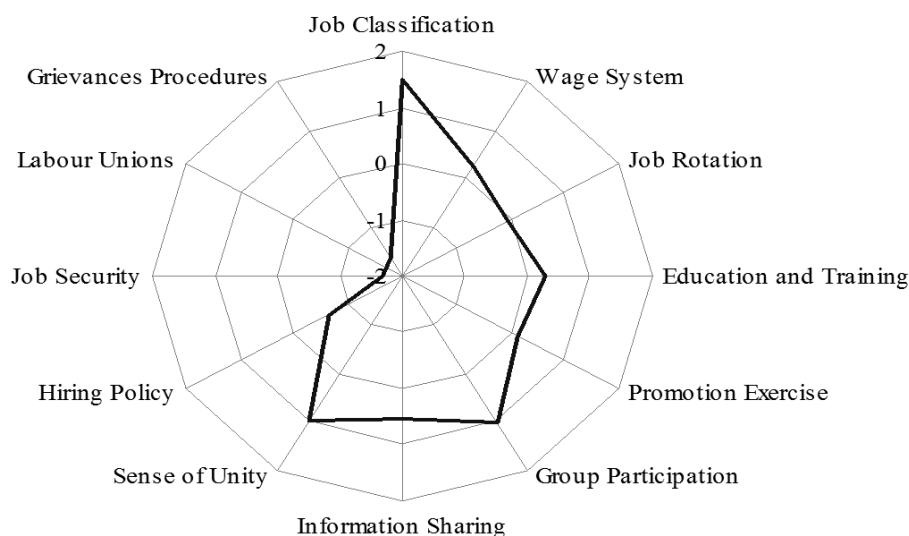
*Table 1: Overall average degree of application of management practices for all companies in the sample (Overall Mean = -0.092)*

Group	Mean	Group	Mean	Group	Mean
1- Work Organization and Administration	0.414	2- Group Consciousness	0.8391	3- Labour Relations	-1.422
Job Classification	1.483	Group Participation	1	Hiring Policy	-0.621
Wage System	0.241	Information Sharing	0.5517	Job Security	-1.69
Job Rotation	-0.07	Sense of Unity	0.9655	Labour Unions	-1.724
Education and Training	0.276			Grievances Procedures	-1.655
Promotion Exercise	0.138				

Table 2: Percentage Distribution of score ratings for overall responses

Groups	Elements	Scale of Ratings				
		-2	-1	0	1	2
		Distribution in Percentages				
Work Organization and Administration	Job Classification	0	0	0	51.7	48.3
	Wage System	10.3	17.2	24.1	34.5	13.8
	Job Rotation	20.7	3.4	41.4	31	3.4
	Education and Training	24.1	6.9	10.3	34.5	24.1
	Promotion Exercise	27.6	6.9	6.9	41.4	17.2
Group Consciousness	Group Participation	3.4	3.4	6.9	62.1	24.1
	Information Sharing	24.1	3.4	3.4	31	37.9
	Sense of Unity	0	0	24.1	55.2	20.1
Labour Relations	Hiring Policy	55.2	10.3	3.4	3.4	27.6
	Job Security	75.9	17.2	6.9	0	0
	Labour Unions	72.4	27.6	0	0	0
	Grievances Procedures	65.5	34.5	0	0	0

Figure 1: Degree of Application of Management Practices by Item (Average of all Responses)



applications with scores of 0.4138 and 0.8391 respectively, while the third group (Labour Relations) scores -1.4224, which takes it to maximum Eastern applications. The mixed application was also reflected by the total percentage distribution of scores ratings for overall responses, as shown in Table 2.

The percentage distribution of scores of individual elements within each group also shows mixed application, particularly in Groups 1 and 2, while scores of the elements of Group 3 show a greater tendency towards Eastern applications.

### Organizational Culture

The results of mean analysis on overall organizational culture are presented in Table 3. The results reveal the existence of all four types of organizational culture. However,

Clan Culture scored the highest on the average overall applications, with a rating of 30.7328, while all other types are present at various degrees. A graphical presentation of overall organizational culture is presented in Figure 2. The points on the graph are the averages for all the companies.

The mean analysis shown in Figure 3 and tabulated in Table 4 indicates the dominance of clan culture in four (4) of the six (6) cultural elements, which are as follows: Organizational Leader, Organizational Glue, Organizational Climate and Management of Employees. The Hierarchy culture is dominant in the Dominant Characteristics element, although the Clan culture score is not far behind, while the Market culture scored the highest mean value for the Criteria of Success element.

The mean analysis of the individual cultural elements that represents the above four organizational culture types is presented in Figure 3. These elements are: the dominant characteristics of the organization, the organizational leader, the organizational climate, the organizational glue, criteria of success and management style of the leader.

Thus, although the Clan culture is the dominant type of culture implemented by a sample of companies in the construction industry of the United Arab Emirates, the results reveal that all four types are present concurrently in all companies in the sample. The results also indicate that the degree of application of each organizational culture type varied; it is clear that they also implement other cultural elements related to other types of organizational culture.

Table 3: Overall Organizational Culture

Type of Organizational Culture	Minimum	Maximum	Mean
Clan Culture	21.03	40.17	30.7328
Adhocracy Culture	21.21	24.14	22.3419
Hierarchy Culture	18.79	28.02	23.6925
Market Culture	17.76	29.83	23.4052

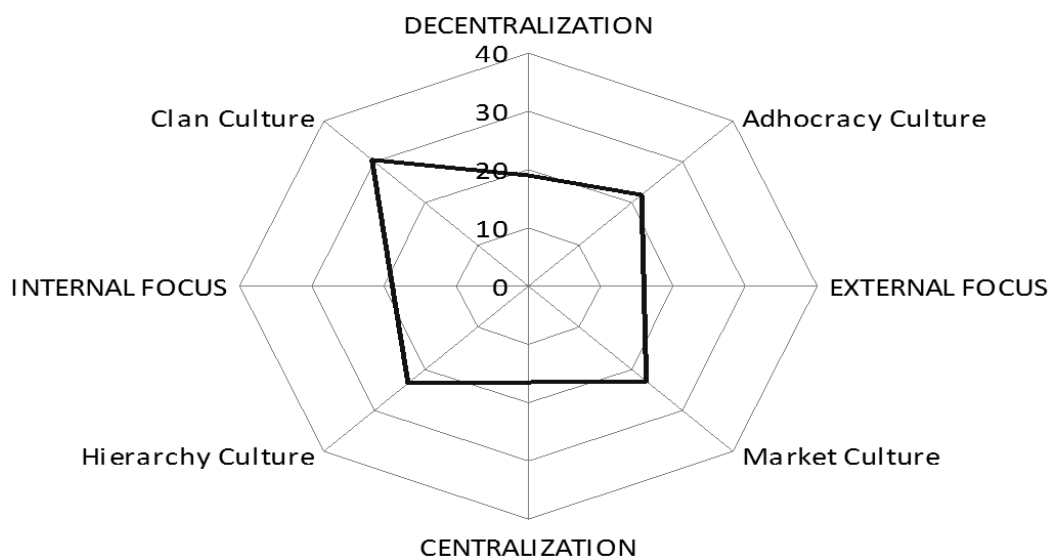


Figure 2: Graphical presentation of Overall Organizational Culture

Cultural Elements	Mean	Cultural Elements	Mean
A: Dominant Characteristics		B: Organizational Leader	
1- Personal Place	24.7	1- Mentor, Sage or Parent	40.17
2- Dynamic Entrepreneurial	21.98	2- Entrepreneur, Innovator or Risk Taker	24.14
3- Formalized and Structured	28.02	3- Coordinator, Organizer or Efficiency Expert	19.14
4- Production Oriented	25.26	4- Hard Driver, Producer or a Competitor	17.76
C: Organizational Glue		D: Organizational Climate	
1- Loyalty and Tradition	31.89	1- Participative and Comfortable	38.45
2- Innovation and Development	23.79	2- Dynamism and Readiness	21.21
3- Rules and Policies	22.24	3- Permeance and Stability	18.79
4- Production and Goal Accomplishment	22.07	4- Competitive and Confrontational	21.21
E: Criteria of Success		F: Management of Employees	
1- Sensitivity to Customers, Concern for People	21.04	1- Teamwork, Consensus and Participation	28.10
2- Product Leader and Innovator	21.55	2- Innovation Freedom and Uniqueness	21.38
3- Dependable Delivery, Smooth Scheduling	27.41	3- Security of Employment and Predictability	26.55
4- Market Penetration and Market Share	29.83	4- Production and Achievement	24.31

Table 4: Overall average ratings of Organizational Culture elements

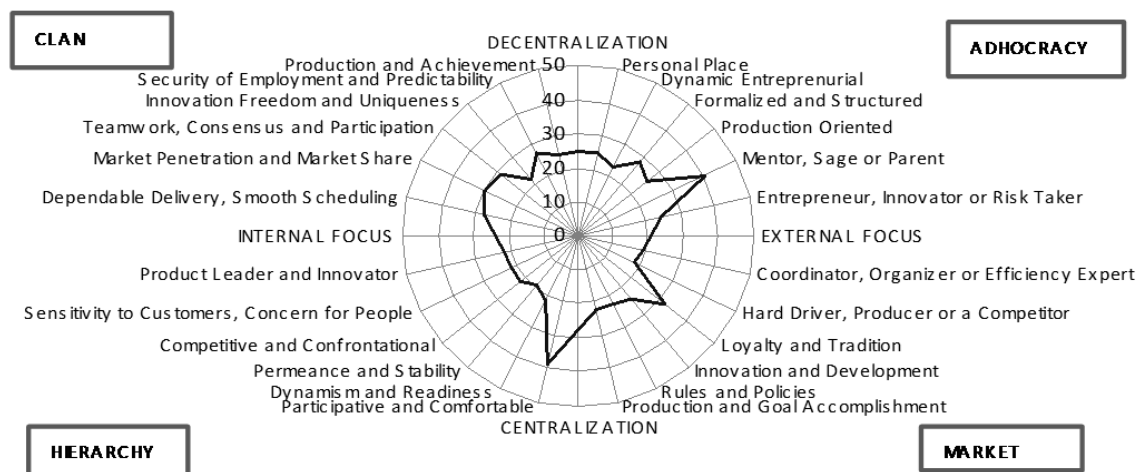


Figure 3: Overall Average Ratings of Organizational Cultural Elements.

### Model of management practices and organizational culture of the construction companies in the United Arab Emirates

The findings of the field work, with the support of the analyses presented earlier, confirm that construction companies in the United Arab Emirates adopt a management style that is a mixture of Western and Eastern/local management practices. This mixed style is influenced mainly by national culture. The style is a result of a process of increasingly adopting and modifying practices from a chiefly Western way of doing business to suit the local cultural environment. It is influenced by a local environment that includes many different features, and by the external factors that represent increasing globalization.

The findings also reveal the existence of four types of Organizational Culture (Table 3). This again indicates that these companies are implementing a mixture of organizational cultures. In the light of the above conclusion, and based on the empirical analysis produced earlier, a Management Practices model for the construction industry in the United Arab Emirates is formed and presented in Table 5.

Table 5: Management Practices Model of the Construction Industry of the UAE

Practices Group	Application System		
	Western	Mixed	Eastern/Local
Work Organization and Administration	Job Classification	Wage System Job Rotation Education and Training Promotion Exercise	
Group Consciousness	Group Participation	Information Sharing Sense of Unity	
Labour Relations		Hiring Policy	Job Security Labour Unions Grievances Procedures

In the Work Organization and Administration group dimensions, all dimensions show mixed applications except "Job Classification". For example, items such as "Wage System" indicate that wages are determined by detailed job classification (Western) but they are also "person centred" and based on length of service (Eastern). The same trend is observed with respect to "Promotion Exercise," where length of service, personal recommendation and seniority are the major factors in determining promotion. The reason for this approach could be the presence of expatriates in the workforce community in the UAE and requirements for construction experience and technology. This combination of one of the typical elements of the Western management applications with a practice that is recognized as a distinctly Islamic and Arab cultural element authenticates the mix-and-select approach adopted by these companies. Similarly, the Group Consciousness dimensions reflect the same mixed applications where participation and involvement of the workforce, information sharing and social events are all present but limited. This mixed application is due to the human factors that form this group, while Group 3 dimensions (Labour Relations) display a trend with maximum Eastern/local applications. This suggests the existence of the Eastern/local management practices in this group; this trend reflects the influence of National and Islamic culture, in which human factors are dominant and great attention is given to the employer-employee relationship. In addition, companies are seen as an extension of the family; therefore, loyalties and moral commitment are expected from employees as well as the employer. Companies also demonstrated that during recruitment, for example, they pay more attention to the suitability of the new recruits to the overall environment rather than just their academic credentials. Furthermore, companies revealed that provision for long-term employment is an adopted policy.

The existence of the four types of organizational culture with a relative dominance of "Clan culture" is consistent with the mixed management style presented in Table 5. The ownership type of the companies could be associated with the dominance of clan culture. The majority of these companies are founded by a single person or family. Therefore, family ties, loyalty, tradition, flexibility, long-term employment, peaceful relations, conflict avoidance and careful decision making are the main characteristics of these organizations. Nevertheless, the findings also demonstrate the existence of three other culture types to different degrees, and this indicates once more that these companies adopt and adjust to what they believe is suitable and beneficial in their



environment. The findings indicate that when it comes to identifying criteria of success, the companies utilize a combination of cultural elements adopted from the Market and Hierarchy cultures, while in the case of management of employees, companies combine elements from Clan culture with elements from the Hierarchy culture.

## CONCLUSIONS

In this study we developed a model of the management practices and organizational culture of the construction industry in the United Arab Emirates (UAE), to determine the extent of the National and Islamic culture and local environment influence on management practices.

We argue that a sample of construction companies in the construction industry of the United Arab Emirates is generally adopting a mixed management style. This style is genuine and compatible with its own cultural cast. In view of the mean scores of management dimensions within three groups of management dimensions, it appears that fewer dimensions are close to Western practices and more are close to Eastern/local practices. This conclusion is further confirmed by the percentage distribution of score ratings for overall responses. It validates the existence of mixed practices.

It can be concluded that this mixed management style is a result of an integration and reconciliation process of two main types of factor: internal factors – represented mainly by human factors derived from Islamic and national culture with its traditional values and norms, such as Arab pride, emphasis on family and tribal relations, Islamic beliefs and adherence to the rules and orders of Islam – and external factors represented by the rise of globalization, requirements for advanced technology, experience and technical competence, expatriate culture and financial factors (profit and growth). We argue that this integration and reconciliation process is in progress and incomplete.

The characteristics of management style established above are consistent with what Hofstede concluded in his analysis for the Arab World, which included the countries of Egypt, Iraq, Kuwait, Lebanon, Libya, Saudi Arabia and the United Arab Emirates (high Uncertainty Avoidance Index (UAI), high Masculinity index (MAS) and lowest Individualism (IDV)). Islam plays a large role in the people's lives. The cohesiveness between national culture and Islam faith doctrines and the influence of Islam on overall UAE and Arab world environment are undeniable. Hence this influence contributed to the method adopted by organizations in their management practices.

Further field research (interviews) is planned to explore the relationship between and impact of the proposed management practices model on the performance of the construction companies participating in the survey. These findings will be used to develop a comprehensive model of management practices.

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