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The influence of the UAE context on management practice in UAE business

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Abstract

Purpose – This paper aims to investigate whether the United Arab Emirates (UAE) business context as described in the literature still matches with the UAE business context in practice. In many managerial publications, and even in quite a few academic ones, warnings are given about the different and difficult business environment which exists in Arab countries. This environment is allegedly characterized by a high religious influence, a definitive centralization of power, a strong family and tribal culture and a strong role of *wasta*, which makes doing business in the Middle East arduous. However, the context of the UAE is not typical Arab, as it is very much multicultural with many expatriates working in both local and foreign companies.

Design/methodology/approach – The theoretical aspects of the UAE business context were derived from a literature study. The aspects of the UAE business context in practice were collected during interviews with 36 Emirati and Western and Eastern expat managers working in the UAE. Subsequently, the theoretical aspects were matched with the practical aspects.

Findings – The matching shows that the typical Arab business setting is still there but that it exists next to the international business setting.

Research limitations/implications – Because of the coexisting cultural business settings, more nuance is needed in describing the typical Arab elements of the UAE business context, to fully understand the way of operating in the UAE.

Originality/value – As during this study a cross section of nationalities working in the UAE, including Emirati, was interviewed, it gives an unique insight into the current state of affairs in the UAE.

Keywords United Arab Emirates, Culture, Business context

Paper type Research paper

1. Introduction

The literature on doing business in Arabic countries frequently warns for the specific context these countries provide and which is quite different from especially the Western context. Differences in the context are, among others, the relative young age of these

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nations, the strong emphasis on religion, the extreme rapid economic development in the past 50 years, the tribal and family nature of society, the big role of relationships (*wasta*) in doing business and the centralized nature of power in both the countries and its organizations, which all have effect on the contemporary business environment (Ali, 2005; Stephenson *et al.*, 2010). One of the main differences between the Western and the Arab contexts is that in the latter context, cultural values and religion values are very much interwoven. The Arab context is characterized by being a religion state, whereas the Western context is characterized by being a secular state. Because of these interwoven values, it is difficult to get a clear insight into what typical local cultural aspects and what typical Islamic cultural aspects are. To make it even more complex, in the case of United Arab Emirates (UAE) – because of the presence of a dominant international workforce – the values that drive the way of doing business are often seen as solely international business values. At the same time, researchers are indicating that there seems to exist some tension between the Arab culture and the business culture in the UAE, and in addition that neither Western nor traditional inherited Arab management techniques seemed to have worked adequately enough in improving local organizations (Branine and Pollard, 2010). The countries organized in the Gulf Cooperation Council (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, UAE) – and especially the Emirate Dubai – provide for a challenging research environment which in itself is different from other Arab countries. This is the case because Dubai, although originally just like the other GCC countries heavily dependent on oil revenues, has transformed itself into a country with a strong financial and tourist economy which has attracted many multinationals and foreigners who set up shop in one of the many so-called free zones (Bardot, 2013; Stephenson *et al.*, 2010). The UAE economy suffered greatly during the financial and subsequent economic recession, but currently, the Emirates are investing again. In addition, its population consist of only 8 per cent locals ("Emiratis"), 7 per cent Arab population and 85 per cent expatriates mainly from Asia (Bardot, 2013): it is not uncommon for a large organization in the UAE to have a working population representing more than 40 nationalities. Not unsurprisingly, this mix of cultures produces cross-cultural miscommunications, tensions and even conflicts and inefficiencies. Sometimes, these problems stem from language difficulties (El-Amouri and O'Neill, 2011; Khuwaileh, 2003), but often, poor levels of interpersonal relations, lack of trust or misunderstood values contribute to these issues (Al-Ali, 2008; Kuehn and Al-Busaidi, 2000). For example, Western managers sometimes comment that the capacity of their non-Western colleagues to change their behavior, language and values according to pragmatic needs is both unexpected and disconcerting, while simultaneously non-Western managers complain that Western managers are inflexible, intolerant and unwilling to adjust to local conditions. The resulting loss of trust on both sides is inimical to economic cooperation and productivity (Aboyassin, 2008; Ahmed and Salas, 2008). Finally, the Western influence has created an atmosphere in Dubai which can be described as "Dubai allows Muslims to be Western-style consumerists, while still feeling true to their faith" (Nasr, 2009, p. 31). This context could be described by the term "cultural hybridization" which stands for the process by which cultures around the world adopt a certain degree of homogenized global culture while sticking to aspects of their own traditions. El-Adly (2007) notes that the recent development in the UAE of shopping malls with their Western brands plays a major role in shaping the

shopping patterns of Arab consumers but, at the same time, does not erase the importance of national origins.

Thus, the UAE context has characteristics of both the Arab and Western cultures which makes it an interesting setting for doing research in how to adopt Western management techniques in such a way that they are suitable for the UAE context. Research into the applicability and effectiveness of management techniques has to take the context in which these techniques are to be applied into account (Holtbrügge, 2013; Rees-Caldwell and Pinnington, 2013). Literature has shown that management techniques, which often originate from the Western world, cannot indiscriminately be transferred in non-Western contexts (Blois, 1991; Boyacigiller and Adler, 1991; Branine and Pollard, 2010; Elbanna and Gherib, 2012; Vengroff *et al.*, 1991). Thus, there is often inconclusive proof on whether importing Western management practices into non-Western organizations indeed improves performance (Al-Husan *et al.*, 2009). At the same time, research on globalization increasingly finds that the transfer of management techniques from one country to another is leading to similar patterns of behavior across these countries (Costigan *et al.*, 2005; van der Stede, 2003).

The study described in this paper identifies the typical Arab cultural aspects described in the literature and examines these in day-to-day business life of the UAE, with a specific focus on Dubai. The aim of the study is to evaluate whether the warning in contemporary literature about the different business context in the UAE, and specifically Dubai, is supported by findings in practice. For this evaluation, firstly, based on an extensive literature review, the characteristics of the UAE business context are identified. Secondly, managers from UAE organizations are interviewed on their experiences about the UAE business context. Thirdly, the theoretical characteristics and the practical experiences are matched, to build a picture of the contemporary business context in the UAE. The importance of this exploratory research lays in its contribution to the ongoing discussion of the applicability of Western management techniques in non-Western contexts, in this case, the UAE context (Mellahi and Budhwar, 2010; Stephenson *et al.*, 2010). Mansour and Jakka (2013) state that the current literature on the UAE business context seems to be outdated and should be replaced with new notions on business environment characteristics. These new notions are especially important and needed in the light of the strong need and drive for excellence and high performance in UAE organizations. Also, a systematic understanding of the context in which Arab managers operate will help the introduction of management techniques tailored to the local situation, so that these are better able to support these managers in their quest for excellence. As Branine and Pollard (2010, p. 712) put it:

> Understanding Islamic management principles could help to develop a more appropriate type of management best practice in Arab and Islamic countries while still benefiting from the transfer of relevant Western management techniques and Western technology.

2. Theory on the UAE business context

A review of the literature yields several aspects which influence the UAE business environment. Those aspects can be divided in religion, globalization and cultural aspects (or a combination of these). Each of the aspects consists of values and (business) practices. The values are the underlying driving forces for the (business) practices in a culture. Most of the aspects described in this literature review originate from general

characteristics of the Arab business context, while some are specific to the Gulf region, the UAE or Dubai. Only those aspects have been selected that are mentioned in at least three literature sources, so there is a certain degree of generality.

2.1 Religion aspect: Islam influence

The characteristic which, according to the literature, has the most effect on individual and group behavior in Arabic countries is the Islam. Research shows that religious beliefs and values have significant effects on behavior in the workplace, job satisfaction, leadership styles and organizational effectiveness and performance (Mellahi and Budhwar, 2010). A key concept derived from the Islam faith is the Islam Work Ethic (IWE), which implies that:

> […] work is a virtue in light of a person's needs, and is a necessity for establishing equilibrium in one's individual and social life. IWE views work as a means to further self-interest economically, socially and psychologically, to sustain social prestige, to advance societal welfare, and reaffirm faith (Ali, 2005, p. 52).

Arabic scholars have translated the IWE into four implications for the business world (Ali, 2005):

(1) IWE puts an emphasis on hard work, meeting deadlines and persistence;

(2) IWE views work not as an end in itself but as a means to foster personal growth and social relations;

(3) IWE sees dedication to work and work creativity as virtuous; and

(4) IWE sees justice and generosity in the workplace as necessary conditions for society's welfare.

The literature on Islamic values stresses the following values that are applicable to general behavior as well as behavior in the workplace: equality, accountability, consultation, goodness, kindness, trust, honoring promises, commitment, sincerity, justice, hard work, humility, universalism, consensus, self-discipline, persistence and cooperation (Ali, 2005; Branine and Pollard, 2010). Many of these values are derived from *ehsan*, a concept that dictates individual and group interaction within organizations to focus on goodness and generosity (Branine and Pollard, 2010). Islam is thus seen by many Arab Muslims to be the uniting aspect of their lives and cultures, and:

> […] is perceived as the only aspect in their lives that has not been shaped or colonized by the West, being the only non-European culture that has never been completely vanquished (Kamla and Roberts, 2010, p. 455).

Therefore, the Islam, IWE and Islamic principles have a profound influence on the operations of an Arab organization (Ali and Al-Owaihan, 2008; Hammoudeh, 2012; Whiteoak *et al.*, 2006).

2.2 Globalization aspect: workforce diversity

As mentioned in the Introduction section, Arab nationals only account for a maximum of 15 per cent of the population in the UAE, while the remainder consists of expatriates ("expats") originating from Asian countries and – in a smaller proportion – from Western countries like the USA and the UK. These expats are needed, as the local population is not large enough to fill all the jobs required to sustain the economies of the

UAE, and in fact, they played a big role in the rapid economic development of the region. The expats are recruited on local contract terms and tend to stay only for a limited number of years. The majority of the local Emirates are employed in governmental and semi-governmental organizations, while currently, the Dubai Government conducts a so-called Emiratization program in which companies in the private sector are pushed to employ more Emirates by setting strict target quotas of locals within the workforce (Al-Ali, 2008). Many of the expats work in jobs which are deemed by locals to be "unworthy", such as mechanics, cleaning, waitressing and retail jobs. The locals, both in the private and the governmental sectors, are paid more than expats and in general also make quicker promotions (Bardot, 2013; Jabeen *et al.*, 2012; Kuntze and Hormann, 2008; Nasr, 2009; Neal, 2010; Stephenson *et al.*, 2010; Whiteoak and Manning, 2012).

This cultural diversity has a risk of poor communication and aggravates the task of managers to create an effective and efficient workforce. Thus, to be effective managers in the UAE, they have to recognize and understand cultural differences (Enshassi and Burgess, 1991; Khan *et al.*, 2010). Diversity can also be sought to foster creativity and innovativeness in the organization and thereby increasing organizational performance. This diversity has to be found in differences in gender, race, culture, education, experiences, age and other personal characteristics (Khan *et al.*, 2010). The latter is a value aspect of diversity and is not described in the literature as a typical value of Arab cultures. Arab culture, in its Islamic values, does see work creativity as virtuous but does not link that to the practice of employee diversity.

2.3 Cultural aspect: power centralization

Underneath the modernity of the Gulf States, the old political and social orders remain largely intact, and a manifestation of this is the central position of the ruler in these societies (Kamla and Roberts, 2010). Thus, old power structures remain very much intact, such as the decision-making power which, in many organizations, is still centralized at the senior level. This also ties in with the need for an Arab leader who can be seen as "The Strong and Trustworthy", a leader who is upright, flexible, resilient and capable of execution decisions – in short, who can lead others (Al-Huzem, 2011). Arab organizations are often structured according to the principle of sheikocray in which managers see the organization as their personal fiefdom, while their autocratic behavior is kept in line by considerations of what is acceptable or not by society, the rule of religious law, a concern for the public image, a paternalistic orientation and Islamic instructions, to avoid oppression and abuse of power. Sheikocray is characterized in the following practices (Ali, 2005): hierarchical authority; a subordination of efficiency to personal relations and connections; an open-door policy so managers are approachable; indecisiveness in decision-making because of often extensive consultation; rules and procedures which are contingent on the personality and the power of the individuals that make them; nepotism in selecting upper-level managers while qualifications are emphasized for middle- and lower-level managers; informality among lower-level managers; and a patriarchal attitude.

One of the effects of sheikocray is that one-way communication systems between managers and employees exist in many Middle Eastern organizations, employees' opinion is not always listened to (Suliman and Abdulla, 2005) and Arab management does not excel in open communication, dialog and involving employees (McLaurin and Mitias, 2008). This ties in with Hofstede (2001) who characterized Arab cultures as

having a high power distance. However, recent research reports that "in progressive organizations across UAE, a new kind of relationship grounded in mutual trust and respect is emerging between employers and employees" (Suliman and Al Kathairi, 2013), which could indicate that management techniques like empowerment is gaining some ground in UAE organizations.

2.4 Cultural and religion aspect: conflict avoidance

A highly regarded quality in Arabic society is self-censorship. This means that people avoid disclosing the wrongdoings of others, and when an individual speaks about the lagging performance of another person, the group will automatically censor this individual. Thus, there is a fear of exposure of incompetence, criticism cannot be freely voiced and conflict situations are avoided or kept under control (Ali, 2005). There is a general reluctance to initiate rigorous assessments of individual performance because of the importance of saving face in the local culture (Bardot, 2013). In addition, managers avoid punishing employees, as it contradicts the desired image of the "upholder of justice, mercy, goodness and kindness". They rather use cultural norms and values, coupled with informal approaches, to manage their employees. Employees in Muslim societies are thus more open to managers that use persuasion, concession, kindness and identification with them (Ali, 2005, p. 115). As honest feedback might rebound unfavorably within UAE organizations, standard practice in the Arab culture is to employ a mediator to deliver the feedback to avert open conflict (Idris, 2007).

2.5 Cultural aspect: management style

Islam teaching obliges leaders to consult and seek advice before making any kind of decision (Al-Huzem, 2011). As a consequence, Arab executives predominantly prefer the consultative style of management, in which managers informally consult their subordinates after which they make a decision. A variation on this is the pseudo-consultative style in which managers will consult their subordinates without necessarily taken their ideas and suggestions into account when making the decision. Two other styles Arabic managers tend to use are the participative style, in which managers share and analyze problems with their subordinates, evaluate alternatives and then come to a majority decision; and the autocratic style, in which managers make their decisions without consultation of their subordinates. Finally, a management style which is not often found is the delegatory style, in which managers ask their subordinates to make decisions on their own (Ali, 2005; Branine and Pollard, 2010; Randeree and Chaudhry, 2012; Stephenson *et al.*, 2010; Yousef, 1998).

2.6 Cultural aspect: wasta

The use of *wasta* is prevalent throughout the Arab world and plays a role in many important and significant decisions (Branine and Pollard, 2010; Stephenson *et al.*, 2010; Whiteoak *et al.*, 2006). *Wasta* traditionally refers to the act of a person mediating or interceding on behalf of another party. Other terms are Was*a*ta which is the mediation itself, and *wa*sata which is the person who does the mediation. *Wasta* is seen both as positive and negative. Positive in the sense of legal and moral, when it is used for solving conflicts or during "normal" relationships between people. Traditionally, responsible authority figures exercised influence through intermediaries practicing *wasta*, and it was also common practice – just like in basically all countries in the world – of working through relation networks of friends and extended families. *Wasta* becomes negative,

questionable and illegal when it is used for the acquisition of economic benefit in violation of existing rules and procedures. It is corrupting when people obtain favors that normally would not be granted by a decision-maker, or when they are motivated by bribes rather than loyalty to an extended family, institution, or responsible leader (Hooker, 2009). *Wasta* can play a key role in the career success of managers, as it aligns with the informality of relations that exist in Arab work places (Metcalfe, 2006). In fact, the absence of *wasta* can be "fatal" to the success of managers in the Middle East in the same way that the absence of networking and mentoring relations hinders the career success of managers in Western countries (Tlaiss and Kauser, 2011). Another role *wasta* has in organizations is in influencing hiring decisions, whereby the employer is influenced by the intermediate party practicing *wasta* to hire a specific person, thus setting aside potentially more suitable candidates. In this respect, *wasta* employment practices are discriminatory and often illegal. Thus, sometimes *wasta* can act as a hindrance to practicing good governance in Arab organizations (Al-Ali, 2008; Whiteoak *et al.*, 2006).

Tensions are nowadays appearing, caused by an "old order" which is bound by *wasta* networks which create inequities, and a "new order" which is more dynamic, more in line with international human resource practices, and which is rolling back the "old order" (Neal, 2010). As the same time, younger UAE nationals seem to feel more concerned about *wasta* than their older countrymen because they do not see themselves as having a great deal of access to it and, thus, fear to be disadvantaged by it (Whiteoak *et al.*, 2006).

2.7 Religion and globalization aspects: achievement and excellence

Several authors have commented that the Arab culture does not appear to be necessarily committed to values that favor competence, but instead puts more value in ascription and prestige prevailing over performance. These authors also state that employers complain about Emirati who do not seem to be very hard-working or interested in excelling at what they do (Hooker, 2009; Whiteoak *et al.*, 2006). At the same time, there is a strong drive for excellence under the leadership of Abu Dhabi's ruler, Sheikh Khalifa bin Zayed bin Sultan Al Nahyan, and Dubai's ruler, Sheikh Mohammed bin Rashid Al Maktoum (McLaurin and Mitias, 2008), as illustrated by one of their statements: "Development is an ongoing process and the race for excellence has no finish line" (HH Sheikh Mohammed bin Rashid Al Maktoum, 2012). The rulers have introduced several excellence awards, first for the public sector and, subsequently, for the private sector. As a result, terms as efficiency, effectiveness, value for money, customer service and total quality management are "in high vogue in the UAE nowadays" (Mansour and Jakka, 2013, p. 98) and "our reality is that excellence is our only option" (Al Gergawi, 2009, p. 45). As HH Sheikh Ahmed Bin Saeed Al Maktoum (2009, p. 39) puts it: "Dubai's vision can be simply stated. We try to excel in everything we do, and everything that we plan to do." This attitude is compounded by the need to increase productivity of both the public and private sectors to reduce UAE's dependency on expatriate labor (Mansour and Jakka, 2013). However, research shows that the attitude of employees in UAE organizations is not yet positive toward especially total quality management (Mansour and Jakka, 2013), and that management of UAE public agencies is not always convinced of the need to change to a high-quality organizations (McLaurin and Mitias, 2008). The former might be caused, as research among almost 9,000 employees in the Middle East

by the employment agency Bayt (2009) showed, by a lack of recognition from managers of their employees causing a decrease in productivity and being a main cause of employee turnover.

3. Research approach

Obtaining access to a random sample of research participants is considered to be difficult in the Middle East, and often, trade-offs have to be made (Robertson *et al.*, 2002). This might be the reason that much of the research conducted in the UAE uses questionnaires (Ali *et al.*, 1995; Rees-Caldwell and Pinnington, 2013; Whiteoak and Manning, 2012), sometimes supplemented with interviews with – mostly – lower-level managers (Khan *et al.*, 2010), as it is difficult to get access to higher and middle managers of UAE organizations. In addition, even if there is access to these managers, often a convenience sample is the result, as researchers are glad anyway that they at least had some people to interview. Thus, gaining access to a representative set of participating organizations is difficult in the Middle East (Khan *et al.*, 2010). We managed to obtain interviewees by personal contacts, as one of us had been many times to the UAE. In addition, many of these contacts and interviewees provided us with names of other potential interviewees. In this way, we were able to speak to a selection of managers which represented a cross-section of organizations and nationalities in the UAE (see Table I). Most interviewees were based in Dubai, but some were stationed outside this city or in other Emirates (Abu Dhabi, Ras al-Khaimah). In total, we conducted 29 interviews with 42 people from 27 organizations.

In this research, no questionnaire was used, but semi-structured interviews – which lasted between one and two hours per interview – were held. The opinions of the interviewees were asked on the influence on the UAE business context of each of the characteristics identified during the literature review. The interviews were all taped and subsequently transcribed by a third person who had not been present during the interviews. Then, both researchers reviewed the transcripts to identify the common opinions of the interviewees. These opinions are described in the next section.

4. The UAE business context in practice

The opinions of the interviewees have been summarized per characteristic as previously identified in the literature review. Each opinion is illustrated by quotes originating from the interviews.

Nationality	Function	Gender	Sector	Organization size
Arab, Emirati: 7	Chief executive officer: 18	Male: 32	Profit: 20	Small (<100 employees): 13
Arab, non-Emirati: 13	Management team: 11	Female: 10	Government: 5	Medium (100-500 employees): 7
Expats, Western: 11	Middle management: 13		Semi-government: 2	Large (> 500 employees): 7
Expats, Asian: 11				

Table I. Information on the interviewees

4.1 Religion aspect: Islam influence

The general opinion among the interviewees was that Islam and the IWE do not have such visible influence on the operations of an Arab organization as the literature states. There are several reasons for this. The first and main reason is that Islam provides a system of values that functions as a foundation of what people do in their daily personal and business life. In a religious state, there is no separation between religion values and other cultural values. As an interviewee explained:

> Our philosophy is still very much linked to our culture, and our culture is very much linked to our faith, and our faith is obviously related to our religion. We find that they are complementing each other.

This quote illustrates that managers do not refer to the Islam in their daily life, but unconsciously, it is a drive for their work practices.

A second, cultural and religious reason is the issue of different interpretations of certain work ethic values depending on a specific nationality and belief. In fact, even among Muslims this can be the case, as Islam is not a consolidated religion; there are many different views inside Islam. This does mean that, to achieve a specific organizational system of work ethics, people in the organization need to agree on not only the values but also on their meaning to make them collective work ethic values. One interviewee explained:

> Let's say you're working in a diverse organization where you have Muslims, Christians and Buddhists, who each come with their values originating from their religion. Should you enforce your values onto them? Maybe you have individual values and you have organizational values, and the two in many instances will coincide. But in some incidences they don't and then you need to agree on which values you are going to uphold, no matter from what religion you are.

Discussing the IWE principles, one of the interviewees reacted:

> In Islam there are different schools of thoughts in this regard. There are the people who think that everything is predestined by God, no matter how hard you work. Some people therefore come to the conclusion that you don't need to work hard, because the outcome of that work is already predestinated. But other people state that destiny is different from fate. Fate is what you end up with, destiny is what you start with. God predestined you and therefore you have no control over who you are or where you're born. But you do have to a great extent the power to influence what your fate will be.

A third, non-religious reason is that many Arab people studied in the West and, thus, have learned about Western values and ways of working. Especially the latter they take home with them to practice in the local workplace. One of the interviewees, who studied and worked in the USA, told us that after returning back to the UAE he first used some of the business practices he learned in the USA, but, after a while, he went back to the traditional Emirati style:

> I studied and worked in the USA. Now when I first came over here, and I had a position in sales I would go and visit clients. Coming from America I went straight into business as I was sure the client would only give me a certain amount of time in which I better finish up. Well, this turned out not to be the case at all. You had to really get to know each other, get into a conversation, drink a little bit of coffee, share a few jokes, before the client would hint "Okay, now I am ready for you." If you would not do it this way you could feel there was an element of "I don't trust this guy".

This quote shows us that even when everybody shares the same value of "hard-working", the definition of what hard-working is and the way that value is practiced can differ. In the above case, the interviewee who had experienced the American practice of hard-working did not see socializing and building trust as a part of "hard-working", whereas for the local client, it was very much a part of that. The other interesting aspect of this quote is that it shows that the interviewee returned to his old practices, started to rediscover the value of these practices and even started to enjoy them. The same interviewee added in this respect:

> The Emirati have a different style which trickles down to other people who have worked with them for a long time. I'm beginning to move that way myself and even though when we get into meetings and these are taking a long time and I feel we should hurry up, I now notice that I really enjoy this part of the meeting, the socializing, so I am becoming more and more one of the Emirati by culture.

In conclusion, it can be stated that Islam is not only a religion but also a set of values that governs various aspects of behavior, both in personal and in work life. In this way, Islam is more than a faith, it provides a cultural system and a way of living (Branine and Pollard, 2010).

4.2 Globalization aspect: workforce diversity

The main force driving diversity in the workforce in the UAE is the issue of manpower. There is such an overwhelming need for "bodies" that, as one interviewee commented, it is often the case of "who can you get that is the cheapest, commands the least trouble and is available, let's hire that person. But diversity for the sake of creativity is not one of the objectives." In fact, uniformity is promoted by the tendency of nationalities "flocking together" which cannot only be seen by certain neighborhoods in Dubai which are dominated by people of one nationality, bringing with them their own churches and clubs, without too much mixing with other neighborhoods and nationalities. This can also be seen in the workplace, as an interviewee illustrated:

> I'll use Indians as an example. When you hire an Indian in a position that is influential in an organization, chances are that within three to five years you will notice a lot more Indians in that organization. If you hire an Egyptian, again something similar, and so on. Another issue in this respect is that overseas companies don't like to hire locals because they cannot afford these salary wise. As a result you'll see a culture arise of only Philippinos or only Indians. They then will create their own organizational culture based on their own values. If we're forced to mix in the workplace we'll mix. But otherwise we will not do that easily.

The situation that most managerial positions in UAE organizations are occupied by expats, especially Western ones, seems to be a two-sided coin. On the one side, these expats bring in modern management styles which are considered to be important for increasing the quality of UAE organizations. On the other side, Emiratis cannot develop themselves enough because many of the important and challenging functions in the private sector have been taken by expats. In regard to creativity through diversity, it was remarked that having an open economy brings a lot of skills into the country, and this by itself guarantees at least the possibility for creativity. But slowly, it is recognized by UAE organizations that this should be more actively pushed for. One possibility of increasing diversity and creativity in the workplace is getting more women to work in high organizational positions. Several interviewees commented that women are

continuing their slow march toward visibility in the business world, in the sense that both the majority of students and many entrepreneurs nowadays are female.

4.3 Cultural aspect: power centralization

The interviewees explained that power centralization is very much tied to the monarch system that has been in place in the Gulf region for many years, coupled with the collectivist attitude of the people in this part of the world which goes back to the clan and tribal mentality of old days. The monarch system has created a stability in the region which is beneficial for the economics of the countries and also for the speed of things which is much higher than in a democracy, as basically one person can make decisions quickly. As an interviewee explained:

> If a sheikh orders something than people will do it. For instance, the sheik will announce several things to be done and then change does happen, because people know that one day he will go and check on them. And this is good because if you want the country to thrive, like the Sheik is always saying we need to be number one, he has to follow up on this.

This stability has come with institutions and bureaucracies which form centers of power with powerful heads at the top. It then depends on the level of enlightenment of the rulers how this power is exercised. In the UAE, the Sheikhs are called "Baba", the Father, which shows there is an emotional relationship between the Emiratis and their leadership. It has to be realized though that the tribal mentality entails that people give power to a certain person and they will tolerate his leadership as long as it is benevolent and takes care of them. This creates a win-win situation, where a leader has to be kind to the people; the people, in turn, are kind to the leader; and together, this creates a stable state.

One aspect that was noticed during the interviews was the issue of the "open-door policy", mentioned in the literature under the issue of sheikocray, in relation to the conflict avoidance style of Arab managers. During the interviews, it appeared that the practice of "open-door policy" in the UAE differs from that practice in the West. In the West, the "open-door policy" in general means that it is possible for an employee to walk into a manager's office and talk about things one sees different or would like to change, i.e. constructive criticism (Foy, 2004). However, it seems that in the UAE, this is not exactly meant by a "open-door policy", as it appears to be more related to socializing with everybody, walking into a manager's office to ask for support or clarification of a task. It is not so much to ventilate criticism, or share one's own new ideas, as this is at odds with the conflict avoidance style.

4.4 Cultural and religion aspect: conflict avoidance

Conflict avoidance is still very much in place in the work environment. An interviewee illustrates: "We're taught in the West that conflict is okay so long as it's constructive. But when we have conflicts over here, you never know if someone might take it personally." This conflict avoidance applies both for relationships with external as with internal people. An interviewee gave an example of the former:

> We're trying to do a business deal. However, you would like to turn me down but because you're a nice guy and you want to remain a nice guy, you're not going to say no to me. So you say you will look it over and will get back to me. Two weeks, one month, and I wonder what's going on? So I call you and again you say that you will get back to me as you didn't have the time to take a look at it yet. You are doing that to me in the hope that I will eventually give up.

> You will not stop wasting my time by telling me that you're not interested. Because of the conflict avoidance we are not open here.

In the case of the latter, inside the organization, with, for instance, non-performers, the situation might be different, as an interviewee outlined:

> It depends on the nationality of the non-performer. If you are for example an Indian or an Egyptian and you're not performing, I'll tell you off and I can easily dismiss and fire you. But with a local guy I have to be very careful. The labor law states that certain steps have to be taken before disciplinary measures can be implemented. However, if you're an Indian guy, chances are you're too afraid to take any steps if you feel that I have discriminated you. However, for an Emirati person to go and complain about you is a lot easier. So I feel that with certain nationalities it's more difficult to resolve a conflict.

Another issue in this respect which interviewees pointed out is that people might have been hired because of the status of their family name, and because of this, employers find it difficult to fire them. So rather than doing that, they will move non-performers from one department to another, as they do not want these important families to look at them unfavorably. In the case non-performers have to be dealt with, many managers turn toward the human resource department who then may do the "dirty work" of disciplining or firing the non-performer. Another option to avoid straightforward dealing with the non-performer is to send this person for an assessment by an outside consultancy. The manager can then, with the evaluation report in hand, tell the non-performer that the external advice is to dismiss him or her because the assessment was negative.

4.5 Cultural aspect: management style

Most of the interviewees described the prevailing management style in their organizations as being consultative with for employees increasingly room to take initiatives (empowerment), but with some autocratic aspects. The latter mainly refers to the issue of making mistakes which still is a difficult topic in UAE organizations, especially for expats who – if they should lose their job because of a mistake they made – could run the risk of being deported if they do not find another job within one month after one's work permit is cancelled. As an interviewee explained:

> I think a lot of the workforce is very stressed because many UAE managers work on a principle of fear. The people that work for them know that if they don't do what needs to be done they could be fired and then you cannot stay in the UAE because your work permit is cancelled and you'd have to go back home. A lot of these people are supporting families back home, so obviously one of their greatest fears is that they would lose their job.

4.6 Cultural aspect: wasta

In practice, there seems to be more than one form of *wasta*. There is *wasta* coming from belonging to a certain (powerful) family, from one's position in the government or the business world, from the respect of people for one's achievement and from one's professional network. In addition, there is direct and indirect *wasta*. Each of these forms of *wasta* has a particular effect, and the interviewees stressed that this effect is not by definition negative, it can also be positive. Negative *wasta* is where a family relative who is not qualified is parachuted in and then makes a mess of it. However, this same *wasta* can be positive if that nephew has been educated well and is very qualified and,

therefore, does an excellent job. Many interviewees have exercised *wasta* by suggesting friends and relations to their own or another organization because they know these organizations were looking for people with certain qualifications and they knew suitable persons. This is seen as a form of relationship and networking, just as is normal practice in many countries. A special form of *wasta* is the one that deals with inefficiencies in the organizational system. If certain procedures are slow and take too long, for instance, when you need some information or a certain permit, but you do not want to break the rules, you could exercise *wasta* to speed up things by "making some calls". This is generally considered "good *wasta*" as long as the person exercising it also makes clear the fault lies with the system. In contrast, if the *wasta* is exercised to cover and hide the inefficiencies of the system, it is seen as "bad *wasta*".

The difference between direct and indirect *wasta* was explained by an interviewee as follows:

> "Direct *wasta* is when you meet a relation and say to him:
>
> Direct wasta is when you meet a relation and say to him: this is my son, you know "wink wink […] hire him please." Indirect *wasta* is when we're at a party and I bring someone to you and say "Hey, meet this interesting guy." And then I'll go away, I let you guys talk. Now at the back of your mind you're like "oh you have introduced me to this person, so I better at least talk with him, he might be interesting."

Another interviewee commented:

> I look at *wasta* in a greater context. Everywhere in the world the *wasta* manifests itself in certain ways. If for example you want a job at a big law firm which is very difficult. To have a shot at that job you probably need to know somebody who can get you an introduction, you need to have connections. So *wasta* not only occurs in this part of the world, it exists in every part of the world. *Wasta* here is just more overt than covert and I could argue that we're more transparent about it here.

4.7 Religion and globalization aspects: achievement and excellence

The discussion with the interviewees on this topic centered mostly on the ambiguous significance of the many excellence awards that are currently awarded in the UAE. One of the interviewees related a story on receiving such an award which shows the sometimes conflicting ways UAE organizations deal with these awards:

> We had a product that won a couple of awards. We went to this exhibition where they had a dinner to receive the awards. And the next morning we saw the announcement in the paper and that's when we went to the roof top and starting shouting "We are really, really great." You see, we didn't even know there was actually an award for this kind of product. So we didn't do it for the award. And then when we get one we decided to take advantage of it. But we developed the product not for the award, but for the customers, for the business.

Another interviewee pondered:

> Unfortunately, the longer you are going for those awards, the more it will be like "I want to have the award" instead of "I am trying to improve my organization." But is that a bad thing? Because at the end of the day, those awards include a lot of good practices that we should have anyway in the organization.

In regard to the reputation of the Emiratis, the interviewees indicated that shifts were taking place because the employment and business environment of the UAE is

changing. Just a few years ago, every Emiratis could easily find a job, mostly in the government. However, these positions have filled up and because economic development has slowed considerably during the financial crisis and recession, government is not growing enough anymore to accommodate all Emiratis that come available on the labor market. Also, the route of sponsorship is increasingly being cut-off. When a non-UAE company wants to set up a shop in the UAE, it needs an Emirati as a sponsor. So some Emiratis could have multiple sponsorships for which they get paid so much that they do not need a proper job, while at the same time, there are also Emiratis who do sponsorships for little or no money. In any case, there are only a finite number of companies that can be sponsored, and this number is going down with the recession, so it is getting increasingly difficult for the Emiratis to become sponsors. In addition, Emirati sponsors increasingly become aware that they are also responsible for the actions and financial status of the organizations they are sponsoring, and during the recession, many of these organizations ran into trouble or went bankrupt. This damaged the reputation of their Emirate sponsors. Fortunately, Emirati sponsors can now sign a paper that will exempt them from being held responsible for the operations and financial consequences of the sponsored companies. Finally, many Emiratis have been trained in the West and have learned a professional way of working with the accompanying professional work ethic. They take this back home and are eager to put these new-found skills into practice.

5. Summary and conclusion

A comparison of the theoretical with the practical findings indicates that most of the aspects mentioned in the literature are still valid, but more nuance about those aspects is needed when applying these to doing business in the UAE. This is specifically the case for the aspects of Islam influence and *wasta* and, to a lesser degree, for workforce diversity – where a change seems to be commencing – and achievement and excellence – where there were ambiguous research findings. When summarizing the research results, we can state that UAE business society seems to be in transition. The traditional Arab business values still exist in the UAE, but a more nuanced description of these aspects are needed to understand the UAE and specifically the Dubai way of doing business. One of these nuances is noticing that there is a transition underway from the traditional way of working toward a mix of Arab and Western business practices. This dual-setting situation should make it possible to introduce Western (and Eastern) management techniques successfully, as long as the organizations implementing these techniques realize that a certain degree of tailoring is needed to reflect the unique nature of the UAE business context. The practical implication of our research is, therefore, that it can help organizations in this tailoring, as the results indicate the changes which are currently underway in business practices in the UAE, and so organizations can act accordingly during their improvement efforts. The theoretical implication of our research is that we have indicated that the literature might not be fully up-to-date anymore with the current situation and developments in the UAE and, therefore, more research is needed into actual practice in the contemporary UAE business context.

There are several limitations to our research. Firstly, although 42 managers have been interviewed who represent an interesting cross-section of UAE organizations, more interviewees could have been interviewed from different types of UAE organizations, so a more fully and representative picture could have been obtained. A

related limitation is that we have not spoken with employees who could have shed a potentially different light on the aspects. Another limitation is that socially desirable answering may play a role with Arab interviewees because of the Arab culture of saving face and the pressure to confirm to societal norms and beliefs. Therefore, the interviewees might have been reluctant to give answers that they thought others might not want to hear (Whiteoak *et al.*, 2006). This issue is compounded by many Arabs being afraid to be seen, especially by outsiders such as researchers, to criticize others (Elbanna and Gherib, 2012). Again, getting more interviewees from different backgrounds would have helped to minimize this risk.

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