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# THE APPLICABILITY OF WESTERN MANAGEMENT IN THE MIDDLE EAST

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THE APPLICABILITY OF WESTERN MANAGEMENT IN THE MIDDLE EAST

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THESIS

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A thesis submitted in partial fulfillment of the requirements for the degree  
of Master of Science in Civil Engineering in the College of Engineering at  
the University of Kentucky

By

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Lexington, Kentucky

Director: Dr. William F. Maloney, Professor of Construction Engineering

Lexington, Kentucky 2015

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## ABSTRACT

### THE APPLICABILITY OF WESTERN MANAGEMENT IN THE MIDDLE EAST

The Middle Eastern construction industry is still suffering from cost overruns, delays, and disputes. Inefficient management practices and lack of management are frequently reported reasons for such problems. Researchers attribute such problems to the traditional management practices that are utilized in the Middle East. However, International companies who practice their best management strategies are still suffering from the same problems. These issues become more significant in joint ventures when two different management styles work together. Therefore, it becomes crucial to understand the characteristics of Middle Eastern construction environment in terms of the management practices and regulations that are used and the cultural characteristics of the Middle East and their effects on the business environment and management style. This study shed the light on the characteristics of Middle Eastern management style. It also examines the applicability of western management in the Middle Eastern business environment through a comprehensive review of the cultural and managerial characteristics of the two regions. In addition, potential opportunities and barriers associated with the implementation of western management in the Middle East have been identified. Finally, the study concludes with a proposed research plan for future work.

KEYWORDS: Management, Culture, Construction, Middle East, Hofstede.

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*This work is dedicated to my parents, my wife, and my son*

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## **Chapter 1: The Middle East Construction Management**

### **1.1 Introduction**

Today, Middle Eastern countries try to diversify their economic resources seeking for alternatives rather than oil, which is the main resource for their economies. Construction is one of these alternatives that witnesses significant boom. It is estimated that the cost of construction programs planned to be completed by 2030 in the Middle East is about \$1 trillion (EC HARRIS, 2013). Yet, the Middle Eastern construction industry still suffering from problems associated with cost overruns, delays, and disputes. Recent reports indicate that the Middle East ranked at the top of the list in terms of disputes cost and length reaching double the global average (ARCADIS, 2012, 2013, 2014; EC HARRIS, 2013). Different studies have been conducted to identify such problems and the associated reasons with them. Frequently reported reasons include: lack of management, inefficient management practices, slow decision-making, bureaucracy of clients, etc. Even for those international firms who practice their best management strategies, problems associated with time delays and disputes are still significant in their projects in the Middle East. In fact, international firms are more prone to disputes than local Middle Eastern firms are. According to recent report about global construction disputes, 46% of joint ventures in the Middle East ended up in disputes during the year. It appears that even with what is labeled today as “best practices”, international firms face significant problems when they apply their management strategies in the Middle East construction environment. It also appears that the problem is beyond what is reported as inefficient management practices in the Middle Eastern management style.

The differences in management styles across the world are highly associated with culture since culture and management are interconnected (Geert Hofstede et al., 2010). It becomes critical today to make a distinction between management styles and the associated cultural differences to avoid such problems. For international companies who work in the Middle East, it is essential to have a comprehensive understanding about the Middle Eastern cultural characteristics and their effect on the Management style adopted. It is also important for them to understand the Middle Eastern management framework and cope with its nature to avoid the aforementioned problems arising from applying management practices that could be inconsistent with the Middle Eastern business characteristics.

The objective of this study is to highlight the differences between Middle Eastern and western management styles and examine the applicability of the latter in the Middle East business environment. It also aim to identify the general characteristics of the Middle Eastern management style.

A comparison of the cultural characteristics between the Middle East and the West using Hofstede five dimensions (5-D) model has been carried out to highlight the differences between the two cultures and their implications on the two management styles. The next step in the study include conducting a comprehensive review for the available literature to identify the general characteristics of the Middle Eastern management style and compare them to the western style of management. As a result of studying both cultural and managerial characteristics for the two region, potential opportunities and barriers to implement western management practices in the Middle East have been identified. Finally, a recommended plan is proposed to carry out future research.

## **Chapter 2: Cultural Comparison Using Hofstede 5-D Model**

### **2.1 Culture**

Culture is defined as a set of values, attitudes, beliefs, goals, and practices that are shared among people. It is a combination of knowledge, behavior and beliefs (Putty, 2009). There are many different definitions of culture. According to Akiner and Tijhuis (2008), over 300 definitions for culture are available in different fields of study. Some of these definitions conflict with each other. However, some important studies and books use a common definition of culture, which defined it as “a set of mores, values, attitudes, beliefs, and meanings that are shared by a group or organization” (Akiner & Tijhuis, 2008; Duarte & Snyder, 2006; Geert Hofstede, 2001). In fact, it is what makes a distinction between different groups and organizations. Culture can be considered as the concept of the group environment where common certain things are shared, such as traditions, norms, values, attitudes and behavior (Alnasseri et al., 2013). On organizational level, most managers define culture as a set of shared values, goals, attitudes, and practices within the organization’s context when it carries out a project (Putty, 2009). Numerous definitions of culture can make it complex and difficult to understand.

Culture is complex, yet important to understand because it is a hidden and powerful set of forces that determines people’s individual and collective behaviors, values, ways of thinking and understanding, and thoughts patterns (Akiner & Tijhuis, 2008). It is important because cultural forces determine and shape people’s decisions that could lead to desirable or undesirable results. Culture can help to anticipate consequences and make a choice from their potential desirability. It is important because of its role in creating a business framework and establishing the basis for organizational strategy, and its effects on the

management behavior at all levels (Alnasseri et al., 2013). Therefore, it is essential to fully understand culture and its effects on management, and seriously take it into account.

Although culture is a vague and complex term to understand, Greet Hofstede modeled it in a series of studies. Hofstede cultural dimensions model is widely used across management studies and frequently adopted by many management researchers. In this study, it will be used as a tool to compare the western culture with the Middle Eastern culture.

## **2.2 Hofstede dimensions and their link with management.**

Greet Hofstede is a Dutch scholar who conducted what is considered today as the largest empirical and most influential cross cultural values study in the area of cultures and management (Akiner & Tijhuis, 2008). He conducted this study in 1968 to cover 72 country and 116,000 workers across the world. In 2001, Hofstede found that these cultural values at the work place fall in four different dimensions: power distance, uncertainty avoidance, individualism/collectivism, and Femininity/ masculinity. In 2010, Hofstede publish his book “Cultures and Organizations: Software of the Mind” adding two new dimensions (Long-term orientation, indulgence/restraint) based on a research conducted by Michael Bond that covered 93 countries (Geert Hofstede et al., 2010).

The sixth dimension (indulgence/restraint) will not be covered in this study since it is considered a “happiness research” (Geert Hofstede, 2011) and is not directly related to construction management. The other five dimensions that will be covered are:

### **2.2.1 Power distance**

Power distance is defined as “ the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally”

(Geert Hofstede et al., 2010). The concept of power distance refers to the relationship and inequality between managers and their subordinates. It explains part of the idea of why certain culture adopt specific management style. According to Geert Hofstede et al. (2010), in countries with small power distance, subordinated are less dependent on their superiors, and there is a preference for consultation. In addition, subordinates can easily approach and contradict with their managers because there is a small emotional distance between them. Moreover, low power distance leads to a more democratic management approach and emphasizes the empowerment of employees (Akiner & Tjihuis, 2008). In contrast, in high power distance countries, there is a high dependence of subordinates on their managers (Geert Hofstede et al., 2010), and a preference for autocratic management and controlling leadership. Geert Hofstede (2001) found that in high power distance countries, workers prefer persuasive, autocratic, or majority-vote democratic managers. In addition, subordinates are unlikely to approach and disagree with their managers since there is a large emotional distance between them. Power distance is also a major factor that influences the decision-making and leadership style. In high power distance societies, workers often accept decisions made from individuals in higher status without consulting other team members. Therefore, communication in high power distance organizations takes the form top-down communication (Akiner & Tjihuis, 2008), which limits the feedback from the work floor. In contrast, doing so with workers from low power distance society can erode the trust between subordinates and their managers since workers from such cultural background expect more participation in decision-making and perceive such actions as a lack of trust (Duarte & Snyder, 2006).

### **2.2.2 Uncertainty avoidance**

Hofstede defined uncertainty avoidance as “the extent to which the members of a culture feel threatened by ambiguous or unknown situations” (Geert Hofstede et al., 2010). In other words, it is how comfortable are members of a culture with uncertain situations or with the way they work and live. When it comes to management and the workplace, individuals with high uncertainty avoidance culture seek details in plans and prefer strict rules and predictable routines (Duarte & Snyder, 2006). They show rule-oriented behaviors characterized by inconsistency and sometimes dysfunctionality. According to Geert Hofstede et al. (2010), the existence of ineffective rules and regulations in such societies can be only exist to satisfy people’s preference for more formal structure in their work environment. On the other hand, individuals who come from low uncertainty avoidance culture tend to be comfortable with ambiguous and unknown situations. They show less preference for formal rules, and they do not show a strong need for defined processes, procedures, and regulations (Duarte & Snyder, 2006) because they believe that rules should be enacted only when there is a necessity and/or needs for them (Geert Hofstede et al., 2010). Therefore, informality is common in their ways to solve problems.

Uncertainty avoidance can be noticed in the workplace through managers and their subordinates’ behaviors and relationship. In high uncertainty avoiding cultures, workers expect ready and precise answers from their managers for questions associated with the work. Managers should give precise instructions about the work assigned to their subordinates to have better results. Therefore, instructions should be clearly stated and elaborated as responsibilities of a worker increase. In addition, two direct managers for subordinates should be avoided in organizational structure. Moreover, in organizations



where high uncertainty avoidance is prevalent, people tend to have strong belief in experience on the work floor. Thus, such organizations are more likely to have more specialists. In contrast, this is not true for organizations with low uncertainty avoidance. Instead, in such organizations, ambiguity can be appraised and considered to be a way that can lead to creativity (Geert Hofstede et al., 2010).

It can be said that uncertainty avoidance is one of the major drivers that determine and shape workers' behavior and the relationship between managers and their subordinates and therefore it is a major cultural determinant to the style of management.

### **2.2.3 Masculinity/ Femininity**

This dimension describes the extent to which masculine- oriented people prioritize things, such as earnings, recognition, advancement, and challenge over a more “caring” or feminine orientation that prioritizes sharing, cooperation, and employment security (Akiner & Tjihuis, 2008; Geert Hofstede et al., 2010). In a feminine oriented environment, workers often have a good working relationship with their direct managers, and they are more prone to use technology especially during the team startup. In addition, feminine-oriented workers tend to have more concerns about job security that they are able to work with their organizations as long as they want. On the other hand, in a masculine-oriented environment, workers prefer to increase their earnings, get the recognition they deserve to a higher level or position, and work in challenging activities that give them a sense of accomplishment (Geert Hofstede et al., 2010). Unlike organizations in feminine countries, which reward workers based on equality according to their needs, organizations in masculine countries often reward people based on equity according to their performance.

In his book in 2010, Hofstede states that in masculine societies, the management style tend to be decisive and aggressive while feminine societies adopt a management style that is characterized by intuition and consensus. The reflection of this cultural dimension on management can also be clearly noticed in conflict and dispute resolution ways that are used or followed across different countries. In masculine-oriented organizations, conflict is often resolved by what Hofstede called a “good fight” or “let the best man win” while in feminine-oriented organizations, conflict is usually resolved by compromise and negotiation (Geert Hofstede et al., 2010).

#### **2.2.4 Individualism/collectivism**

Individualism refers to the extent to which people prefer to act as individuals and look for their personal interest rather than working as members of a group, while collectivism refers to the degree to which individuals are integrated into groups that are strong and cohesive with unquestioning loyalty (Duarte & Snyder, 2006; Geert Hofstede, 2015; Geert Hofstede et al., 2010). People from individualistic societies prefer personal approaches to their work and value their personal time. Organizations in such societies are characterized by loose relationship between workers. Workers in such societies prefer a challenging work that gives them a sense of accomplishment. According to Geert Hofstede et al. (2010), perspective of workers toward time and their preference for personal approaches and challenging works all highlight their independency from the organization. On the other hand, people from collective cultures show a preference for training opportunities, full use of skills on their work, and good physical work conditions. Such concerns indicates that workers in collective societies tend to show more dependency on their organizations (Akiner & Tijhuis, 2008; Geert Hofstede, 2001).

In addition to the effect of this cultural dimension on the relationship between workers and their organizations, it is a major determinant of the leadership style inside organizations. Workers' cultural background can determine their expectations from their leaders in terms of coaching, communicating, and career development; that is, whether workers are from individualistic or collective societies will affect the adopted leadership style (Duarte & Snyder, 2006).

### **2.2.5 Long-term orientation**

Long-term orientation is the tendency to value future concerns, such as perseverance, thrift, savings, persistence, and adapting to changing circumstances. On the opposite side, the short-term orientation is the tendency to show respect for traditions, preservation of face, national pride, and fulfilling social obligation (Greet Hofstede, 2015; Geert Hofstede et al., 2010). This dimension directly affects the workplace and the management style adopted. In a long-term oriented society, work values include learning, honesty, accountability, and self-discipline. Organizations in such societies emphasize the importance of long-term profitable decisions, such as 15 years profit goals. Such organizations are often characterized by the focus on building a strong market position at the expense of immediate profitable results. Thus, managers are allowed to use the needed resources and spend enough time to make their decisions and contributions. On the other hand, in a short-term oriented society, work values include freedom, rights, achievement, oneself concern. In such societies, efforts are often made to produce quick results (Geert Hofstede et al., 2010). In short-term oriented organizations, decisions are made based on short-term perspective and the control system often focuses on what Hofstede called "myopic decisions". In these organizations, managers are usually rewarded based on the principle of short results and

immediate profits (Geert Hofstede et al., 2010). Under this control system, they can also be judged based on the results of their predecessors' decisions that were made in the past. Long-term orientation can also affect the flexibility of organizations to adopt new ideas and the adaptability to changing circumstances. In long-term oriented organizations, there is a tendency toward adapting to changing circumstances though the long-term commitments can slow the development of new ideas and systems (Cassell & Blake, 2012; Geert Hofstede et al., 2010). In contrast, the absence of the long-term commitments in short-term oriented organizations (Cassell & Blake, 2012) fosters the quick adoption for novel ideas (Geert Hofstede et al., 2010). Thus, the long-term orientation dimension is a determinant of how new management ideas may be accepted, adopted, and/or developed in organizations.

### **2.3 Construction Management – Culture Relationship**

Researchers have argued that management values, attitudes, and behavior vary across different cultures. Therefore, effective management styles are culturally bounded (Boussif, 2010). Culture affects management practices in different aspects. For example, it affects the project team performance. Different studies reported that project team performance can be directly influenced by national culture values. In their study to analyze the cultural effect on team performance, Horii et al. (2005) conclude that team performance can give better results when management practices are congruent with national culture values. This study is consistent with Hofstede's proposition in his studies on cultural values and their effect on management practices. Hofstede proposed that workers can deliver better performance if they work under their preferred management practices (Geert Hofstede, 2001; Geert Hofstede et al., 2010). Thus, in order to achieve better outcomes, it is essential to find

harmony between the internal characteristics of an organization and the cultural context. Construction management is not an exception. Many studies have reported that there is a direct impact for culture on construction management. Management practices and effectiveness vary from country to country, and this variation is partly attributed to cultural differences (Al-Kazemi & Ali, 2002). Culture affects construction management in a variety of ways. According to a study done by Putty (2009), the impact of culture on construction management can be summarized in the following points:

- 1- How issues are viewed (problem solving); some companies view them as problems while others view them as opportunities.
- 2- Decision making process. According to Lientz and Rea (2002), in some cultures, where hierarchy and bureaucracy are significant, as is in the Middle East, project managers are often involved in a long and tedious decision making process. This will eventually lead to a significant delay in schedule and cost overruns, which characterize construction projects in the Middle East.
- 3- How actions can be taken. Some cultures limit direct actions because they may lead to conflict and disputes.
- 4- The amount of support for initiatives and empowerment versus control.
- 5- How work is organized: individual versus collective organization.
- 6- How much trust exists between management and workers. If there is a high trust, work review will be less.
- 7- How construction management is viewed and how much values placed on it.
- 8- How technology is perceived.

Cultural effects are not only limited to the above points. Culture is also a major determinant of the leadership styles adopted by project managers because it affects their motivation and beliefs, and thus changes their approach to leadership. For example, in the western countries, where the power distance is relatively low, more participation is allowed in the decision making and managers are more democratic in their leadership style. However, in high power distance countries, such as Middle Eastern countries, a more authoritarian leadership style is adopted, and there is less participation from workers in the decision making process. This issue can cause problems especially where multicultural workforce characterize the construction industry, as is in the Middle East. When workers are from different cultures and have different expectation from their managers, it becomes difficult for project managers to adopt one leadership style. Consequently, their effectiveness will be declined in such work environment. This issue is very significant in the Middle East because of the multicultural workforce and multinational projects that are prevalent in this region.

The literature reveals that these cultural effects are not limited to leadership, but extent to affect the communication process at the project level. According to a study by Jaeger and Adair (2013), the most common multicultural problem when it comes to construction management is the communication challenge. Having multicultural workforce with variety of languages and cultural backgrounds can lead to misunderstanding and misinterpretation, which in turn results in communication problems and may decrease the productivity and increase the chance of conflict (Enshassi & Burgess, 1990). In addition, communication problems that come from differences in cultures and languages can lead to a bigger problem in safety. According to Bakhtari (1995), consultants and safety officers in the Middle East

report that communication is the main issue that affects safety in the construction sector. In construction project, people often work at the same place in close proximity, but the problem is that language barriers hinder their ability to communicate in terms of verbal communication and understanding and interpreting safety manuals, directions, and training materials. Hence, culture can determine the way people communicate with each other, and differences in culture lead to differences in the ways of communication.

Regulations, rules, and policies can also be influenced by culture. In fact, culture influences government policies and the way regulations are enacted and enforced (Alyousif et al., 2010). A practical example of that is the Middle East region, where high power distance and uncertainty avoidance scores refer to authoritarian leadership that produces rigorous rules, regulations, and laws to strengthen its authority and reinforce its control (Hammoud, 2011). This eventually initiates a caste system that impedes the progress and upward mobility of people in business. Therefore, people start to develop resistance to change and show high obedience for rules and procedures. Consequently, These effects on policies and regulations can prevent or limit construction innovations, initiatives, and investment in people ideas (Loosemore & Muslmani, 1999).

It can be said that the effects of culture on construction management can be summarized under five main areas: Communication, leadership, decision making, conflict and dispute, and policies and regulations.

## **Chapter 3: The Characteristics of Construction Management in the Middle East through Hofstede's 5-D Model**

### **3.1 Comparison of the cultural characteristics between the Middle East and the West**

It is not well defined yet how many countries constitute the Middle East. However, the most frequently reported countries under the umbrella of the Middle East include Bahrain, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, Turkey, United Arab Emirates, and Yemen. Although there are some differences that characterize each country in the Middle East (Ralston et al., 2012), the general cultural characteristics are the same for Middle Eastern countries except for Israel, which has different cultural and management characteristics. At least to the extent of this study, Hofstede characterizes most of the Middle East countries under the "Arab group" as Arab countries represent the majority among the Middle East countries. This region has certain cultural and management characteristics that differentiate it from the rest of the world. Figure 3.1 compares some Middle Eastern countries, such as Iran, Iraq, Kuwait, Lebanon, Syrian, Saudi Arabia, Turkey, and UAE, with some western countries, such as the United States, United Kingdom, and Canada using Hofstede 5-D model for cultural comparison.

As shown in Figure 3.1, there is a clear distinction between the Middle East and the west in terms of power distance, individualism, and uncertainty avoidance. According to many researchers, these differences have a significant reflection on the management practices in general (Alnasseri et al., 2013; Geert Hofstede, 2001; Geert Hofstede et al., 2010; Khmour et al., 2015; Weir, 2001) and on construction management in particular (Akiner & Tijhuis,



2008; Enshassi & Burgess, 1990; Jaeger & Adair, 2013; Lientz & Rea, 2002; Loosemore & Muslmani, 1999; Putty, 2009).

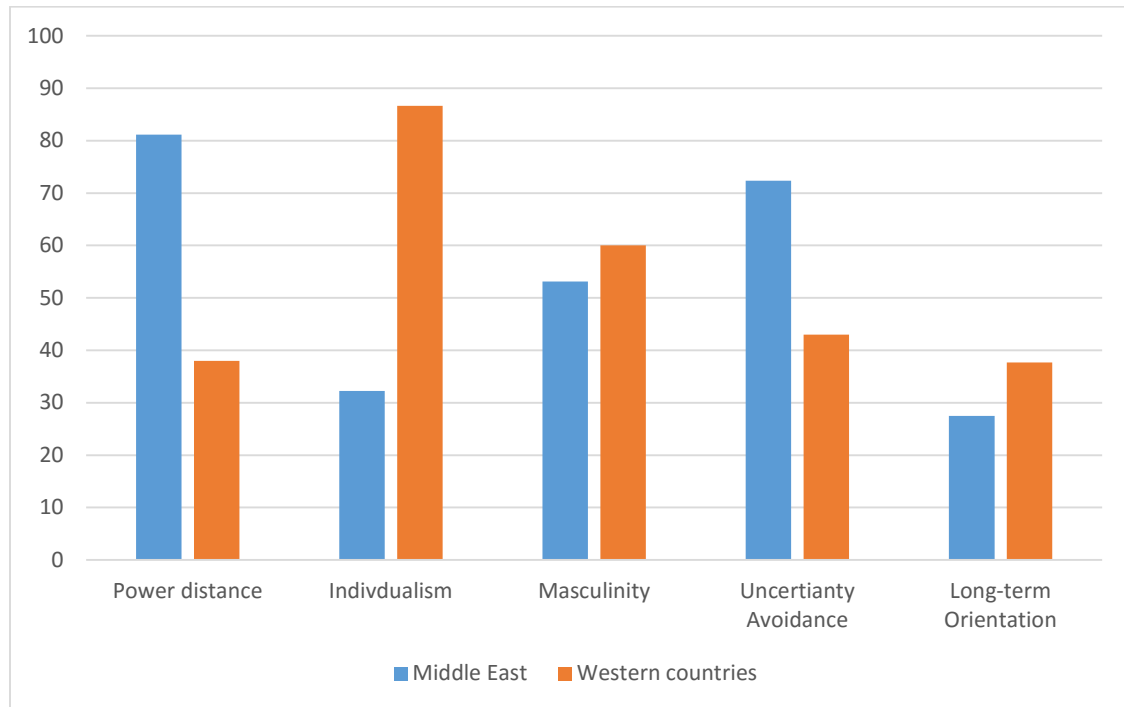


Figure 3.1: Comparison between the Middle East and some western countries using Hofstede 5-D model

### 3.2 Characteristics of Middle East construction management

Trying to diversify their economic resources, which mainly depend on oil, Middle Eastern countries continue their plans in construction by building mega projects, such as skyscrapers, mega retail malls, residential and commercial buildings, etc. Recent reports reveal that there is a construction boom in the Middle East for the next twenty years due to the big construction plans that were set recently. According to EC HARRIS (2013), an International Built Asset Consultancy, the next twenty years will witness unprecedented levels of construction programs in the Middle East. As shown in Figure 3.2, EC HARRIS reported that the forecasted peak of construction is estimated to be from 2014 to 2019. Over

117 major programs costing more than US\$ 1 trillion are planned to be completed by 2030 (EC HARRIS, 2013). Construction projects in these programs include

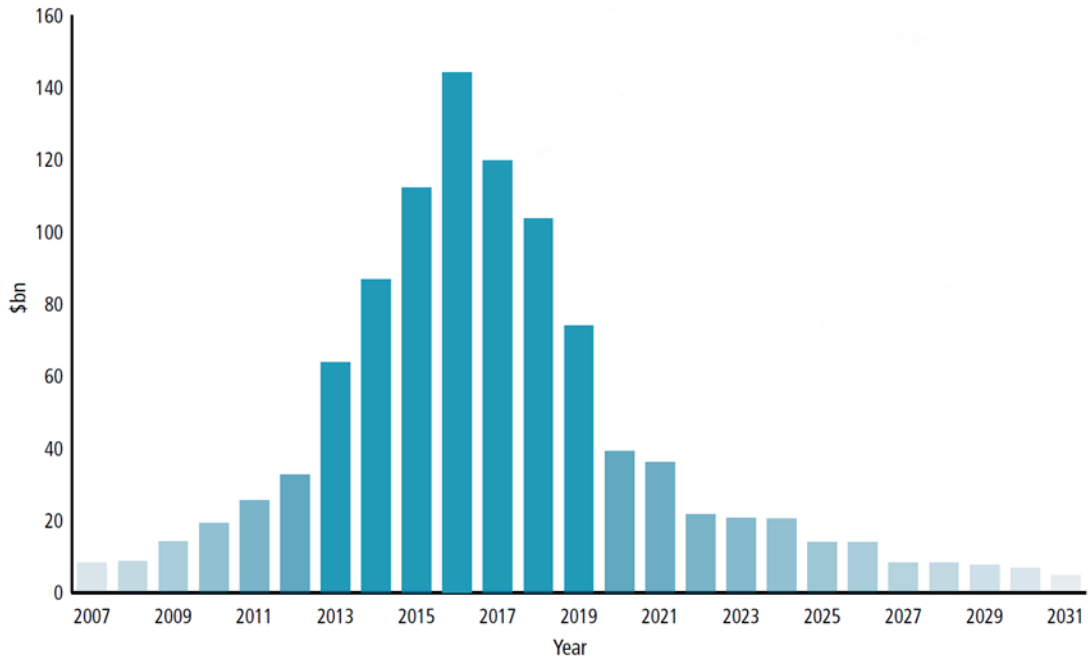


Figure 3.2: Annual spending on major programs across the Middle East (Modified from ECHARIS 2013)

health, education property, real estate, retail, and leisure in addition to transportation and infrastructure development projects. In addition to these programs, there is a considerable number of construction projects associated with the World Cup 2022 in Qatar and the World Expo 2020 in Dubai. Moreover, the increasing demand from the growth of populations and economies emphasizes the need to renovate the infrastructure system, which is now at end of its life since it was established in the 1970s and the 1980s (MEED, 2011). This remarkable number of large construction programs requires a considerable amount of additional resources, such as labors and commodities, as well as additional capacity in terms of logistics and supply chain. For example, during the construction peak

time, 2014 to 2019, it is estimated that 1.2 million additional laborers and 135,000 professional will be required to deliver these major planned programs (EC HARRIS, 2013).

Adding these additional requirements to the lack of resources that already characterized the construction industry in the region will pose real risks that some of these programs will not meet their objectives. In addition to these risks, there is another risk that comes from the recent declining in the oil prices since most of Middle Eastern countries, especially where the major programs are located, depend on oil in their economic development. According to MEED (2011), Business Intelligence Tool for the Middle East and North Africa, the growth and development construction programs, which will be largely government financed, will continue as long as the oil prices remain above the critical threshold, which is \$80 a barrel (MEED, 2011). The recent declining pushed the oil prices to \$47 a barrel, which has a significant impact on the construction market. According to MEED (2015), some construction programs in the gulf region could be put on hold due to the significant drop in the oil prices (MEED, 2015).

The above drivers and challenges of the construction market coupled with the critical or unstable political situation in the Middle East make it difficult for the construction industry to continue its prosperity. Therefore, there is a real need for an appropriate management system to deliver such huge amount of construction work successfully. Yet, the Middle East construction industry is characterized by traditional management practices. In fact, the governing delivery systems in the Middle East are traditional approaches that are characterized by many flaws (Rached et al., 2014). In terms of contractual procedures, the International Federation of Consulting Engineers (FIDIC) group of contracts with traditional project delivery methods have been the dominant family of contracts in the

Middle East since the 1970s and they have been widely used across the region (Rached et al., 2014). FIDIC are not used as they were developed in their original print. Instead, they were modified by Middle Eastern governments to suit their use. These modifications put a lot of of pressure on contractors, as it will be discussed later.

The dominant delivery system in the region is still the design-bid-build approach, which is characterized by fragmentation between the project parties. It is common to see that the design is often prearranged by the client's professionals and then goes to a build-only contractor (Kilani, 2014; Rached et al., 2014). Some projects utilize the design-build delivery method, but it is still not popular in the region. In terms of contracts that are integrated in FIDIC forms of contract, a recent report done by AECOM (2014) shows that the lump sum and fix price contracts are dominant in most of the Middle East countries (Baldauf-Cunnington et al., 2014).

### **3.2.1 Construction business orientation**

It is often a commonplace to discuss the business orientation in management comparison studies. Business orientation is directly affected by cultural variables since culture influences business relationships, time attitude, and work values (Broeke, 2013; Geert Hofstede et al., 2010; Loosemore & Muslmani, 1999; Weir, 2001). In fact, culture is what distinguishes between business orientations across different management styles. The literature reveals a notable distinction between the western management style and the Middle Eastern management style in terms of business relationship, time attitude, and work values. Several researchers attribute this distinction to the differences in cultural values. In his studies to discuss the Arab management style as a separate paradigm from American, European, and Japanese management styles, David Weir proposed that business in Middle

Eastern Arab countries is relationship oriented (Weir, 1994, 2000, 2001). In other words, relationships and business networking play a major role in Middle Eastern business environment. To run a successful business in the Middle East, special attention should be paid to business relationships. In fact, Middle Eastern people exert many efforts to build and develop these relationships and they often utilize them to extend their business (Broeke, 2013). Many researchers attribute this orientation of business to cultural effects. Weir stated that relationships are considered “an important vehicle” for doing business in “high context” cultures (Weir, 2001). Reciprocally, business is an important pillar for relationships in such cultures. According to Hofstede, Middle Eastern culture is a “high context” culture and therefore relationships are crucial in Middle Eastern business (Geert Hofstede et al., 2010). In addition, Middle Eastern society is a collective society and people prefer to work in groups and value group goals to personal goals. Moreover, tribalism, referring to relatives and friends, has been dominant in the Middle Eastern culture, which gives relatives and friends a higher importance and priority in the business mechanism. All these cultural factors have helped to build and develop a relationship-oriented business in the Middle East region. In contrast, western management style has different business orientation since western culture is regarded as individualistic culture, and westerners are more independent and self-oriented than Middle Easterners (Broeke, 2013). People in western organizations value personal goals more than group goals and tend to have loose links and weak relationships in the business environment. In western business, terms, such as reason, self-interest, etc. are more important than relationships and networking. However, the last two decades have witnessed new movement in western business orientation. Westerners start to realize that networking and relationships are important

factors for business to survive in the market competition. According to (Khdour et al., 2015; Weir, 2001), the western business has been moving toward networks based environment. Today, there is a reflection for this new movement on the western construction industry, where new network-based practices, such as IPD and lean construction, have been developed and adopted as “best practices”. Such practices have been successfully implemented in western construction environment even though individualistic culture and self-oriented business are dominant characteristics in the business environment. According to Rached et al. (2014), IPD has been increasingly adopted in the United States. By examining the Middle East business environment, there is a good chance for such practices to be implemented since the region has the appropriate foundation for a relationship and network based practices. However, some researchers criticized tribal relationships and they conclude that they have adversarial effects on the business environment. According to Sui Pheng and Leong (2001), loyalty is valued over ability in the Arab society, where relationships are significant in the business environment. In addition, in the work environment, communal and tribal affiliation influence the selection, evaluation, and promotion criteria. This is common in both government and business levels. Therefore, the focus on the quality of work and adequate performance is rare from those in power. Consequently, those who are motivated to be in a productive work environment will lose their motivation and confidence.

Having this said, there is one questions that needs to be answered; Given that the Middle Eastern business environment is characterized by relationship orientation, is there an opportunity to implement a relationship-based management practices, such as IPD, in the Middle East?

### **3.2.2 Communication**

Communication is defined as a “cyclical process whereby people continuously share information over time until they converge upon a mutually acceptable level of understanding” (Loosemore & Muslmani, 1999). Western theories model the communication process in seven stages: source, encoding, message, channel, decoding, receiver, and feedback (Sui Pheng & Leong, 2001). Some researchers mentioned that the communication process consists of coding, sending, receiving, and interpreting (Putty, 2009). From the aforementioned definition and the models of the communication process, it is normal for misunderstanding to occur especially when there are cultural and language differences.

Since culture is a set of values, beliefs, assumptions, norms, and goals that lead to common mindsets, it is directly associated with communication. These aspects of culture determine the codes of conducts, attitudes, and expectations that control people’s behaviors and their way to understand messages (Loosemore & Muslmani, 1999). When culture affects the process of communication by forming people’s mindsets, its influence is often in the form of language. What is meant by language here is not only the verbal form of language, but also the silent cues that people demonstrate when presenting themselves in an act of communication. The silent cues are very important for communication in high context cultures, such as the Middle East culture (Loosemore & Muslmani, 1999).

In the construction industry context, communication challenges are one of the most common multi-cultural problems (Jaeger & Adair, 2013). According to Putty (2009), these challenges can be big issues that sometimes create havoc since they are often discovered lately in the project when corrective actions become expensive and require much efforts.

Communication problems that can affect the project success vary from simple language difficulties through paradoxical contract understanding to sophisticated behavioral issues.

Communication is still a significant issue in the Middle East construction because the industry in this region is characterized by multi-cultural teams and heavily depends on multi-national workforce. Because of the lack of human resources in the Middle East, especially in the Arab area, and the relatively cheap labor in some neighboring countries, it is common to see construction projects in the Middle East executed by teams from different cultural backgrounds. Foreign workforce exist in significant numbers in the Middle East, especially in the gulf region. According to a recent report by EC HARRIS in 2013, most of the skilled and unskilled labor in the Middle East come from expatriate workforce which already represents the majority of the population in the gulf countries (EC HARRIS, 2013). According to the report, 87% of Qatar residents consist of foreign workers, as are 70% of UAE and 69% of Kuwait's residents. Combined with these big numbers of workers, cultural diversity is also significant among them. According to (Enshassi & Burgess, 1990), Construction project in the Middle East are usually executed by workforce from different countries, such as Pakistan, Egypt, India, Turkey, Thailand, etc. This combination of workforce leads to differences in language, religion, values, norms, behaviors, and education. Even for those who were influenced by British and speak English, such as India and Pakistan, the differences in accents and the level of fluency may cause significant problems in the communication process. In fact, the aforementioned differences can cause different problems in the communication process that vary from misunderstanding between work teams to misinterpretation for contractual documents, training manuals, and instructions. According to consultants and safety officers,



communication problems is the main issue that affects safety in the Middle East (Putty, 2009). Usually many people work together in close proximity, but the problem is that language barriers hinder their ability to communicate in terms of verbal communication and understanding and interpreting safety manuals and directions. Dubai is a good example about this issue, where more than 40 languages are spoken in one construction site. Having such number of spoken languages in the same site will pose significant communication and safety problems since there will be few reference materials that inform workers about important concerns, instructions, and messages. According to Putty (2009), this problem becomes more significant by the low literacy of the workforce. In addition to the safety problems, the lack of communication decreases the workforce productivity. According to (Enshassi & Burgess, 1990), the productivity of workforce will be decrease as a result of communication problems between different teams on one hand and between project managers and work teams on the other hand. These issues will increase the project manager's tasks and require him/her to adapt certain leadership styles, as it is the case in the Middle East.

Most of communication issues in the Middle East are attributed the cultural diversity associated with the high percent of multi-national workforce in the construction industry. Several work teams have significantly different cultural backgrounds and languages. Therefore, their ways of communication are drastically different. In fact, there is a high likelihood for communication problems to occur between Arabs and westerners in the Middle Eastern construction environment. Arab culture, which is the dominant culture in the Middle East, is significantly different from the western cultures when it comes to communication. According to the literature, Arabs culture is a high context culture, which

refers to an indirect style of communication, while the western culture is a low context culture, which refers to a direct style of communication (Deresky, 2014; Geert Hofstede et al., 2010; Weir, 2001). Therefore, Middle Easterners, especially Arabs, use certain communication style that is influenced by their culture and the Islamic religion, which is the dominant religion in the Middle East. For example, Arab avoid eye contact since humility is a main part of their religion. Conversely, eye contact is required in western communication and a lack of it may indicate a sign of weakness and submission (Loosemore & Muslmani, 1999). Arab like to pass around a subject before dealing directly with issues, while westerners like to address the point directly. In fact, the implicit and indirect way of interaction is what characterizes communication in the Middle East construction environment because the majority of the workforce involved belong to high context cultures (Middle Eastern and Asian countries). This is not true in western cultures, where communication take a direct and straightforward style and tact while diplomacy takes a second place (Deresky, 2014). In addition, Middle Easterners always avoid admission of errors at all costs since they consider that as a sign of weakness and a failure to be manly. This can cause problems in communicating with westerners because it is sometimes hard for westerners to get the truth.

It is clear that all these problems in communication become significant between westerners and Middle Easterners since these two culture are significantly different in terms of communication style. Given that the style of communication in the Middle Eastern construction industry has been built and developed in a set of high context cultures, there is a question that need to be answered; is it possible to apply a direct communication style, which has been built and adopted in the west, in the Middle Eastern construction industry?

### **3.2.3 Leadership**

There is no one common definition for leadership since different researchers stated different definitions. Bennis (1989) defines leadership as “the capacity to create a compelling vision and translate it into action and sustain it”. To Bass and Stogdill (1990) leadership is “the principal dynamic force that motivates and coordinates the organization in the accomplishment of its objectives”. While Chemers (2014) states that the most common and acceptable definition for leadership is that “ leadership is the process of social influence in which one person is able to enlist the aid and support of others in the accomplishment of a common task”. Leadership is a process that can take different styles in different societies. According to Hammuda and Dulaimi (1997), the comparison of leadership styles often occurs on a continuum with two extreme: directive on one end and participative on the other end.

Because leadership is a process of social influence, it is directly affected by culture. The literature shows that there is an obvious support to the influence of cultural aspects on the leadership style. Enshassi and Burgess (1991) stated that culture and leadership cannot be separated. Hofstede found apparent differences across cultures in terms of their perception and preference to certain styles of leadership (Geert Hofstede, 1980; Geert Hofstede et al., 2010). For example, the Peruvian workers prefer supervisor that gives them instructions and monitors their progress rather than a supervisor that gives a general supervision and leaves them on their own most of the time. The opposite is exactly true for the US workers. Every culture is characterized by a certain leadership style. Problems associated with leadership occur when project management adopt a specific leadership style that is different from the one workers used to work with. For example, problems usually occurs

when project management try to implement task-oriented leadership style in relationship-oriented cultures. The reason for such problems is that project management would be more concerned with schedule, production, and results than creating opportunities to build relationship with other parties in the project (Putty, 2009). The same is true when an autocratic or authoritarian leader works with or leads teams from participative leadership cultures. This problem becomes more significant when the work environment have multicultural workforce, as it is in the Middle Eastern construction industry where work teams come from different culture and work in the same site.

Several studies about the leadership reported different styles adopted in the Middle East. Some researchers stated that the leadership in the Middle East often takes the authoritarian form. According to Gholamreza et al. (2011), the prevalent style of leadership in Middle Eastern organizations is authoritarian, and they are managed by a centralized form of management. Hammoud (2011) points out that the authoritarian style is dominant in the Middle Eastern leadership. He proposed that Middle Eastern management is defined as X style of management, which means that manager's behavior and leadership is driven by three major assumptions: First, managers have assumptions that workers are usually lazy, avoid responsibility, and like to follow directions. Second, job security and money are the basic motivators for workers. Last, in order to make workers achieve organizational goal, managers have to use intense control measures and threats of punishment. These assumptions can explain the authoritarian style of leadership in the Middle East since at least Arab managers are still considered to match the X theory.

The second style of Middle Eastern leadership that has been reported by the literature is the consultative style. Several researcher reported that Middle Eastern managers often

adopt consultative leadership style (Ali, 1989, 1993; Ismail et al., 2010; Randeree & Chaudhry, 2007; Randeree & Ghaffar Chaudhry, 2012). This style of leadership is attributed to tribalistic and Islamic values and beliefs that emphasize consultation. However, some researchers proposed that the consultative leadership style in the Middle East is not similar to the one in the west since Middle Eastern leaders may consult some of their workers, but they always retain the right of making the final decisions (Ali, 1989; Kabasakal & Dastmalchian, 2001). Yet, some scholars think that there is at least a preference for consultative or participative leadership, which indicates a positive change in Middle Easterners mindsets in terms of their preference and perception to leadership.

With respect to the Middle Eastern construction industry, several researchers proposed that Middle Eastern construction managers adopt different leadership styles even within the same organization depending on the conditions (Alnasseri et al., 2013; Enshassi & Burgess, 1990, 1991). This adoption of different styles within the same company or project is reasonable in the Middle East because of the presence of multicultural teams in the work environment. When working with multicultural workforce, Middle Eastern managers often try to cope with the diversity of workforce culture. Otherwise, their managerial effectiveness will be declined. This problem often results in wasting valuable resources, decreases productivity, delays the completion of construction projects, and causes financial problems (Enshassi & Burgess, 1990). Therefore, researchers proposed that in such environment, where multicultural work force is percent, it is recommended to adopt what is called “high-high” leadership style(Enshassi & Burgess, 1990; Hammuda & Dulaimi, 1997). That is, construction project managers need to be highly human oriented in their leadership behavior, so they can avoid or minimize conflict or unnecessary problems.

Furthermore, they need to be highly task oriented by focusing on planning, control, productivity, etc. so they can improve the performance of such culturally diverse workforce.

It is fair to say that there is no one common leadership style adopted in the Middle Eastern construction industry. However, there is one common thing that characterizes the leadership in the Middle East, which is the lack of participation. Most of the researchers who reported different leadership styles for this region stated that the Middle Eastern leadership is away from the real participation. However, some scholars proposed that there is a preference for a participative or consultative leadership, but the actual practices of leaders tend to be more authoritarian and directive. Even within the consultative style, leaders always retain the right of making the important and final decisions. Therefore, some researchers call this style as “pseudo-consultative” or “pseudo-participative” style to recognize it from the real participative style that is common in the modern western leadership theories (Ali, 1989, 1993; Boussif, 2010). In fact, this is a substantial difference between the Middle Eastern leadership and the western leadership, which is characterized by the real participation in the decision making process. In Middle Eastern leadership, there is no empowerment for workers and investment in people ideas. Decisions are always made by superiors without the involvement or the participation of employees.

Middle Eastern leadership style scores low in all the characteristics of what is called “effective leadership” that characterizes the western leadership style. This is evidenced by a remarkable study for leadership styles in 62 different societies across the world, which is called the GLOBE. The GLOBE is a big research project that includes the study of culture, leadership style and organizations in 62 societies across the world. Several scholars from

different countries contribute to this project. The GLOBE includes the study of leadership style in seven different Middle Eastern countries including Egypt, Iran, Kuwait, Morocco, Qatar, and Turkey. This study classifies modern leadership styles to six different styles including self-protected, Autonomous, Human oriented, Participative, Team oriented, and Charismatic/Value-based (House et al., 2004). The results in this study show that the Middle East has unique leadership characteristics that differentiate it from the western leadership style. The GLOBE shows that when comparing the Middle East with other regions that are included in the study, such as western countries, its scores rank at the low end of leadership comparison as shown in Figure 3.3 and Figure 3.4. The results in this study shows that the Middle Eastern leadership does not fall in the GLOBE attributes or styles of leadership. It may falls in other attributes, which would likely be the authoritarian or directive leadership styles, as it was reported in other studies. The GLOBE authors think that the Middle Eastern leadership may take a more traditional style that makes the leader more familial, humble, faithful, self-protective, and considerate (House et al., 2004). This is reasonable conclusion due to the effect of Islam religion on the leadership and the culture of people in this region. However, this is not reported practically in any other surveys or studies except the GLOBE. What has been reported by studies is a more authoritarian or directive leadership style that does not invest in people ideas or allow a real participation in the decision making process. High power distance and uncertainty avoidance scores that characterized the Middle Eastern culture refer to an authoritarian leadership that produces rigorous rules and regulations to strengthen its authority and reinforce its control. Eventually, this initiates a caste system that impedes the progress and upward mobility of

people in the business (Hammoud, 2011). Therefore, people start to develop resistance to change.

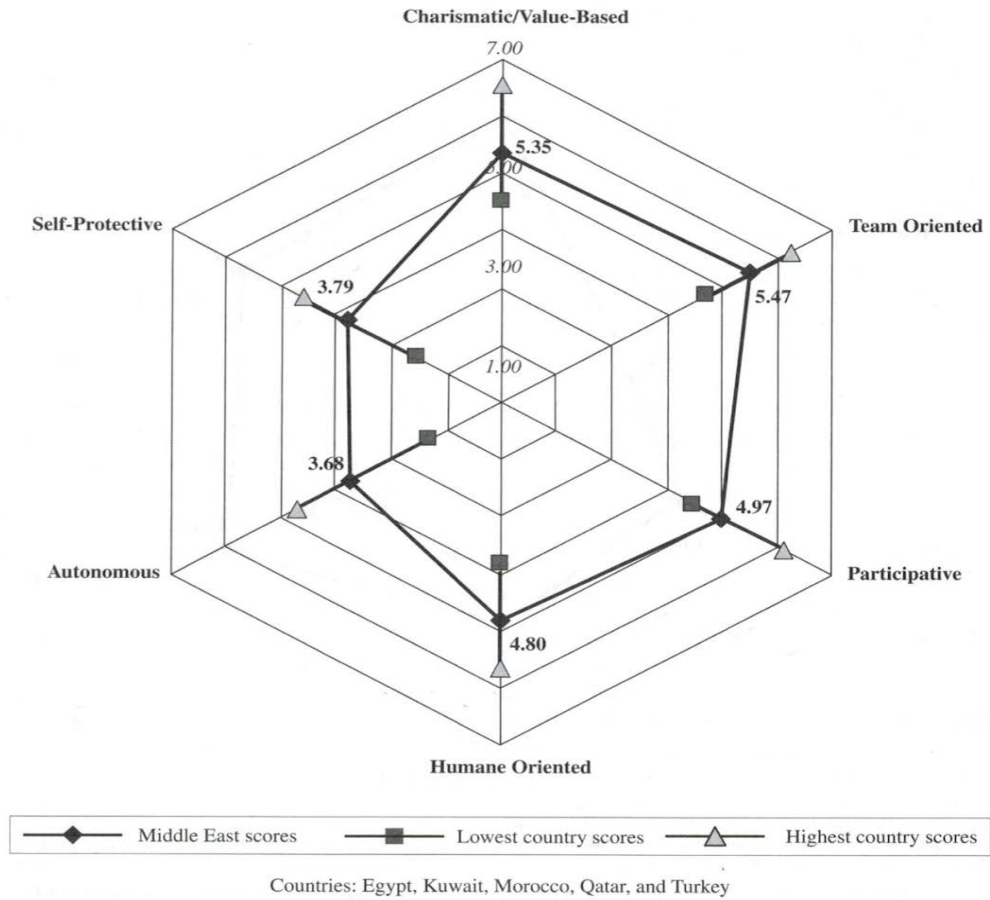


Figure 3.3: Leadership orientation in the Middle East (Modified from the GLOBE 2004)



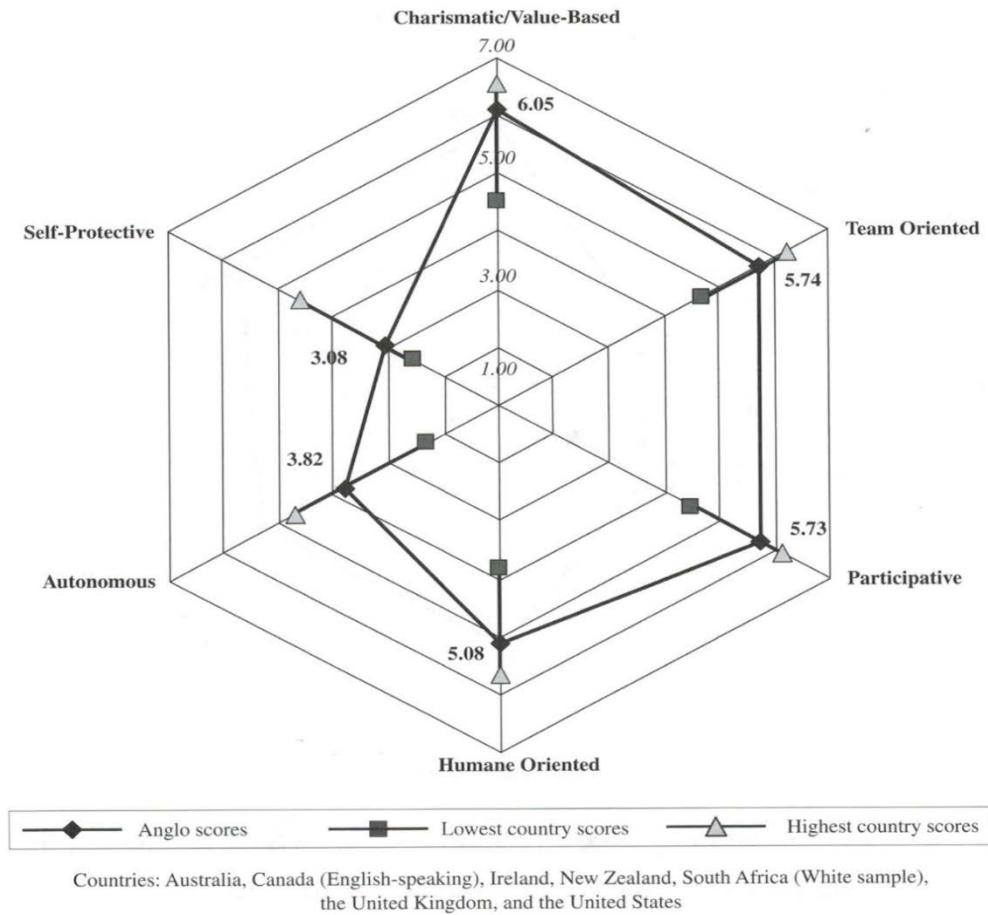


Figure 3.4: Leadership orientation in the west (Modified from the GLOBE 2004)

To sum up, the major difference between the western and Middle Eastern leadership styles is the lack of participation that characterize the Middle Eastern leadership. In this region, especially in Arab countries, leadership does not support innovations and creativity, especially in problems solving. Instead, problems solving is always controlled by tribal and cultural values (Gholamreza et al., 2011). Lack of empowerment and investment in people is dominant in Middle Eastern leadership. However, real participation, motivation, and involvement of workers in the decision making process are major characteristics of the western leadership.

### **3.2.4 Decision making**

Decision-making is an integral part of the management process within any organization at any level (Boussif, 2010). It is the process of thinking, acting, and reacting to the surrounding stimuli. Decision making quality requires special attention in construction projects due to its complexity that comes from the large number of professionals who participate in the decision making process (Walker, 2015). People are the core of this process since they are the decision makers as well as the ones who are affected by decisions. Thus, their culture is important determinant of their decisions. Hofstede believes that the decision making process is influenced by cultural background. He proposed that centralization of the control and the structure of decision making are both affected by power distance (Geert Hofstede et al., 2010, p. 400). Duarte and Snyder (2006) stated that people from high power distance cultures tend to accept and believe that decisions should be made by individuals from higher status without an involvement or contribution from other team members. In addition, people with short-term orientation cultures prefer make immediate profitable decisions. While people from long-term cultures tend to display perseverance and thrift rather than focusing on the short-term decisions. Thus, culture is a major element in the decision making process.

With respect to the Middle East, the literature shows a support for the consultative style of decision making, which is consistent with the consultative leadership style that has been reported by some scholars (Ali, 1989, 1993; Boussif, 2010; Hammoud, 2011; Muna, 1980). This preference for a consultative decision making style is supported by Islamic and some tribalistic cultural values. However, consultation is still superficial and away from the real involvement in the decision making process since managers seek an agreement from other

team members on decisions already made (Ali, 1993; Hammoud, 2011). In addition, the decision making process tends to be centralized, long and tedious in Middle Eastern organizations, especially in the construction sector (Hammoud, 2011; Lientz & Rea, 2002; Loosemore & Muslmani, 1999; Putty, 2009). Slow decision making has been repeatedly reported as a major reason in delaying the completion of construction projects in several Middle Eastern countries, such as Saudi Arabia, Egypt, Pakistan, UAE (Abd El-Razek et al., 2008; Al-Khalil & Al-Ghafly, 1999; Al-Kharashi & Skitmore, 2009; Al Solaiman, 2014; Pakistan, 2011).

The Islamic religion and some cultural tribalistic values support consultation on the Middle Eastern decision making style. However, the high power distance score for the Middle Eastern culture supports centralization of the decision making process that is limited to selected high status individuals. In addition, since hierarchy and bureaucracy are significant in the Middle Eastern culture, managers will often be involved in a long and tedious decision making process (Lientz & Rea, 2002).

As a comparison with the western management, Middle Eastern management adopt a consultive style with limited selected individuals contributing in making final decisions. However, western management supports participation in making decisions and invests in people ideas. Consequently, contribution to decisions is not limited to some individuals, but extends to other members in the team or the organization. This comparison is consistent with the comparison of leadership styles for the two management styles.

### **3.2.5 Conflict and disputes resolution**

The complexity of construction projects make the industry highly adversarial and a leader in conflict and dispute occurrence and resolution (Mahamid, 2014). Conflict is defined as

an opposition or antagonistic interaction that results from an effort made by one party that can hinder the effort of another party in achieving their objectives or furthering their interests (Jaffar et al., 2011; Sui Pheng & Leong, 2001). Dispute is one of the events of conflict that occurs between the conflicting parties when they show an action for a disagreement. Some researchers define disputes as a problem or disagreement between the conflicting parties that cannot be solved by the on-site project management (Mahamid, 2014).

In the construction industry, several reasons can cause disputes including: poor management, adversarial culture, poor communications, employer imposed change, inadequate design, incomplete claims, unrealistic tendering, unrealistic client expectations, incomplete contract drafting, poor workmanship, failure to administer the contract, etc. (ARCADIS, 2014; Mahamid, 2014). Causes of disputes can be classified into three groups: technical causes, such as unrealistic cost estimation, contractual problems, such as failure to administer the contract, and human related causes, such as parties' expectations and adversarial culture.

As there are different reasons that can cause disputes, different practices are utilized to resolve them. Disputes resolution methods fall into two main groups: binding and non-binding resolutions. Non-binding resolution methods include: conciliation, expert tribunal, mediation, negotiation, etc. while binding resolution methods include: adjudication, arbitration, expert determination, litigation, etc. Sometimes the resolution method can be a mix of both binding and non-binding methods.

Conflict and disputes are directly associated with culture since their causes and resolution methods vary from country to country. Culture is a major determinant of the way of

perceiving and resolving disputes. Geert Hofstede et al. (2010) stated that cultural dimensions determine the way of resolving disputes. They proposed different ways by them national culture can affect the negotiation processes including:

- Power distance determines the importance of the status in the negotiation.
- Collectivism can affect the relationship between negotiators.
- Masculinity determines how much compromise will be in the negotiation.
- Uncertainty avoidance can affect the trust and the tolerance for ambiguity in the negotiation.
- Long-term orientation can affect the persistence to reach the desired results from the disputes.

Due to the aforementioned effects of cultural dimensions on the disputes resolution, countries are different in their ways of looking at disputes and their approach to handle them. According to Jaeger and Adair (2013), there is a difference between westerners and Asians with respect to their attitude towards disputes and their approaches to resolve them. In their study for disputes resolution in the construction industry in twenty different countries across the world, Fenn et al. (2005) stated that in traditional Chinese culture, informal talks sometimes can be more effective than legal procedures in resolving disputes.

With respect to the Middle Eastern construction industry, it is characterized by a significant rate of disputes. According EC HARRIS (2013), construction disputes in the Middle East reached more than double the global average. Recent reports about global construction disputes show that the Middle East ranks at the top of the list of global construction disputes in terms of the disputes value (ARCADIS, 2012, 2013, 2014). The cost of construction

disputes in Middle East from 2010 to 2013 reached more than \$ 274 million with 11.45 months average of length of disputes. This is significant cost compared to other regions, such as the United States, United Kingdom, and Europe.

Several reasons contribute to the high rate of disputes in the Middle Eastern construction industry including the high presence of multicultural workforce and teams, legal and contractual reasons, and employer or client related reasons. The literature shows that Middle Eastern construction industry is full of multi-cultural work teams. Consequently, disputes are more likely to occur in such environment due to the lack of communication (Mahamid, 2014). Improving communication is an effective way to prevent disputes. However, the high presence of multi-cultural teams in the Middle East results in poor communication and problems associated with workers behavior, body language, and verbal language. In such environment, misunderstanding is very likely to occur. For example, direct eye contact is very important for westerners because it indicates that a person is ready to communicate with others and the lack of it can be perceived as the opposite (Eilenberg, 2003). However, direct eye contact, especially during negotiation can be perceived as a challenge in the Middle East. The second issue that has been frequently reported as a cause of disputes in the Middle Eastern construction industry is the contractual related problems. Reasons, such as failure to properly administer the contract and/or failure to understand contractual obligations are on the top list of disputes reasons in the Middle East. Such problems triggered the necessity to review the prevalent conditions of contracts being used in the Middle Eastern construction industry. The third common issue that causes disputes in the Middle East is a set of frequently reported problems associated with the client or the employer. According to ARCADIS (2013), common reasons of disputes in the Middle

Eastern construction industry are viewed as being associated with the employer's responsibility including: imposing changes in the project or the contract that are not realistic or not consistent with the characteristics of the project, and failure to make interim awards on extensions of time and compensation. These client associated issues highlight the uniqueness of the Middle Eastern construction industry when compared to the western construction industry. For the majority of construction projects in the Middle East, the client is not a private party. Instead, it is the government of the country. Financing projects, especially oil refinery and infrastructure projects, is often the responsibility of the government. The financial control, the high power distance, hierarchy, and bureaucracy that are prevalent in the Middle East influence the client to impose changes on the project or the contract even at the expense of the contract.

To resolve disputes, Middle Eastern countries have two paths: the formal path to resolve disputes, which includes arbitration, and litigation, and the alternative disputes resolution path, which includes: party-to-party negotiation, arbitration, and expert determination. However, there is a preference for negotiation to resolve disputes in the Middle East, especially in Arab countries. This preference is understandable because of the frustrations associated with the formal resolutions and the possible enforcement process, which leads to the majority of conflicting parties agreeing on negotiation. In fact, Arab avoid formal resolutions whenever a possible alternative shows in the discussion to resolve disputes (Enshassi & Burgess, 1990).

In summary, the Middle Eastern construction industry is similar to western construction industry in terms of conflicts management with some exceptions including: the high presence of multi-cultural teams in the Middle East, which increase the possibility of

disputes, and the uniqueness of Middle Eastern clients (governments), which means dealing with difficult bureaucratic clients.

### **3.3 Policies and regulations**

It is essential to review regulations, ruling languages, and policies when it comes to examining the application of a management style in new region. This is particularly important in the construction industry since they regulate projects from the start to the completion. This is also important for the Middle East because regulations and policies have significant impact in the business area. The Middle East is characterized by rigorous rules and regulations due to the high power distance and uncertainty avoidance scores, and the prevalent bureaucracy (Hammoud, 2011). Consequently, power and authority are centralized and people show high obedience to the rules and high resistance to change. This is a significant problem when it comes to implementing new management style in such environment because it is hard to change their mindset about the rules they used to work with and introduce new rules or methods of doing business.

With respect to what governs the Middle Eastern construction industry, Fédération Internationale des Ingénieurs Conciels (International Federation of Consulting Engineer, or FIDIC) rules are commonly used in the Middle East. The FIDIC, which was founded in 1913 by three European countries: France, Switzerland, and Belgium, issues different contractual forms and conditions of civil engineering works (Koksal, 2011). FIDIC conditions of contract are popular and recognized by their colors in the Middle East. The most frequently used standard form of contract of the FIDIC in the Middle East is the Conditions of Contract for Works of Civil Engineering Construction (Red Book 4<sup>th</sup>) followed by the Conditions of Contract for Construction, for Building and Engineering



Works, Designed by Employer (Red Book 1999). However, Middle Eastern governments have modified these conditions and they are not used as they were in their original conditions. Modifications on several contractual clauses in the Red Book 4<sup>th</sup> were associated with contractor's general responsibility, tender sufficiency, claims, cash flow, variations, disputes resolutions, measurements, liquidated damages for delay, cost and rate of exchange, and default of employer (Samer. & Kulatunga., 2014). These modifications were made in favor of the employer as the employer is the government itself in most of the construction projects. The FIDIC conditions that are used in the Middle East have several problems that can impede the implementation of what is known as "best practices" in the western construction industry. These problems include the modifications that were made in favor of the employer, which can have adversarial consequences on the contractor (Aljarosha, 2008; Rached et al., 2014). In addition, the FIDIC conditions are transactional and rigid in comparison to some of the western relational approaches, such as the IPD or the lean construction approaches (Matthews & Howell, 2005; Rached et al., 2014). In fact, the FIDIC conditions present traditional delivery methods, such as design-bid-build, that are not equipped with collaboration tools to enhance team work (Rached et al., 2014). Moreover, they limit the involvement of the contractor in the early decision making stages, such as the design phase. Therefore, the contractor does not have the opportunity to contribute in the design stage or in selecting construction techniques (Rached et al., 2014). Most of the delivery contract in the FIDIC conditions are traditional, have adversarial nature that can lead to cost overruns and schedule delays. This is evidenced in the Middle East by having high rate of delays in construction projects.

## **Chapter 4: Results and Discussion**

The literature is rich in studies that tried to examine the universality of management in different cultural contexts. This study is not limited only to the cultural context, but also tries to highlight issues associated with regulations and policies that can help or hinder the implementation of the western management style in the Middle Eastern construction context. By reviewing the current literature in terms of the cultural context in both regions and its effects on the management styles and practices adopted, this study identifies the general characteristics of management in the Middle East and highlights the identity crisis of the Middle Eastern construction management. In addition, reviewing the cultural characteristics and management practices in both regions, as well as policies and regulations in the Middle Eastern construction industry helps to identify the potential opportunities and barriers associated with the applicability of western management in this region.

### **4.1 Middle Eastern management framework**

The literature reveals two directions with respect to the Middle Eastern management style. The first direction represents attempts made to characterize the direction and identity of Middle Eastern management through the Arab world. Researchers in this direction categorized Middle Eastern management into three groups: Westernized, Arabized, and Islamized (Ali, 1990; Dadfar, 1993; Khmour et al., 2015). This classification depends on the sociocultural influence of westerners, the effects of Arab culture, and the effect of Islam on Arab managers and their behavior. The second direction represents those who attempt to identify the Middle Eastern management as a separate paradigm from western, European, and Japanese management. David Weir is one of those pioneers who tried to

study Middle Eastern, specifically Arab, management as a separate style that has its own characteristics. He conducted a series of studies trying to identify the main orientation of Arab management style (Weir, 1994, 2000, 2001). However, he was criticized by a recent study for his “radically discontinuous paradigm shift” (Khdour et al., 2015). Both directions were successful to specific extent since they did not define the general framework of the Middle Eastern management style.

Coupled with the study of cultural characteristics of the Middle East, reviewing the literature of both directions was a critical strategy to identify the general characteristics of management framework in the Middle East. This region has a unique style of management due to its unique cultural characteristics that differentiate it from the rest of the world. Since this region has a high context culture, cultural effects play a significant role in the business environment. In addition, Islam and westerners played a major role in creating the framework of Middle Eastern management, which is characterized by the following features:

#### 1- Relationship oriented business

Relationship and networking are common notion in the Middle Eastern business environment due to high score in collectivism coupled with significant tribal cultural values. A reliable relationship is valued over profit for Middle Easterners. Regardless the advantages and disadvantages of networking, Middle Easterners spend significant amount of time to build and develop relationships between and inside organizations. This is also supported by the fact that most of the companies in the Middle East are owned by families. Therefore, regardless of their ability and qualifications, relatives and friends are more likely to contribute in the decision making because of their loyalty.

## 2- Indirect communication style

Due to the high-context culture in the Middle East, communication often takes indirect style, which means that messages carry insignificant meaning without the understanding of the enclosed context. Context here refers to people's perception to the importance of non-verbal cues in the communication process. Middle Easterners often do not address the point directly. Instead, they prefer to pass around before dealing directly with or introducing their points.

## 3- Authoritarian leadership

High power distance coupled with the prevalent bureaucracy in Middle Eastern organizations led to authoritarian leadership style for Middle Eastern managers. Lack of real participation is a notable issue that characterizes leadership in the Middle East. Workers used to receive and expect precise and detailed directions about any activity in their work. They are unlikely to approach and disagree with their leaders. Therefore, participation and feedback are limited.

## 4- Non-participative decision making style

As mentioned above, high bureaucracy and power distance were major factors in developing authoritarian leadership style, which in turns led to a centralized decision making process that is limited to those in power. Tribal values make only loyal selected individual participate in the decision making process. However, other people in the organization do not contribute in the decision making process. Even for those researchers who report a consultive decision making style, there is no real participation since managers often consult their subordinates on decisions already made.

## 5- Conflict and dispute resolution

Middle Eastern often resolve disputes through informal process. They prefer any viable alternative to the formal ways to resolve their disputes. Specifically, negotiation is the preferable and most frequently used strategy to resolve disputes in the Middle East.

The above characteristics are the general features that can identify of the framework of Middle Eastern management. It can be said that the literature gives the Middle Eastern management a fragmented identity that can be characterized by the above general features. However, it seems that what is really suffering from identity crisis is management in the Middle Eastern construction industry. The literature is limited with respect to studies about the characteristics of Middle Eastern construction management. Therefore, the first step of the proposed methodologies is to conduct a survey to identify the general characteristics of the Middle Eastern management in the construction context. Such characteristics should be similar to the above general features of management. However, difference in some attributes are expected to appear due to the uniqueness of the construction industry in this region. For example, Middle Eastern managers are not expected to adopt authoritarian style of leadership. Instead, they are more likely to adopt different leadership styles due to the high presence of multicultural workforce.

### **4.2 Opportunities and barriers**

The literature reveals some factors that can work as opportunities to implement western management style in the Middle Eastern construction environment. In addition, potential barriers that can hinder this implementation are also deduced from the literature.

### **4.2.1 Opportunities**

Different sociocultural characteristics have been identified as potential supporter for the implementation of western management in the Middle East including:

- 1- The relationship business orientation and networking in the Middle Eastern business environment are consistent with and support the modern relationship based management approaches, such as IPD and lean construction. Since such practices highly depends on developing reliable business relationships, the Middle East can be an appropriate environment to implement such practices.
- 2- The literature indicates a preference for participative leadership, which is consistent with the westerner style of leadership. This preference for participation in the decision making process can lead to more involvement for workers in the decision making process, more investment in people ideas, and more support for teams since it gives them a sense of achievements. Eventually, the aforementioned effect are important factors for western practices, such IPD and lean construction, to success.
- 3- Islam has a significant effect on the business environment in the Middle East. Today, most of the banks in the Middle East follow the Islamic rules in their business, and the decisions of those in power are highly influenced by Islam. Therefore, the support of Islam for consultation in the business environment is an important base for participation in the decision making process. It can work as a starting point to introduce western management practices.
- 4- The preference for negotiation and other alternatives rather than resolving disputes in formal ways is a helpful factor the support modern western practices, such as Alternative Disputes Resolutions.

#### 4.2.2 Barriers

Several potential barriers have been identified due to the differences in cultural and management characteristics between the west and the Middle East. Other potential barriers associated with policies and regulations were also highlighted. Below is a list of these barriers that can impede the implementation of western practices in the Middle East.

- 1- The high obedience for rules and high resistance to change coupled with a short-term oriented culture make it difficult for Middle Easterners to adapt to new changes.
- 2- Tribal and communal relationships can adversely affect the selection, evaluation, and promotion criteria that are crucial in western practices.
- 3- The nepotism of those in power and their preference for loyalty over ability can limit the motivation for those who are confident to work in a productive environment. This can be a potential barrier since motivation is a critical factor in some western practices.
- 4- Communal and tribal relationship coupled with nepotism can lead to create closed groups that look for and prioritize their self-interest rather than the organization's objectives and interest.
- 5- Middle Easterners prefer a more rich-information communication since they are from a high-context culture. Therefore, they may be frustrated by agendas developed in a low context culture, such as western culture (Duarte & Snyder, 2006).
- 6- Middle Easterners often avoid admission of errors at all costs because they see that as a sign of weakness or a failure to be manly. As a result, in such environment, it

becomes difficult to get the truth and build the trust that is a critical factor in some western practices, such as IPD.

- 7- Decisions are centralized and limited to a number of selected individuals who produce rigorous rules to strengthen their power. Consequently, the progress and upward mobility of others will be limited, which makes them less likely to give feedback or participate in the decision making process.
- 8- Given that Middle Eastern culture score high on power distance, people from such cultures tend to accept and believe that decisions should be made by individuals from higher status, which in turn makes them less likely to participate in the decision making process.
- 9- High power distance culture coupled with the bureaucracy of decision makers can hinder make the decision making process long and tedious.



## **Chapter 5: Future Research proposed plan**

Depending on the results of the literature, the research plan include two steps. First, conducting a survey to identify the characteristics of construction management in the Middle East and compare them with the results from the literature. The second step is to conduct two separate semi-structured interviews with people from two different projects in the Middle East (see Figure 5.1).

### **5.1 The survey**

The first phase of the proposed plan is to conduct a survey of questionnaires to characterize the construction management framework in the Middle East and compare the results with the results of the review. This step will highlight the potential differences that may results from the uniqueness of the construction industry in this region. General questions in appendix A will be used to develop a list of questionnaires to be distributed on Middle Easterners who works in the construction industry. Targets of this survey include project managers, clients, professionals (engineers and/or consultants), and workers. Different people are included to assure a comprehensive perspective in the results.

The survey may not give reliable results since self-completed responses are more likely to be biased or distorted by answering in a way that respondents think should be provided instead of the true answers (Fellows & Liu, 2015, p. 156). For example, workers could report their preference for the leadership style rather than reporting the current true style. Another way of distortion is that respondent may give answers to ‘please’ the researcher. Therefore, the next step will be conducting interviews to acquire more detailed results that are less likely to be biased by the aforementioned distortion resources.

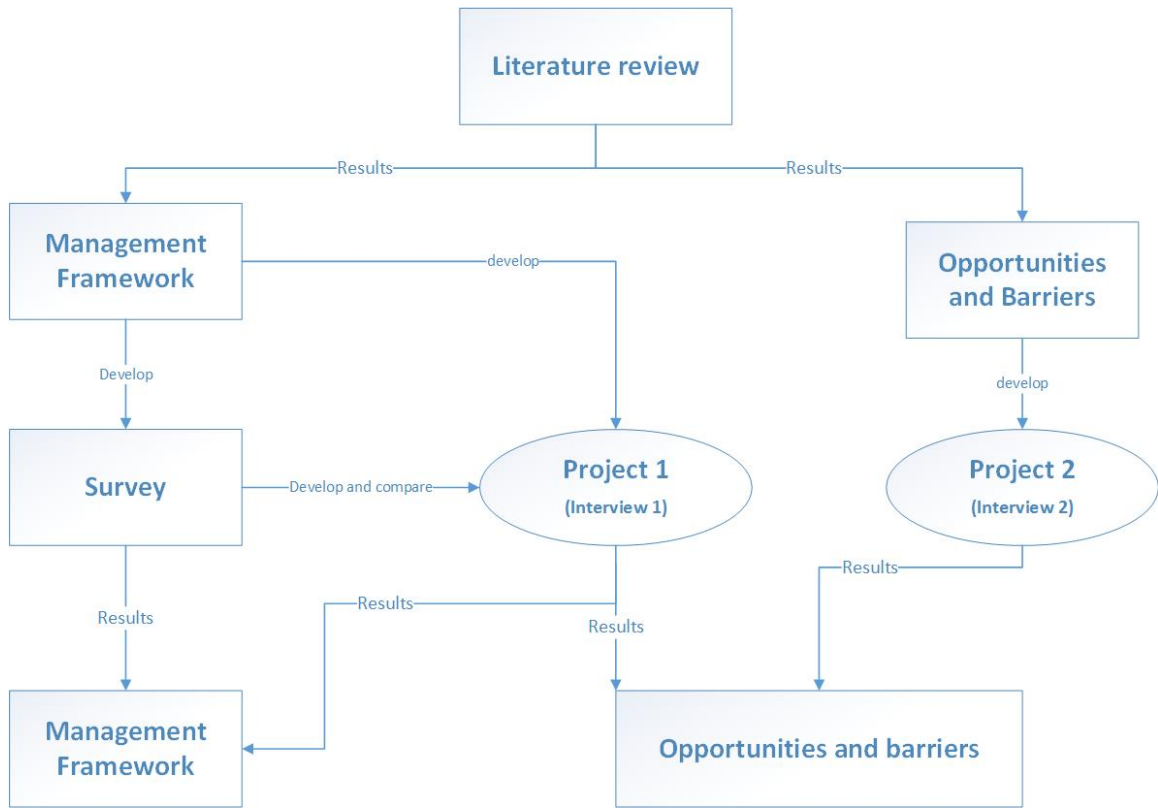


Figure 5.1: Visual model of the proposed research methodology

## 5.2 Interviews

After conducting the survey of questionnaires, the second step is to carry out two separate semi-structured interviews with individuals from two different projects. Interviewees include project managers, public relations managers, professionals (engineers, designers, consultants, etc.). Workers will not be interviewed for two reasons; first, it is hard to reach them, and second, interviews' questions will take a more technical style that need people who have some knowledge about management.

The first interview will be carried out by interviewing Middle Easterners who worked in a construction project in the Middle East. The reason for conduction this interview is to acquire deeper and more detailed answers for two types of questions. The first type of questions is similar the survey's questions but will be opened rather than closed questions

to allow more detailed responses. Results will be compared with the survey's and the literature's results. These three sources of data will be used to identify the main characteristics of Middle Eastern construction management. The second type of questions (appendix B) will be asked in both interviews about the applicability of western management in the Middle Eastern construction environment. Results from these questions will be compared with results from the second interview to highlight the differences between the two management styles (Middle Eastern and western management), and to identify the potential opportunities and barriers associated with the applicability of western management in the Middle East.

The second interview will take place with westerners who worked on a construction project in the Middle East. Questions (appendix B) similar to the second type of questions in the first interview will be asked to identify potential opportunities and barriers associated with the applicability of western management in the Middle East. This interview highlights these opportunities and barriers from the westerners' point of view since they practice the western management style and they are more prone to detect these issues than Middle Easterners. Results will be compared to the results from the first interview to form a comprehensive picture about the applicability of western management in the Middle East construction environment.

## **Chapter 6: Conclusion**

The Middle East is experiencing a construction boom due to large projects associated with the 2022 World Cup in Qatar, the 2020 World Expo in UAE, the growing demand for housing, and the investment in different projects, such as hotels, mega malls, etc. Today, Middle Eastern construction industry is suffering from several problems associated with cost, completion time, disputes, and so on. Several studies have been carried out describing such problems and the associated reasons behind them. Inefficient management practices have been frequently reported as a main reason for delays, cost overruns, and disputes. Even for these international first class companies that often use their best managerial practices, the dispute rate is relatively high for their projects in the Middle East, especially in projects executed by joint ventures. It becomes apparent that the problem is not associated only with the Middle Eastern management practices since foreign companies are facing the same problems when they utilize their own management style in the Middle East. The main objective of this study, as it was mentioned earlier, is to examine the applicability of western management style in the Middle Eastern construction business and highlight the potential opportunities and barriers that could arise due to cultural differences between the two regions. This is achieved by making a comparison for both cultures using Hofstede 5-D model of national culture and reviewing the current available literature on the characteristics of the two styles of management. Secondary objectives of the study include identifying a general framework for the Middle Eastern management and highlight the effects of the unique culture of the Middle East on the management characteristics. In addition, the study identifies the potential barriers that could arise from cultural differences and policies and regulations that are adopted in the construction sector. It also shed the

light on the effects of practicing a different management style in the Middle East and the associated problems that can arise. Finally, a plan for future research was proposed to conduct more deep investigations that can be compared to the findings of this study.

Several conclusions can be made from the study including:

1. The Middle East is characterized by its own management style that is affected by three different factors including the national culture, Islam, and the west.
2. Due to the cultural differences between the Middle East and the west, potential barriers are more than opportunities to implement the western style of management in the Middle East.
3. Due the prevalent bureaucracy of decision makers and the strict rules in the Middle East, it is hard to introduce new management system that allow more people to contribute for the decision making process.
4. The policies and regulations that are used in the Middle Eastern construction industry support traditional management practices, and they are modified to serve governments, which makes it difficult to change them or implement new practices that may contradict with some of these regulations and policies.
5. For western firms who work or plan to work on the Middle East, it is important to understand the cultural characteristics and the management style in the Middle East and cope with them instead of applying their own management strategies to avoid problems.

## **Appendix A**

General questions to identify the general characteristics of Middle Eastern management style to be used to develop the survey questionnaires.

- 1- What is the current driver for construction business in the Middle East?
- 2- What is the current leadership style that is used in the construction sector?
- 3- What is the preferred leadership style?
- 4- Do workers participate in the decision making process? and to what extent?
- 5- How much feedback is allowed on decisions that were already made?
- 6- Is there an equity in the promotion, selection, and evaluation criteria?
- 7- Does the top management invest in people ideas?
- 8- What is the current decision making style?
- 9- Do workers have the willingness to participate in the decision-making process or give feedback?
- 10- Is there any support for initiatives from the decision makers?

## **Appendix B**

Questions to be asked in both interviews.

- 1- Do Middle Eastern clients/ employer and contractor support new ideas (initiatives) in the construction sector?
- 2- (For westerners) how do the western management practices (management style) affect team performance, especially for Middle Eastern teams?
- 3- How much review exists for work?
- 4- What is the actual current orientation for construction business in the Middle East?
- 5- Is there any support or preference for relationship-based practices, such as IPD, in the Middle Eastern construction sector?
- 6- How Middle Eastern clients\employer and contractor perceive the direct style of communication that characterizes the western management?
- 7- What is the actual dominant leadership style in the Middle Eastern construction industry?
- 8- What style of leadership is preferred in work field?
- 9- Does the top management support participation in the decision making process?
- 10- Do employers/managers support feedback from workers or professionals?
- 11- Do workers have the willingness to participate in the decision-making process or give feedback on decisions that were already made?

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