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UNIVERSITY OF DURHAM

ORGANISATIONAL BEHAVIOUR IN SMALL BUSINESS IN SAUDI ARABIA

BY

NAYEF SALAH GHAMRI

A THESIS SUBMITTED TO

THE FACULTY OF SOCIAL SCIENCE

IN CANDIDACY FOR THE DEGREE OF DOCTOR OF PHILOSOPHY IN BUSINESS ADMINISTRATION

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THE BUSINESS SCHOOL

DURHAM. UNITED KINGDOM

SEPTEMBER. 1993

- 4 FEB 1994

DEDICATION

FOR

MY SON

M A N S U R

ABSTRACT

ORGANISATIONAL BEHAVIOUR IN SMALL BUSINESS IN SAUDI ARABIA

BY
NAYEF SALAH GHAMRI

The thesis focuses on ways in which the expansion and diversification of the small business sector in Saudi Arabia could help reduce the country's relative dependence on oil and promote growth in other areas of the economy. The research is unique in that there are no previous studies which apply Western psychological concepts and investigative techniques to the indigenous problems in this field.

It is argued that a major factor in the development of the small business sector lies in the nature and quality of its management. Cultural variables are deemed to be of prime importance; these provide the context of the study and illumine the practices of the businessmen. A Case Study of a specific company is pivotal to the research; it exemplifies the interplay of cultural factors and identifies key areas in leadership style and performance which are subsequently investigated.

The theoretical background of the study examines variables associated with cultural dimensions of leadership style and personality. Particular attention is given to the work of Hofstede and aspects of authoritarianism and locus of control are discussed in relation to leadership style and performance.

The data for the research derives from fieldwork conducted with a sample of 350 small businessmen. The impact of cultural variables upon the personality and leadership style adopted in various Saudi Arabian sub-cultures is assessed and considered in relation to their performance.

The results of the fieldwork are discussed in the context of the theoretical background and in the light of current research. Recommendations are made concerning the nature and implementation of possible interventions which might effectively achieve expansion in the small business sector; the contribution of further research activity in this process is considered.

ACKNOWLEDGEMENT

I am grateful to Faculty of Economic and Business in the King Abdulaziz University for encouraging and supporting my research initiatives and enabling me to undertake further study at the University of Durham.

I am conscious of the kindness and helpful assistance shown to me by staff and students at Durham University Business School. I would like to thank Mr. Claude Lambshead, former lecturer at the Business School for his guidance in the initial stages of my study. I also register my deep appreciation for the help and patience shown by Mrs. Goodwin and Mrs. Fenwick during the typing process.

Above all, I wish to extend especial thanks to my supervisor, Prof. Charles Baker. During the long hours spent in our many meetings, Prof. Baker not only gave constant help and very patient guidance, but was challenging and intellectually stimulating. I record my sincere gratitude for his supervision ; without him, this work would not have been possible.

I would also like to acknowledge the generous help and co-operation of my fellow countrymen in the business community in Jeddah; without their assistance, these would have been no basis for the research.

Finally, I express deep gratitude to all members of my family, especially my parents for their continuing help and encouragement during my years in United Kingdom. Their strong support has sustained me throughout periods of frustration and anxiety and given comfort during my time away from home; I am very much indebted to them all.

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Declaration

This is to certify that this thesis is entirely my own work. No part of it has been submitted before to any degree or diploma.

Nayef Salah Ghamri

ORGANISATIONAL BEHAVIOUR IN SMALL BUSINESS

IN SAUDI ARABIA

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OUTLINE OF THE STUDY

The chief objective of the research is to study organisational behaviour within small businesses in Saudi Arabia and investigate variables which need to be considered in planning the expansion of this sector of the economy. The study falls into five parts.

Part I sets the scene for the research. The first chapter deals with the history of the Arabian peninsula with specific attention given to Saudi history and culture. The following chapter provides an explanation of the Saudi economy and considers the role and contribution of small businesses within overall fiscal policy. In chapter 3, a Case Study gives a detailed account of one Saudi company and is intended to illustrate key areas covered in the previous chapters. Important aspects of organisational behaviour revealed in the Case Study form the basis for the research and subsequent fieldwork.

Part II concerns the theoretical background of the investigation. Chapter 4 focuses upon culture and the development of personality, especially those aspects related to management processes. It is followed by exploration of approaches to research into cultural differences. In Chapter 6, cultural dimensions related to personality and leadership style are discussed; two areas of particular importance are pursued in the following chapters: i.e. the authoritarian personality and their locus of control. Finally, in Chapter 9, aspects of culture, leadership style and business performance are discussed; these areas and their inter-relationship constitute the main focus of the investigation.

Part III defines the compass of the research and provides a description of the methodology. It outlines some of the inherent problems of research into Saudi small businesses and the contribution of the Pilot Studies to the resolution of these. Chapters in this section also concern the research design and analysis of data, details of the characteristics of the various ethnic groups represented in the sample and adaptations to the methodology to take cognisance of initial difficulties encountered in the fieldwork.

The results of the study are reported in Part IV. Chapters 14 to 16 provide evidence and commentary related to the three major areas of investigation previously defined, i.e. ethnic background, leadership style and business performance.

The first chapter in Part V provides discussion of the research results within the context of the theoretical background and summarises key findings. Finally, implications arising from the research for the further expansion of the Saudi small business sector are discussed.

PART I

THE CULTURE AND ECONOMY OF SAUDI ARABIA

INTRODUCTION

The study of organisational behaviour in small businesses in Saudi Arabia requires an understanding of the context within which these companies operate.

Some aspects of the total context are common to commercial systems across countries: for example, international economic forces provide a universal framework. Other contextual areas are specific to individual countries. They concern the overall culture of the region within which the businesses function.

The culture of a region develops from and is influenced by various geographical, historical and religious factors. These are interrelated and interdependent.

The resultant culture may be evident in tangible, material forms or, for example, through abstract concepts leading to systems of justice. Culture also encompasses mutually accepted rules of conduct and the values, beliefs and attitudes of a people. It dictates political, religious and economic practices. It prescribes goals for individuals along with accepted means for their attainment. Overall, culture represents characteristic patterns for living. Further, culture represents a dynamic system; it influences and is in turn influenced by the society it serves.

Therefore, what cultural variables influence conventional practices and attitudes in the management of Saudi Arabian small businesses? How do these variables interact within the general economic context and influence reaction to the opportunities this affords?

The following sections provide information on:-

1. THE CULTURE AND SOCIETY OF SAUDI ARABIA

a. Demographic and geographical features of Saudi Arabia;

b. The historical development of the country;

c. Religious influences and their effects;

d. Characteristic features of Saudi Arabian society and current societal trends.

2. THE SAUDI ARABIAN ECONOMY

a. A description of the basis of the economy.

b. General banking and financial systems.

c. Management of the economy and the effects of long range planning on the country's infrastructures.

d. The private sector and small businesses.

3. A CASE STUDY

Illustrative of the interplay between cultural and economic factors.

CHAPTER 1

THE CULTURE AND SOCIETY OF SAUDI ARABIA

1.1 Demographic and geographic features of Saudi Arabia

Saudi Arabia occupies four-fifths of the Arabian peninsula. Kuwait, Jordan and Iraq form the northern boundary; Yemen lies to the south and in the east are the United Arab Emirates and Bahrain. A map of the country and its neighbouring territories is given in Appendix 1.

The country has access to the Red Sea and the Arabian Gulf but has no lakes and rivers. Most sectors of the country comprise hot, dry deserts. The Empty Quarter, a desert region in the south is more extensive than France. However, there are mountains in the west of the country where regular rainfall provides fertile land and pleasant living conditions.

A census (1985) estimated the total population at between 6-7 millions, and, as in other developing countries there is a high birth rate. The main areas of population are the capital, Riyadh in the centre of the region and the two holy cities of Makkah and Madina in the west. The vast majority of the population are Saudi Arabians and Arabic is their mother tongue; English is the only foreign language taught in schools. Further demographic details of population are given in Appendix 2.

1.2 The historical development of the country

The Arabian peninsula has long been associated with trade and commerce. At the time of the Roman Empire it stood at the centre of trade routes whereby, for example, gold from the north was exchanged for spices from India. The Arabs acted as middlemen and exercised considerable control over this international trade. The area was also a focus for religious observance. Routes across the peninsula were used by pilgrim caravans from the time of the prophet Ibrahim. With the advent of Islam brought by the prophet Mohammed in 622AD, Makkah became a holy city and the cultural centre of the area.

The extension of the Ottoman Empire following the Crusades adversely affected the prosperity of the region and its position at the hub of international commerce. For eight hundred years, the colonial government of the Ottoman Turks imposed a dictatorial and punitive regime. Although Muslims within the Empire continued to

visit the holy places, there was negligible contact with the outside world and Arab culture was virtually isolated from external influences. This situation was exacerbated by the discovery of routes around the Cape of Good Hope in 1498; Arab lands were commercially by-passed and the Portuguese assumed the role of middlemen. Ottoman rule brought about severe economic decline with considerable poverty and unemployment.

Other effects of Ottoman rule were equally far reaching. The advent of Islam brought promise of greater tribal unity through a shared religion. Instead, the country became almost anarchic and was riven by tribal warfare. The general achievement of the people was low. The only education available was that which strengthened the position of the rulers and conditioned the people to obedience. A belief in fatalism developed which many westerners wrongly ascribe to Islam - rather than to Ottoman colonial influence.

The initiatives of Kamal Attaturk effectively brought about the end of the crumbling Ottoman Empire in 1923. However, a further period of colonisation followed as the British and French moved into the peninsula. Their regime was equally autocratic. An essential difference was that whereas Ottoman rule maintained Arab unity, subsequent colonisation led to the division of the Arab world into numerous small states which became hostile one to another.

Internal strife within the country lessened during the first decades of the present century. In 1914, King Abdulaziz gained power in the state of Najd where Riyadh is situated. In 1926, this king also took control of Hijaz, uniting it with Najd; he thus became sole ruler of most of the Arabian peninsula. Saudi Arabia and Britain entered into full diplomatic relations at ambassadorial level in 1926. Britain then recognised the sovereignty of Ibn Saud as King of Hijaz and Sultan of Najd and its dependencies. The kingdom of Saudi Arabia was born in 1932.

Other developments at the turn of the century helped the gradual re-establishment of the country as a centre for trade and commerce. Following the building of the Suez Canal in 1869, the strategic importance of the area in relation to trade routes was again evident. Above all, the discovery of oil in the country in 1933 dramatically changed the economy and led to a series of long range plans for the development of Saudi Arabia; details are given in Chapter 2. Present business practices represent an amalgam of interactive forces to which the effects of increased

economic power, greater exposure to international thought and practices and the cultural legacy of more circumscribed times all contribute.

1.3 Religious influences and their effects

Islam, meaning submission, originated with the prophet Mohammed in 622AD. Makkah (Mecca) is the holy city of Islam, which is the religion of the Saudi Arabian people. Islam is more than a system of beliefs since it represents a way of life which defines man's relationship to God, to his fellow men and to himself. Not all Arabs are Muslims, and not all Muslims are Arabs.

Islam emphasises the equality of men before God and the importance of brotherhood and mutual help. Muslim society is likened to a body; when one part suffers, the whole is affected. Individuals are advised to share opinions and views and consult one another. Islam leaders are expected to consult their people and solicit their opinions.

Within the context of co-operation and mutual support, the importance of individual thought and action is stressed. Islam is opposed to state control and any system of socialism. Individuals are expected to live and control their own lives and be responsible for their decisions. This emphasis does not negate the need for guidance, respect for the opinions of elders and obedient response to parents. A father's orders need to be obeyed in so far as they do not violate Islamic law.

Islam requires its followers to be strong, honest, self-controlled, considerate and helpful to their family, relatives and friends. The Saudi people are noted for their generosity. Islam expects generosity of spirit from individuals as much as material assistance.

> "Generosity may be expressed in others ways than the financial: such as helping others to do the things they cannot do for themselves, having time for one's friends, praising the qualities of a friend's son to a prospective father-in-law, helping someone to secure needed employment"(1)

Prayer is essential in ensuring a good life after death and blessings accrue from hard work. There is a strong work ethic and individuals are expected to keep what is

earned from their labours. Those who are prosperous but idly do no work are not respected.

1.4 Characteristic features of Saudi society and current societal trends

1.4.1 The hierarchical society in Saudi Arabia

A strongly hierarchical society developed from the Ottoman political system and has been sustained and reinforced through subsequent fatalistic philosophy and effort towards conformity. The situation is not specific to Saudi Arabia.

> 'Any social situation in Arabia requires consideration of superior-subordinate relationships. In work relationships, the superior is expected to be authoritarian. A direct request for a subordinate's opinion would be tantamount to a confession of weakness, and it would signify to all that the individual lacked the capacity to command.'(2)

Depending on the region, the difference between superior and subordinate varies: for example, the gap is relatively slight among the Bedouins but very evident in urban communities. In whatever sphere, males play a dominant role and of itself, masculinity confers superiority.

> 'Arabia is a man's world. The male is looked upon as the aggressive and responsible actor in the society, which it is tacitly assumed would disintegrate if men were not present to give direction and enforce order.'(3)

As in all societies, the hierarchical system in Saudi Arabia is mainly related to status.

> "A status is the social rank of a person in a group. It is a mark of the amount of recognition, honour and acceptance given to a person."(4)

The higher an individual's status, the greater the power he possesses. Levels of status may be related to many factors such as education or occupation; much depends upon the values systems of the prevailing culture.

In Saudi Arabia, levels of status, power and superiority relate to

1. Occupation and job position

2. Wealth
3. Education and degree level
4. The family name
5. Physical appearance
6. Location - of city, tribal name
7. Family kinships
8. Sex
9. Age

Many factors influencing status are inter-related and tend to cluster: for example, education, occupation and wealth. None alone would automatically guarantee superior status.

> 'Wealth and family are generally the prerequisites to a position of leadership but, without a reputation for wisdom, force, courage and generosity, no man can hold a following.'(5)

Status levels and the values they reflect may change in response to other social or external factors. For example, greater emphasis on education in Saudi Arabia reflects the value attached to the process which in turn influences an individual's standing in the community. There are higher expectations of a manager purely because of the degree he holds and those who have been educated abroad have higher status than those educated in Saudi Arabia. Similarly, the importance of tribal name has become less important as a new middle class has arisen through higher levels of education and increased prosperity.

Overall, the hierarchy is exemplified in the following system:

- Famous old families
- Ministers and those of ministerial rank
- Wealthy businessmen
- Doctors
- Teachers in the universities
- Executives in large companies
- Small business owners
- Civil servants
- Other workers

1.4.2. Minority groups and their status within Saudi Arabian society

Minority groups in Saudi Arabia may be divided into the following categories:

a. Non-Saudi but Arab/Muslims

b. Non-Saudi but Muslims

c. American and Western Europeans

Arabs and Muslims in group a. mainly come from neighbouring countries such as Yemen or Jordan and Middle Eastern states. Some are given visas enabling them to teach in the country and continue to stay for many years; those in the educational system are mainly from Syria and Egypt. Like the Yemenis, most come for economic reasons and become involved in commerce. Yemeni businessmen are prevalent in the western province.

Muslims from non-Arab countries arrive from Pakistan, Indonesia, India and some of the African states. They visit the holy city at Makkah for Hajj; some are very poor and, trapped by economic necessity stay on as workers. Most of this group live in Makkah or Jeddah which is a commercial centre. Individuals in this category tend to have the lowest status in Saudi Arabia. Within the category, some groups have higher status than others; for example, Indians or Pakistanis often have their own business and have higher status than African Negroes.

The third group comprises those who come from America or Europe to contribute their expertise. They mainly work for oil companies in the eastern province of the country. They are generally specialist technicians and have higher status than the other minority groups as a result of their educational and economic backgrounds. Members of these groups tend to form their own isolated communities.

1.4.3. The role of the family in Saudi Arabian society

In Saudi Arabia, the family is the main agent for the transmission of culture in all its forms, religious or secular. It is through the family that individuals understand their role in society and its expectations of them. Family ties are particularly strong, regulating the conduct and decisions of family members.

> 'The Arab is known by the family to which he belongs. However great his personal talents, a man without a family to back him is unlikely ever to count for much in the community. It is not surprising then that the individual's loyalty and duty to his family are greater than any other social obligations ... family members look to each other's welfare.'(6)

Extended families are the norm. The head of the family exerts a strong influence and, in accordance with Islamic traditions, protects and provides for the entire family. The father is the representative of the family in all major affairs.

> 'The family members, in return, are to respect all the father's wishes and remain psychologically and physically under his domain. Obligations towards parents are sacred.' (7)

Much responsibility falls to the eldest son in the father's absence and it is ultimately this son who will in turn nurture and protect the family.

The influence of the family is evident in the individual's choice of career and employment. Most Saudis prefer jobs near their families and would sacrifice higher salaries or benefits to maintain family ties. They prefer to work in businesses owned by relatives or in spheres where the family has an interest.

Just as the family governs personal conduct, it provides a framework within which businesses operate. For example, managers assume a paternalistic role; they try to be aware of their employees' personal problems and provide emotional as well as financial support. In turn, employees have tended to look upon the manager not only as one superior in status, but as a father figure. The extension of family moves into the business culture. Transactions and business dealings in Saudi Arabia emphasise the importance of personal relationships and courteous behaviour. For example, visitors to offices are treated as guests, there is unhurried, patient discussion; although there is

respect for the value of time the tempo of business behaviour is more leisured than in Western culture.

> 'The man who doesn't have time for conversation over his coffee is not human, and the host never hurries his guest.'(8)

In all dealings, the efforts of non-Saudi businessmen to be sensitive to the customs and prevailing culture are appreciated.

1.5 Summary

Previous sections have focused upon various cultural influences in the context of historical change. Recent decades have brought further change which is in turn influencing customary and traditional practices, particularly in the business sector.

For example, a paternalistic view of management is perhaps less appropriate as businesses have expanded. As they have grown, they are less likely to be managed by one individual. In contradiction to the role of the manager/'father' as sole decision maker, larger companies require collective rather than unilateral, authoritarian decision-making. Whereas age was revered and equated with wisdom the increasing emphasis on education is leading to younger men in posts of responsibility. These posts are of high status but the acknowledgement of this status from subordinates may conflict with other cultural norms.

Essentially, there is tension between the traditional and modern society where the younger generation are better educated and who prefer work in the Civil Service rather than in employment of less status. Additionally, there has been greater emphasis on the acquisition and consumption of wealth in ways which have been influenced by greater exposure to Western culture. A new middle and upper class seem to have appeared while the more traditional stratum of society exemplified by the older generation, is gradually having less impact.

These cultural and societal changes are linked to economic growth and the expectations which have arisen through greater prosperity. The economic system and its development is described in Chapter 2.

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CHAPTER 2

THE SAUDI ARABIAN ECONOMY

2.1 Introduction

Although the kingdom has a range of sources of revenue, the economy relies heavily on oil production. The management of the economy has involved long term planning objectives, within which the contribution of the private sector and the development of small businesses has played an increasingly important role.

Chapter 2 is concerned with

- The basis of the Saudi Arabian economy.
- Banking and financial systems in Saudi Arabia.
- The management of the Saudi Arabian economy.
- The development of the private sector with specific reference to small businesses.

2.2 The basis of the Saudi Arabian economy

In 1933, oil was discovered in Saudi Arabia by the Aramco company. The discovery resulted from an agreement at Jeddah between King Abdulaziz and a wealthy American, Charles Crane; the initial purpose of the agreement was to seek for water. However, both parties wished to explore the possibility of finding oil since this was known to exist in Bahrain. Oil was indeed discovered and a new period of prosperity began for a country which had been left impoverished by Ottoman rule.

Saudi Arabia has the largest oil reserves in the world, with a total of 163 billion barrels; this is greater than the reserves of the USA, USSR, Canada, Mexico and Venezuela in total. The reserves represent one fifth of total world supply. The search for oil continues and it is estimated that there are over 100 million barrels in the Empty Quarter. Oil reserves are likely to last for more than 50 years.

Oil production brought huge revenue to a country which lacked capital and financial resources. Saudi Arabia is now one of the largest oil producing countries in the world.

> 'During the period 1974-81 the country produced an annual average of 15.2% of the total world production of oil with a peak contribution of 17.5% in 1981, that is an average of 9.8 million barrels per day.'(1)

There was a major impetus to the economy in 1973 when the price of oil jumped from $3 to $12 per barrel due to the world wide tension caused by the Arab-Israeli war. Further price rises resulted from the Iran-Iraq war and in 1980, the price rose to $40 per barrel. The effects of these rises were experienced world wide. Saudi Arabians feel that by being prepared to respond to an increasing world demand by increased output, they prevented further price rises and acted in the interests of consumers and industry in the non-communist world.

Oil has undoubtedly made a major contribution to the country's balance of payments. Considerable financial reserves are held in European and American banks and there is substantial investment in countries abroad. Even if the price of oil and demand fell, the regulating mechanisms of the banks would ensure there was no balance deficit. In recent years there has been a decline in real export earnings due to world inflation and the fall of the dollar.

The contribution of the non-oil sector to the economy has been steadily increased through, for example, agricultural developments. The availability of government funds through the Agricultural Bank has assisted farmers and helped to stop the flow of rural dwellers towards the towns. In 1985, the country began to export agricultural products: for example, wheat to the USSR. Given desert conditions, water supplies have been a problem. However, along with the discovery of oil it was found that the country has massive underground water reserves known as aquifers. These underlie the layers of oil and are separated from them by a layer of gypsum. The current problem is not so much scarcity of water but effective ways of extracting and using supplies.

With increasing prosperity, the country's industrial base has been strengthened. It has developed hand in hand with developmental plans which have extended transport, utilities, communications systems and housing. Industries have grown to support this infrastructure and increase the range of petroleum-based products.

There has gradually been a change of emphasis in exports which show less dependency on oil and greater diversification. Similarly, there are developments in the import-market, an important sector of the economy. Imports fall into 3 broad categories:-

a. Import of goods, g.e. food, cars, buildings materials.

b. Import of knowledge and skills - which brought in by foreign, skilled workers and cover many areas.

c. Import of technology - e.g. machinery for building the industrial economy.

The government is trying to reduce the import of luxury and high status goods while encouraging Saudi industries and the development of Saudi technical expertise. Appendix 3 details the top ten supplying countries and their principal commodity strengths.

2.3 Banking and financial systems in Saudi Arabia

The Saudi unit of currency is the riyal which, until 15 March 1975, was directly linked to the US dollar. It is now linked to the International Monetary Fund's Special Drawing Right and this mechanism fixes the daily rate of exchange. The riyal is freely convertible and there are no restrictions on the operation of bank accounts by residents or non-residents in any currency. The current exchange rate against the dollar is 3.75 riyals, and the current exchange rate to the pound is between 6-7.5 riyals. Exchange rate riyals to dollars is given in Appendix 4.

There is no stock exchange in Saudi Arabia. The demand for shares and money exchange is very stable and these areas are dealt with by banks and financial houses controlled by the Saudi Arabian Monetary Agency.

There are eleven commercial banks with, in November 1986, a total of 628 permanent branches. Two are wholly domestic: the National Commercial Bank and the Riyadh Bank between them account for the major proportion of balance sheet totals. The main lending activities of the commercial banks concern the finance of imports and the funding of business contracts and projects.

The way in which banks are used by small businessmen needs to be seen in the context of Islamic culture. Dictionaries may define usury as the practice of lending money at an exorbitant rate of interest but, from the Islamic viewpoint, any interest charge amounts to usury. No distinction is made between a legitimate borrowing rate and an excessive rate arising from supply and demand for loan-able funds. Laws concerning usury were established when there was little financial sophistication and lenders were not registered. Although modern methods of financial management are being implemented, this is a slow process. Interest rates now charged to borrowers are labelled as 'administration fees'. Banks tend to be used to keep money secure rather than as agencies to arrange loans. Bank lending is usually of a short term nature of less than a year; firms mainly use short-term demand checking accounts against which short loans are arranged. Individuals seldom use cheques or credit cards. Although this may mean they do not have flexible spending power, they thus avoid the problems of interest and their status with colleagues is not threatened by any perceived lack of ready cash.

Long term lending and financial dealing is the responsibility of government agencies: for example, Saudi Real Estate, Industrial and Agricultural Development funds. These are major mechanisms in influencing private sector investment to support national policies in the respective fields. For example, through Real Estate Funds, concessionary loans were given to approved private housing developments.

2.4 The management of the Saudi Arabian economy

Current developments in the private sector and small businesses need to be considered within the context of overall government policy. Given the upsurge of prosperity and injection of wealth into the economy, it was wisely decided that these resources needed to be used and developed for the benefit of the country. A series of developmental programmes was initiated.

The first five year plan was launched in 1970. It aimed to develop human resources through better standards of education, training and health. Emphasis was placed on the country's defence and internal security. Attention was given to diversification of the economy, the country's physical infrastructure, social development and the support of religious and moral values. The second plan, (1975-80) continued these objectives but targeted the development of a Saudi workforce since it was felt that dependence on foreign workers was no longer

desirable. The third plan (1980-85) builds on the strategy of earlier plans. The ultimate goal is to achieve a diversified economy. This involves the development of hydro-carbon industries and the search for alternative energy sources. The third programme is more selective in its approach. There is a phasing out of emphasis on the physical infrastructure and more attention to indigenous manufacturing industries. It is hoped that early initiatives in education and training will decrease reliance on a non-Saudi labour force with only the consolidation and qualitative improvement of the existing levels of foreign manpower being necessary.

In the light of these developmental programmes, the Saudi Arabian economy is essentially under the control of the government. However, within this framework, the principles of a free economy operate where individuals and groups enjoy freedom in their dealings and transactions. Although the private sector is encouraged to play a fundamental role in the accelerated growth of the country, measures are taken to ensure that the market system conforms to wider social and national interests.

Long-term planning has greatly improved the kingdom's infrastructure and this in turn has assisted the development of the private sector and the country's industrial base. New road systems have facilitated travel in the Damman-Riyadh-Jeddah triangle, and to and within every other municipality. The airport at Jeddah is extensive. A National Bus Service has been established in Jeddah as the first step towards an inter-urban network connecting every major city. These initiatives have led to greater mobility and ease of transport for goods.

Within five years, the kingdom has moved from having an unreliable to a very sophisticated telephone system. The activities of Philips-Ericsson Bell of Canada are ensuring good communication links between every town and village. These developments are taking place in tandem with telex systems and cable television for educational purposes.

During the second five-year plan, the electricity capacity was doubled, mainly through the massive expansion of the East Province Saudi Consolidated Electric Company (SCECO). The rural programme brought electricity to every village and small town, including parts of the Asir and other outlying areas of the country.

In recent years, there has been considerable activity in the housing sector. There was a shortage of adequate housing at all levels but speculative construction, particularly to house expatriate labour became intense. House prices have risen as the government gives or lends money to every Saudi with land of his own. With an average mortgage of £40,000 ,there has been a rise in the demand for house rental.

Improvements in the infrastructure and the effects of Government planning have resulted in better conditions and the resolution of many problems; it could also be argued that they have led to other difficulties. A modern communication network facilitates the planning of potential dissidents as much as the work of government. Although new road and transport systems have extended the horizons of Saudis in all communities, there is concern that this mobility is bringing about change in the traditional way of life. However, the central problem relates to the development of the Saudi work force; the more sophisticated the equipment and systems, the greater the technical expertise needed to maintain a high level of efficiency. Key managerial and technical positions are likely to continue to be filled by foreign workers and contractors in the foreseeable future. Diversification and a more broadly based economy assist a gradual 'Saudi-isation' of industry and help ensure a continuum of employment and career opportunities should oil supplies diminish. Although government policy may appear logical and straightforward, its execution and the effects of its implementation are more complex.

2.5 The development of the private sector with specific reference to small businesses

With the fluctuation in oil revenue, government policy is to depend more on the private sector and promote its growth and diversification. For example, it has participated in and been awarded contracts in the development of an improved economic and social infrastructure. However, the previously experienced high rates of growth cannot be expected to continue as the effects of recession and falling oil revenues affect consumer demand and opportunities for expansion. These effects can be seen in, for example:

- the increased risk in starting up new businesses;
- low profit margins for most companies
- high levels of competition between companies;
- a preference for fewer employees with better skills and
- the seeking of financial resources from outside the company to safeguard against failure - showing a shift in cultural values.

Within this context, small businesses need to adjust to changing circumstances and meet new challenges; in this they require both governmental help and self-examination of their existing practices. Therefore, what is the current extent of the private sector, how is this supported and what changes need to be considered to promote further growth?

The extent of the private sector is as follows:-

a. In 1984-85 the total work force in Saudi Arabia numbered 4,446,000 Foreign workers accounted for 59.8% of this total, that is 2,660,000 employees. The remaining 1,786,000 represent the total Saudi workforce.

b. Almost half a million Saudi employees, both men and women, work in the civil service. The percentage of non-Saudi civil servants is low. This situation has arisen partly in response to increased educational opportunities and reflects the hierarchical social structure and status levels outlined in the previous chapter.

c. Most non-Saudi employees work in the private sector; of this total workforce of 3,500,000 approximately one third, i.e. 1,200,000 are Saudian Arabian (a ratio of about 2 to 1).

d. By the end of the third plan in 1985, the number of private sector companies had more than doubled to about 200,000. Of these, only about 2% are large companies which employ over 50 workers. Over 80% of the 200,000 firms employ about 5 workers, thus approximately more than 500,000 are employed in the small business sector.

e. The capital investment of small to medium companies is between one to fifteen million pounds.

As previously noted, despite government initiatives there will be a substantial place for foreign workers in the foreseeable future. Given a developing economy influenced by the fluctuation in world oil prices which in turn influence consumer demand and unemployment levels, it is increasingly necessary to make small businesses attractive to Saudi workers.

> 'It is known that small businesses provide relief to labour shed by large business enterprises even though much of it has tended to be concentrated in the service-oriented sector.'(2)

Small businesses have a vital part to play in providing customised and convenience products or services, they afford flexibility of response to market change and often have more innovative flair in generating employment opportunities than larger systems.

Although the government plays a supportive role towards large-scale private enterprise, the small business sector is neglected. This neglect is partly evident in the type of financial support given. Many banks feel insecure about granting loans to small businesses because of their lack of management structure but also because of lack of government guarantees to such loans. There are some subsidies given to small businesses where the government wishes to reduce the price of certain goods.

Government attention to agriculture led to very successful training programmes for farmers. There are no such programmes for small business owners nor are links promoted with universities or other agencies which could provide help in, for example, accountancy and management. University management courses seldom cater for the needs of small businesses.

Lack of support does not solely rest with the government; small businesses need to give critical thought to their own procedures and competence. For example, they tend to view banks with suspicion and most firms are financed by the owner, his friends and relations. Essentially, a clash exists between Islam and dealings involving interest rates. Owners prefer to use their own capital, thus protecting their family name and reputation if their venture is unsuccessful. The rigid regulations set down by banks are resented. Similarly, small business owners are not motivated to become involved with educational programmes to improve their managerial capabilities. Many cling to traditional procedures and are reluctant to change. The effects of these and the need for increased responsiveness to new situations and the demands of a more sophisticated business culture are considered in the Case Study in Chapter 3.

In summary, important aspects for the growth of small businesses concern:

a. the need for financial support through loans from government and banks, less harsh regulations and tax relief.

b. Improving productivity through training programmes linking owners and managers with appropriate advisory and support agencies; universities could play a key role.

c. Giving greater social status to the small business sector, emphasising its role in economic growth, diversification and increasing employment.

d. More systematic and planned exchange between government and those in small businesses.

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CHAPTER 3

CASE STUDY

3.1 Introduction

The case study reviews the life of Mr. Amery who was a traditional Saudi entrepreneur; he established his own business and took sole responsibility for its development. The case study is in four parts:-

- The personality and characteristics of Mr. Amery;
- The business - its background, development and organisation;
- Major problems related to management and the future of the company
- Inferences drawn from the case study.

3.2 The personality and characteristics of Mr. Amery

Mr. Amery grew up in a very religious family. His father was a priest in the holy city of Makkah who died when Mr. Amery was 12 years old. He was subsequently brought up by his mother and though he had inherited a little money, he needed the support of his eldest brother, a small businessman. He worked with his brother at a small salary for 8 years. During this time he gained in knowledge and experience of the business world and was influenced by his brother's autocratic approach to management. He greatly respected his brother who had successfully developed his business in difficult economic times and his example and conduct helped to shape Mr. Amery's career.

Mr. Amery realised there was little security in any employment which relied on the Ottoman government and, fired by his brother's example, decided to establish his own business. He moved to Jeddah where he felt there was better potentiality for economic growth. There he launched a food trading company. He received very little help from his family but as a devote Muslim was self-reliant and took responsibility for his own actions and decisions.

Initially, life was not easy for Mr. Amery. The business ran into problems but with considerable persistence and hard work, it survived and he became successful. He was strongly motivated to maintain his identity and his reputation with family and

friends; profit was of secondary importance. If he was ever unsuccessful, he felt that luck had not helped him but continued his efforts.

Perhaps because of his early experience, Mr. Amery had a high level of anxiety. He had a strong work ethic and was determined to make a better life for himself and his family. Only a moderate risk taker, he never left anything to chance and always stubbornly depended on his own judgement. He was highly motivated to the achievement of power and the exercise of this and although he had no interest in status symbols, he enjoyed being known, respected and recognised. Over time, he had learnt to be strong, aggressive and confident.

Mr. Amery's authoritarian personality was reflected in his attitude to his workers. Although relationships were generally good, he always expected to give orders and have these obeyed; if there were problems he tended to blame what he perceived to be the laziness of his workers. Many of his workforce were happy with his directive, paternalistic approach since it helped them avoid responsibility. However, he lost some good employees through wanting to control every aspect of the business and by not delegating authority. In his dealings with customers he meticulously followed Islamic tradition and, for example, always made time for leisured conversation with them. The authoritarian approach which characterised Mr. Amery's behaviour was not unusual in Saudi society but rather reflected the modus operandi of his contemporaries.

Towards the end of his life, Mr. Amery became more relaxed and eventually appointed a trusted subordinate to handle the firm. He was unsuccessful in persuading any of his sons to make a strong commitment to the business but supported their interest in education. Gradually he spent less time in the office and began to enjoy other activities. Before he died, he had become more friendly with the workforce, less directive and more prepared to delegate responsibility. Although recognising the importance of education and the need to adapt to new western business philosophy, he still strongly believed that while prosperity was helped by good fortune, hard work was the main ingredient in success.

3.3 The business: its background, development and organisation

Mr. Amery's firm is a food trading company, established over a period of more than 40 years and which specialises in wheat commodities. It also imports rice and sugar and is renowned for the quality of its goods. The company employs more than 20 workers. Business is seasonal with over 60% of sales occurring from April until the end of July when there are over 2 million visitors to Makkah; more workers are employed at this time. Between 1965-1975 the company was one of the country's main food importers and benefited from the economic boom from 1975-83.

The development of the company has reflected Mr. Amery's cautious approach to risk taking. The policy was to be financially self-supporting, neither borrowing from banks nor investing surplus funds with them; the latter practice would be contrary to Islamic religious principles. There was a possibility of further expansion when the government asked Mr. Amery to participate in a new grain project but he refused the offer; the potential profit would not have offset the time involved. He disliked being the main importer of any new brand as he thought this would entail the out-lay of large sums to introduce the product and develop a distribution system. Any developments were at a pace which suited Mr. Amery and along the well-trodden ways of the systems and procedures he had devised and which had served him well.

The company has an office and three large storage areas for goods totalling 2,100 square metres; the firm owns one of these. Government policy prohibited the building of new storage areas within the city but allowed businessmen to continue to rent old warehouses within the town. Mr. Amery felt it was important to maintain a physical link between the stores, his office and his customers. Therefore, he continued to rent 2 stores near his office for a monthly fee of around £ 1500. He could have bought either of these many years before the new regulations but preferred to invest the money in the firm.

Mr. Amery and his employees in the office and stores worked from 8.00 am until 2.00 p.m. and then from 5.00 p.m. until 9.00 p.m. He would usually leave the office at 1.00 p.m. to visit the stores or the sea port and supervise his workers. On return to the office, he began work on documents and invoices and issued the total daily salary to an employee who distributed this to the workforce.

Throughout the day, Mr. Amery would deal with customers who called at the office to place orders or negotiate prices. His clientele included many Yemenis. Because of the firm's excellent reputation and the good service provided by the office workers, there would be some 'phone transactions. Customers knew they had the right to exchange goods or have money refunded if they were dissatisfied; poor quality goods were very seldom traded but customers appreciated this practice.

Business is transacted thus:-

a. First time buyers must pay cash whereas known customers may pay by cheque. Trusted customers are allowed credit and may place orders by 'phone. Customers prefer to transact business in the morning so that orders may be collected later in the day.

b. When a transaction is confirmed, an order form and a receipt is completed. A copy is retained while the customer takes the original and a second copy; the customer also takes the original receipt unless he is using credit.

c. The customer has 5 days from the date of order to redeem the goods from store. This ensures rapid turnover of goods, reduction in storage/inventory costs and minimises the risk of profit loss. Customers visiting stores may decide to place a further order; this is confirmed between the storekeeper and the office.

d. Porters are employed to load the goods. Customers pay for transport from the storage area.

Mr. Amery also dealt with representatives from the import companies. Four copies of an agreed goods invoice need to be made. One is kept by the representative, one by the office and the original is taken to the bank which guarantees the import firm 25% of the agreed price. The further copy is sent to the Saudi Embassy in the country concerned to check the import company. The guaranteed 25% and the 75% remaining are paid upon the arrival of the goods at port. A sample of the goods and the fourth copy of the invoice are sent to the Ministry of Commerce for examination. The import procedures are complete if the goods pass quality control and examination of the containers has satisfied the Customs department. The original invoice is collected from the bank and exchanged for the goods at the seaport.

The company has several different sets of accounts:-

a. The daily transaction record - used by the bookkeeper re. quantity of goods ordered each day, the customers and payment arrangements.

b. The goods book - with sections for the various types of food; it lists the quantity of imports, ship and date of arrival. It also records the quantity sold, the customers and date of collection.

c. The cash book - at about 6.00 p.m., details are transferred to this from the daily transaction record. The record of money received is tallied with cash or cheques in the safe; money is transferred to the bank before it closes at 7.00 p.m. or first thing in the morning.

d. The bank book - records the content of the bank account in riyals and American dollars. Bank receipts are kept in the safe, which also contains various company files.

e. The customers' book - records those customers using credit and who have still to pay.

Mr. Amery's management of the company reflected his personality, experience and beliefs - and the ways in which these interacted with the workforce with which he had to deal. His business did not require highly skilled or well educated employees. Mr. Amery did not believe that the latter were generally hard workers. Honesty was a pre-requisite and for some, physical strength to handle heavy work in the storage areas was necessary. Mr. Amery seemed to thrive in a tough working environment which gave him a high level of recognised masculinity. The small office staff obviously needed skills of literacy and numeracy.

Employees in small businesses usually come from highly populated and poor countries, are ready to accept orders and obey their manager as if he were their father. Most of Mr. Amery's workers came from South Yemen as he believed they worked hard and were very honest. The workforce had no wish to participate or interfere in the running of the business. At times they would not speak when Mr. Amery was present and although their salaries were small, they were afraid of dismissal. Government regulations provide for some compensation for dismissed workers but this is not a great deterrent to company owners. Strikes are unknown; there is an open-door policy whereby workers may directly approach the owner. Alternatively, they can create problems through absenteeism or unpunctuality.

Mr. Amery was directive and authoritarian in his approach. He did not have great faith in his workers unless they were watched closely and controlled. Nevertheless, his relationship with them was fatherly; he was very caring to his workers, supporting them financially and giving such assistance as he could. When his sons were in the office, they were treated in the same way as other workers.

Mr. Amery was never keen to delegate responsibility but over time he established a strong relationship of respect and trust with Mr. Ahamed who became his assistant. Mr. Ahamed worked with Mr. Amery for more than 30 years. He is still with the firm and though he had little education, has a reputation for honesty, loyalty and hard work. Mr. Amery came to treat him as a brother and his sons treat him with respect. The relationship started when Mr. Ahamed began to work with the firm. He discovered a trusted storage worker was dishonest. Mr. Amery was initially sceptical of his findings. When he was convinced of the truth, he fired the dishonest worker, began to trust Mr. Ahamed and moved him to the office. With Mr. Amery's support and recognition he has grown in loyalty and understanding of the business. He was responsible for the firm when Mr. Amery was away and although one of Mr. Amery's sons was deputed to visit the office at such times and show a family presence, Mr. Ahamed was in control on these occasions.

With Mr. Amery's death, the firm reached a cross roads. Mr. Amery exemplified the company; it represented his hard work, cautious approach to developments, his traditional attitudes to finance and banking and his directive yet paternalistic style of management. No longer was there one person who encapsulated the totality of the company, controlling the buying and selling, the storage inventory and accounting systems and its general policy. Change became inevitable - at a time of cultural change when the younger generation were becoming better educated, developing an awareness and appreciation of new technology, and with greater exposure to wider influences. Is there a conflict with traditional approaches and how has Mr. Amery's company been affected?

3.4 Major problems related to management and the future of the company

The main problem has been that of succession. The general culture and family example pointed to Mr. Amery's eldest son succeeding him as president of the company: just as his eldest brother's sons succeeded him in the business. However, Mr.

Amery's eldest son had other priorities and objectives; he wanted to be independent, loved western life style, stubbornly resisted working for the company, pursued educational qualifications and a career in the Civil Service. Mr. Amery was unsuccessful in persuading him to take over the company.

The younger son, Mr. Ali, was more amenable to persuasion and liked the business environment. However, there were personality differences since he was not well motivated and assertive, nor did his physique give an impression of dominance and strength. Workers treated him as the son of the owner, rather than as a manager of the company. Mr. Amery showed little patience in developing his skills and eventually forced him to resign. He then joined the Civil Service. Nevertheless, Mr. Amery believed his eldest son had no interest in the company and so entrusted Mr. Ali with care of the family and the business at his death. Mr. Ali is now president with Mr. Ahamed as his chief assistant and manager.

Inevitably, there have been problems, not least those arising between the brothers and within the family. Although the eldest son had no interest in the business, he felt the arrangements made him lose the respect of relatives and friends. He, along with other family members visit the offices infrequently, only stay for short periods and are not motivated to work in the company. However, this does not prevent them from interfering in the running of the business or wishing to withdraw money; this latter problem has now lessened. Family criticism and blame for small losses in individual transactions have done little to boost Mr. Ali's confidence; rather they have led to reduced performance and discouragement. Although he is in a position of power, he does not have an aggressive directive approach and is reluctant to make decisions.

There are also problems in the relationship between the president and Mr. Ahamed. On the one hand, Mr. Ali lacks experience, and sound ability to control the business and appears to make little effort to gain greater knowledge of the company's somewhat intricate systems. Mr. Ahamed, on the other hand, is skilled in all aspects of the firm. Although Mr. Ahamed is experienced and his loyalty is beyond question, cultural tradition demands that despite his expertise he does not take part in decision making and is responsive to those of greater status. Whereas Mr. Amery treated him as a brother and they shared the same autocratic approach, Mr. Ahamed now feels frustrated in trying to reconcile the differing demands of the president and various members of the family who are not totally dedicated to the business. In terms of the culture, he has to recognise the status of a much younger, inexperienced man but there

is little sensitive appreciation of his age and expertise; traditionally, there would have been more respect. Similarly, attitudes to culture and status affect Mr. Ahamed's own response; he does not wish to jeopardise his job security and the prestige and status this confers on his family.

The somewhat ambiguous position of both president and manager has an affect on the workforce and customers. When Mr. Ahamed was in control in Mr. Amery's absence, he sometimes clashed with those who would only respond to the owner's control. There were especially problems from younger workers who had a higher level of education than Mr. Ahamed and who would only very reluctantly comply with his orders. Even though he may have recognised the worth of their suggestions, he insisted on his own decisions to reinforce his superiority. This situation has been aggravated by the more democratic approach of the new president who attempts to involve workers in decisions. Mr. Ahamed perceives this as weakness and fears loss of power. Workers are quick to capitalise on the situation and, lacking firm direction, the business is more prone to labour problems.

Mr. Ahamed has maintained and gained status in other areas. Customers deal directly with Mr. Ahamed and not with the president; like most of the customers he is a Yemeni and known by them to be knowledgeable, experienced and trustworthy. As a result of the family's lack of total commitment, Mr. Ahamed controls the business most of the time. He is the salesman, arranges bank agreements, meets sales representatives and deals with importers, the sea ports and customs staff. Nevertheless, when there are problems, then customers, workers and officials deal with the president despite his lack of expertise; he is recognised as the person with status who is responsible for the company. Obviously, there are problems since there is no recognised chain of command which is consistently employed.

Problems of responsibility and status need to be resolved and within this overall accommodation, specific aspects of the business need to be reviewed if maximum profitability is important to the future of the company. These also concern management techniques :

a. The company uses out-moded book-keeping methods for sales and inventory. No analysis is used beyond the rule-of-thumb systems based on experience devised by Mr. Amery. The new president has refused to hire an accountant; at 6,000 pounds per year, this was thought to be too expensive, especially as Mr. Ali felt he had a grasp of

the financial policy. Yet modern accounting systems could review income on past performance, recognise variations and, for example, predict future monthly sales. This could be particularly important given the seasonal nature of the business.

b. Communications are now poor between office and stores. Although Mr. Ahamed maintains contact, the brothers do not feel it is appropriate for them to make visits; one stated 'I am an educated person, not one who goes to stores'. Therefore, workers in the stores lack control and motivation; there is a rapid turn-over in staff. A better working environment, for example air-conditioning and adequate lighting systems, along with a system of bonuses for good performance, could help attract and maintain a regular work force.

c. The business is seasonal with a fluctuating demand for goods, but there is no inventory system to monitor those which sell well or are slow to move at given times of the year. Further, without an effective inventory analysis it is difficult to know when stock is reaching its expiry date. Unless the office makes specific inquiries, the workers in the stores are not motivated to draw attention to such goods and have them prominently displayed for sale at a reduced price. Encouraging such initiatives and allowing trusted workers to sell directly to customers would help both motivation and sales; the current system entails customers ordering through the office rather than being able to buy direct on impulse when attracted to goods in the store. A more efficient inventory and storage system would not only assist in the movement of stock but lessen potential losses. For example, problems occurred in 1984 when a fire in an adjacent factory quickly spread and destroyed stock which should have been better stored to limit damage in the event of such an emergency.

d. Management of buying and selling strategies needs to be reviewed. The business has relied upon its reputation with established customers buying a limited range of goods. Opportunities for development were offered to Mr. Amery but he was reluctant to expand. Now other firms with similar goods are competing. There needs to be greater awareness of the market, responsiveness to Ministry of Commerce initiatives and sales techniques encouraging individual customers or other firms to trade with the company.

To a great extent, the company portrayed in the case study epitomises the problems facing small businesses in Saudi. Individually, they have been successful but need to further develop if this sector is to contribute fully to non-oil growth as the

government moves to a more balanced economy. To become more enterprising and competitive, alternative ways of managing and organising the companies need to be considered. Effective management is crucial both for profitability and the ultimate development of a more skilled and able work force. What inferences can be drawn from the case study in relation to key factors which influence present practices and which need to be considered in any future strategies to assist management.?

3.5 Inferences drawn from the case study

The case study has detailed the history and development of a small business and the problems it has faced since the death of the owner. The study has highlighted

a. The influence of cultural, societal and experiential factors on personality development and motivation;

b. The interrelationship between personality and leadership style;

c. Ways in which personality and leadership style inter-react with the expectations and attitudes of the work force;

d. The interplay between traditional attitudes and practices, the changing economy and the greater influence of Western philosophy and approaches to business;

e. The impact of greater educational opportunities on the attitudes and expectations of younger businessmen;

f. The positive and negative effects of political and religious systems and ways in which individuals resolve the conflicting demands of these;

g. The effects of status as a major regulator of the behaviour of individuals, one to another;

h. The expectations of and attitudes towards the various minority groups and sub cultures;

i. The need for more knowledge and awareness of technologies and systems which could provide greater efficiency and profitability, including the contribution of supportive agencies in accounting and marketing;

j. The need for greater openness to opportunities for development and

k. Lack of understanding of the management of change and strategies to facilitate this.

However, case studies are essentially descriptive and provide only one sample of behaviour, even though they may indicate important variables and influences to be pursued. If recommendations are to be made which could assist the development of a stronger small business sector, then further evidence is needed of a wider and more analytical nature in relation to factors revealed in the case study.

Subsequent sections of the thesis apply Western theoretical concepts related to personality and leadership style to analysis of Saudi behaviour in small businesses and variables which affect their performance. The methodologies of Western applied psychology will be used in fieldwork and data collection leading to recommendations for interventions to improve efficiency and management techniques.

PART II

RESEARCH RELATED TO CULTURAL AND PERSONALITY DIFFERENCES IN LEADERSHIP STYLE AND PERFORMANCE

Introduction

Part I provided the context for the present study. It outlined predominant cultural influences in Saudi Arabia and the ways in which these were evidenced in the small business sector. The case study of a specific entrepreneur, Mr. Amery, illustrated the impact of these on his personality, leadership style and attitudes.

However, to further understand the present situation in Saudi Arabia and make recommendations for progress in small businesses, it is necessary to go beyond the descriptive and seek research data which permits statement of greater general application.

Additionally, no culture is static. In all communities, new influences and developments modify the existing society; for example, Saudi culture has been influenced by increased economic prosperity. Mr. Amery exemplified a particular generation but younger managers face new challenges and need to accommodate these within existing cultural forces. Further, no society is homogenous but contains within it various sub groups each with differing patterns of culture.

Therefore, Part II seeks to provide a theoretical framework relating major characteristics revealed in the case study to the wider context of research concerned with personality and leadership style. Within this framework, cultural change and differences in various Saudi Arabian sub-cultures will be considered.

Chapter. 4 Culture and the development of personality

Chapter. 5 Approaches to research into cultural differences

Chapter. 6 Dimensions of cultural differences

Chapter. 7 The authoritarian personality

Chapter. 8 Leadership style and locus of control

Chapter. 9 Leadership style and performance

CHAPTER 4

CULTURE AND THE DEVELOPMENT OF PERSONALITY

4.1 Introduction

Various sections thus far have concerned Saudi Arabian culture and the types of attitudes, traits and behaviours which this society values and encourages. Many appear to coincide with the dominant characteristics of Mr. Amery; case study material related to his personality and leadership style showed him to be:

- anxious to achieve success
- strongly affiliated to family/peer group
- possessed of a strong work ethic
- authoritarian
- ready to take moderate risks and assume responsibility for his actions
- able to enjoy and exercise the power his status conferred

However, it is possible to argue that these characteristics are not culture-bound. Entrepreneurs with these traits are indeed to be found universally. Is there a type of leadership style and personality linked to culture? Do the characteristics of Mr. Amery reflect important dimensions in classifying and investigating the behaviour of other Saudi managers? Does research suggest they would form a valid frame of reference? Before attempting to categorise managerial behaviour, a brief definition of culture and personality as the terms are understood in this study is required.

4.2 Definitions of culture and personality

Definitions and classificatory systems of both personality and culture are many and varied. Generally, the cultural environment is divided into two aspects.

One aspect tends to be synonymous with 'civilisation' and relate to man-made tangible objects, to laws, to government. The other aspect emphasises that culture is not merely heritage of the past, but an organic system into which individuals are absorbed and which itself is now changing and growing. T. S. Eliot defines culture as

> 'not merely the sum of several activities but a way of life. Culture is a peculiar way of thinking, feeling and behaving.'(1)

Hofstede (1991) refers to the two aspects as 'culture one' and 'culture two' the latter deriving from social anthropology and the patterns of thinking, feeling and

potential behaviour which are acquired from early childhood. As such, it is a collective phenomenon shared by those within the same social environment.

> 'It is the collective programming of the mind which distinguishes the members of one group or category of people from another.' (2)

'Culture two' is thus not a hand-me-down from the past, it is not inherited but involves learning. Hofstede echoes Mowrer's early succinct definition (1939) - an individual is like all men, like some men and like no other men. 'Like all men' represents a universal level - inherited from one's genes, it is that which provides basic physical and psychological functioning. Individuals have capacity for thought, feelings and action but this is influenced and modified by culture - thus, 'like some men'. Hofstede refers to the patterns of behaviour thus derived as mental programmes: 'the software of the mind'. It is emphasised that individuals are not programmed like computers but have the ability to interact with culture in new and innovative ways. Hence, returning to Mowrer, 'like no other man'. Hofstede points to a readiness, a predisposition and likelihood to react in predictable ways given one's learning and social environment.

4.3 The development of personality

Developmental psychologists have long recognised that the nature/nurture argument merely presents a theoretical construct; the interplay between genetic factors and cultural variables leading to the unique organisation of an individual's potentialities and responses.

> 'Personality is the dynamic organisation within the individual, of those psycho physical systems that determine his unique adjustment to his environment.'(3)

How, then, is the individual influenced and in what ways does he learn the expectations of his society that determine his unique adjustment within it?

From the moment of birth, a child enters a society and cultural environment - the two being inseparable. A child's family can cover a larger variation of groups, the least complete being an isolated mother and child. At the other extreme are patriarchal families of two or three generations; here children grow in a complex system of equalities and hierarchies. Such systems tend to predominate in Saudi Arabia. A child's first learning is within the family as patterns of behaviour are developed

through, for example, reinforcements, rewards and punishments. Children learn to identify with parents and accept their values.

> 'The child identifies with his parents because they appear to him to be omnipotent, at least during the years of early childhood. As a child grows older, he finds other people to identify with, whose accomplishments are more in line with his current wishes.'(4)

A child's world of significant others is one of widening group contacts, extending to neighbourhood, school and the wider community. What lessons are then learnt which shape behaviour?

4.4 Manifestations of culture

In whatever society or type of family, a child is inducted into a system of cultural differences. Hofstede (1991), suggests that the total concept of this system encompasses four major manifestations, i.e. symbols, heroes, rituals and values.

a. Symbols include words, gestures, pictures and objects which have a particular meaning recognised by those who share the culture - they may cover language to hair, pop art to status symbols. These are the most impermanent and superficial aspect of differences-changing as the society changes or, with greater ease of communication, is influenced by other cultures.

b. Heroes are those who - alive or dead - embody highly prized characteristics and present role models for behaviour. In a sense, Mr. Amery's brother represented a hero and provided him with a pattern to emulate.

c. Rituals are represented as collective activities including, for example, social and religious observances, ways of greeting and dealing with visitors. They tend to oil the processes of social interaction which might otherwise lead to friction.

d. Values are regarded by Hofstede as the hub and centrality of cultural differences and learning. Whereas symbols, heroes and rituals represent practices, values have stability and provide individuals with a predisposition to react in particular ways.

Values tend to be learnt implicitly and may be held unconsciously by individuals. Their presence is recognised through observable reactions and behaviour. They reveal themselves through attitudes - to work, to family, to church.

4.5 Cultural attitudes

Attitudes are an important variable in the filtering mechanism of individuals as new situations and learnings are accepted or dismissed as consonant or dissonant with the existing framework. (Festinger 1957). Both values and attitudes represent polarity, a continuum between what is recognised as 'desirable' or 'undesirable'. They refer to the stand an individual upholds and cherishes about his cultural environment and in a sense define an individual's concept of Self: of the kind of individual he is, with whom he belongs, is accepted and with whom he identifies.

Although many theories, e.g. Allport, have tended to emphasise persistence of traits and early value systems lay an enduring foundation, nevertheless changes occur as individuals mature and respond to new challenges.

> 'Although personality is a product of the social environment of the past, it is not, once it has developed, a mere object of the contemporary environment. What has developed is a structure within the individual, something which is capable of self-initiated action upon the social environment and of selection with respect to various incoming stimuli. It is something which though always modifiable is frequently resistant to fundamental change.'(5)

Since no society or culture is static, inevitably there will be conflicts between new and established value systems. For example, in developing countries, the younger generation may find it hard to reconcile the influence of early learning with exposure to a widening range of Western ideas. This may be particularly so where families are dominant and, for example, fathers may resist the opening of schools for girls in Saudi Arabia. Greater job mobility and movement from one culture to another or within the various strata of the culture may result in changes which are too rapid to be easily assimilated. In modern society there are often conflicting value systems, both between and within specific cultures.

The values held by Mr. Amery and acquired and modified from childhood resulted in his particular approach to business and his leadership style. But was this idiosyncratic? Was this shared then and now by other Saudi businessmen - and by

those in the numerous sub-groups which compose the culture? Are there indeed key values shared by most businessmen, dimensions along which they may differ but which shape their business strategies? Understanding of the culture of such organisations as distinct from the more general national culture have been investigated by Hofstede from the early 1980s. His research, discussed in the following chapter, provides a useful framework in linking the Case Study with a wider sample of Saudi entrepreneurs.

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CHAPTER 5

APPROACHES TO RESEARCH INTO CULTURAL DIFFERENCES

5.1 Anthropological and analytic approaches

Within the social sciences, the description and analysis of various cultures and societies was mainly undertaken by cultural anthropologists. Their methodology relied upon participative observation whereby the researcher lived and worked within the groups he studied; these tended to be isolated communities or primitive tribes. The work of Ruth Benedict (1887-1948) and Margaret Mead (1901-1978) typified this approach. Although there were criteria for observing and recording information, inevitably there were problems of unavoidable subjectivity and lack of data to enable valid cross-cultural comparisons to be made. The studies did, however, focus on key areas common to all societies, for example, child rearing practices, rites of passage, interaction and control of conflict.

Other attempts to describe national cultural differences centred on more accessible and advanced societies. They made use of demographic information and the results of comparative surveys. The former might involve national statistics; these needed careful interpretation since data across countries may not have been gathered or presented in similar ways. The statistics might well reflect the political stance of particular governments. In surveys there was the usual problem of adequate sampling since most seemed to focus on readily available groups, e.g. university students.

The work of McClelland (The Achieving Society, 1961) bridged anthropological and analytic approaches. Using the anthropologists premise that the motives of peoples could be inferred from their folk tales, McClelland's research team analysed children's stories from a large number of countries in terms of the dominant motivational patterns he defined as achievement, affiliation and power. Other psychologists argued the universality of this system. However, differences in culture, values and behavioural characteristics still tended to be described in terms of stereotypes, which often had little basis in reality and were unhelpful in mutual understanding.

5.2 The work of G. Hofstede

Over recent decades, leading research related to culture and national differences has stemmed from the work of Geert Hofstede. His work interrelates interests in anthropology, industry and management. Above all, he has a more general

concern for greater cultural understanding. Although it might be assumed that nations/cultures sharing common problems would co-operate in solving, e.g. ecological, economic or medical issues, more often there is a confrontation between peoples who think, feel and act differently. Hofstede has claimed to show that although the variety of cultures and behaviour is immense, yet nevertheless within this is a structure which can help achieve greater mutual understanding. Cultural relativism is implicit. The problem goes beyond absolute criteria and certainly the glib exchange of stereotypes. Rather, information on and understanding of cultural differences should precede judgements of behaviour and, if there is an underlying structure common to all societies, this could establish shared points of contact.

Within this general philosophical framework, Hofstede's work mainly derived from the 'Hermes' project, initiated by IBM and concerned with employee attitudes. The project is reported in Hofstede (1980). It involved data from a cross-national study of subsidiaries of the IBM company in various countries and regions. A list of the 50 countries and the 3 regions is given in Appendix 5. One region encompassed Arab-speaking countries, including Saudi Arabia.

The data base for the studies was exceptionally extensive. Across the 50 countries and 3 regions, it covered 72 national subsidiaries, ranged over 38 occupations and involved 20 languages. Data was gathered at different periods, i.e., 1968 and 1972. Hofstede became mainly interested in data dealing with an employee's personal values as they related to his work situation. Data for this study derived from paper/pencil responses involving 116,000 questionnaires with over 100 standardised questions on each.

Inevitably, debates centred upon sampling. How could a sample of IBM employees serve to further understanding of the cultures involved? Were they not an in-group who differed perhaps from the rest of the population? This was indeed the strength of the sample which represented functional equivalence, i.e., the samples drawn from various countries were equivalent in most respects other than nationality. Hofstede argued that the employees were not representatives of national populations, but being functionally equivalent were similar other than in respect to nationality. IBM represented a homogenous multinational corporation; employees shared a common corporate culture and could be matched for e.g. type of work and level of education. However, the main difference was the culture in which they developed

before joining the organisation - these differences were claimed to be shown with great clarity.

5.3 Cultural dimensions

The statistics used involved factor analysis of country mean scores for questions which had proved stable from the initial to the second survey, i.e 1968-72. This analysis produced clustering along 4 dimensions which accounted for about 50% of national differences in the data. These dimensions related broadly to:

1. Social inequality, including relationship with authority.
2. Relationship between individual and the group.
3. Concepts of masculinity and femininity.
4. Ways of dealing with uncertainty, relating to the control of aggression and expression of emotions.

These dimensions were cross-correlated to explore their inter-relationship.

There were questions about the sample and validity of the results; the former concerned, for example, whether or not the company used similar recruitment policies in different countries. In 'Cultures Consequences' the validation of the IBM scores against independent outside data, is given detailed attention. Hofstede argues that the scores on many conceptually related measures from other resources were sufficiently strongly correlated with the IBM dimension scores as to negate explanation of this occurring by chance. Not unexpectedly, attempts to replicate the research produce an uneasy match akin to efforts to confirm and extend the work of Piaget in child development - not always were the variables defined and observed in the original studies carefully controlled.

In so far as the present study is concerned the minutiae of statistical arguments does little to further understanding of Saudi Arabian problems. The validity of the research may perhaps be taken as a given, the dimensions being sufficiently well defined and supported as to provide a framework for investigation; in subsequent sections this will also be related to other areas of research and the current situation in Saudi.

Further, the concern for global conflicts and the culture of large organisations are outside the remit of the study. The central issues concern the motivation and management of business in Saudi Arabia. Hofstede's central argument is of prime importance, i.e., the scores of a country are not for describing individuals; rather 'they describe the social systems these individuals are likely to have built'.

> 'They have to take account of the dominant values of the majority of the people involved.'(1)

It is this culture which has formed Saudi managers, shaped their dominant values and within which they need to manoeuvre and plan to reconcile change with tradition. In the following chapter, the four dimensions of culture outlined by Hofstede will be detailed and discussed.

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CHAPTER 6

DIMENSIONS OF CULTURAL DIFFERENCES

6.1 Introduction

Hofstede's work showed that cultural differences in his national samples centred on 4 dimensions; high-low scores represented the polarity of these and by cross-correlation the interrelationship of the dimensions was explored. The main findings outlined in the following paragraphs relate to the dimensions of;-

a) Power distance.

b) Collectivism / individualism.

c) Masculinity / femininity.

d) Uncertainty avoidance.

6.2 The Dimension of Power Distance

Hofstede was interested in the ways whereby societies deal with inequalities between their members. Even though there may be a 'strain towards symmetry' (Newcomb. 1953) to reduce conflict, individuals are not equal in personal or material attributes. What is important, according to Hofstede, is the expectation-

> 'the extent to which less powerful members of institutions and organisations within a country expect and accept that power is distributed unequally' (1).

Conversely, the same would hold true for those wielding the power.

The handling of inequalities provides insight into the power distance between groups; a Power Distance Index (PDI) based on related values was formulated. This depended on key questions derived from clusters of questions which factor analysis had showed to relate to power. The key questions covered both the perceptions of workers and their actual preference for leadership style; the former concerned, for example, their views of the boss's decision making style and their own ability to express disagreement. There was a close relationship between perceived reality and that which was desired.

In cultures with a high PDI, the emphasis was upon dependency relationships with a large emotional distance between subordinates and managers. The former both perceived and sought an authoritarian, paternalistic approach with little interest in a consultative style of leadership. This reaction tended to persist throughout the

hierarchy with the self-rating of managers themselves closely resembling the style perceived and preferred in their own superiors. Social class, education and occupation are mutually dependent areas which contribute to power distance. However, most importantly, where countries had a high PDI, this applied universally and was evident in both high and low status populations. By extrapolation, cultures with a low PDI warm more to strategies which increase involvement, consultation and which serve to reduce dependency and emotional distance. The relative position of the Arab-speaking countries on the PDI is given in Appendix 6. It will be seen that the PDI score of 80 ranks them 7th among the 53 countries and regions.

The 'mental software' of values related to the Power Distance dimension develop from childhood learning and experience through, for example, emphasis on obedience to parents and teachers. These values become part of the individual's mental programming and are transferred to his relationships with management or subordinates. Where there is a high PDI this leads to leadership systems characterised by, for example:

a. centralisation of power with little power sharing.

b. emphasis on supervision - with subordinates expecting to follow instructions and display little initiative.

c. salary systems which emphasise inequality and where it is accepted that superiors are entitled to privileges.

d. workers tend not to approach management - the latter initiate contact.

e. where there are assumptions that the 'ideal boss' is a benevolent autocrat, a 'good' father - even if experience proves this to be otherwise, there will still be efforts to comply with authority.

The concept of Power Distance is closely related to that of the Authoritarian Personality (Adorno et al, 1950). Both are rooted in childhood learning and as such reflect not only desire to use power to further individual goals, and accept the power of superiors, but also to protect the values these embody.

6.3 The dimension of Collectivism/Individualism

As with Power Distance, the Collective/Individual dimension represents polarities, though, as Hofstede points out, most peoples live in societies where the interest of the group prevails over that of the individual. However, the dimension of collectivism does not represent a political stance such as might have typified former Eastern bloc countries.

> "Collectivism pertains to societies in which from birth onwards, individuals are integrated into strong, cohesive in-groups which throughout their lifetime continue to protect them in exchange for unquestioning loyalty".(2)

On the other hand, ties in individualistic societies are loose and an 'every man for himself' approach tends to predominate.

As with Power Distance, an Individualism Index of Values was computed (IDV). This was based on survey questions related to work goals. Subjects were asked to consider factors which would be of greatest importance in defining their ideal job and to score 14 items according to utmost/very little importance. The patterns of response actually revealed two dimensions - the other came to be labelled Masculinity/Femininity and is dealt with in section 6.4. The relative ranking of Arab-speaking countries on IDV is given in Appendix 7; they rank approximately mid way between highly individualistic societies and strongly collective communities e.g. Equador. Within this region, Saudi Arabians tend to score as more collectivist than the Lebanese or Egyptians.

There is a clear dichotomy in the factors important in ideal jobs as defined by Individualistic/Collectivist groups. The former value personal planning of time and approach to the job, welcoming challenge and feelings of personal accomplishment - all areas which emphasise personal initiative. On the other hand, collectivist groups tend to show a more passive approach with emphasis on training, good physical conditions, use of skills possessed by workers; the more reactive stance of collectivism

stresses that which the organisation can do for the employee, rather than vice versa - or indeed, what the individual can do for himself.

Very broadly, individualistic countries are rich, collectivistic areas are poor (see Appendix 7). Hofstede suggests that in the former, factors such as training and physical conditions are taken as a given - workers are thus 'released' from such considerations and devote energy to that which is personally satisfying and challenging. Workers in poor countries cannot take basic provision for granted, hence the need for these goals to be achieved before there can be self-fulfilment (Maslow). In terms of Herzberg et al (1959), individualistic cultures are more intrinsically motivated and less oriented to external inducements.

To some extent, it could be argued that Power Distance and Collectivism represent a single dimension. Certainly High PDI and Low IDV are related. However, if the variable of economic development is held constant the relationship becomes more complex. Countries, rich or poor, make different 'trade-offs' in terms of dependence on in-groups as against dependence on power distance. Hofstede cites countries such as France which combine medium power distance with strong individualism.

As with other values, the mental programming for collectivist/individual attitudes begin with the family - the former emphasising family loyalty, shared resources, and harmony in the social environment. These values transfer to the work place. In collectivist societies, such as Saudi Arabia, workers are not hired so much for their competence as individuals but for their affiliation to an in-group; they can be trusted to act according to the interests of the group. There is a tendency to hire relatives, and for the earnings of these relatives to be shared with the extended family. Such practices reduce risks as the work force tends to share a common frame of reference. As against individualistic societies, nepotism is encouraged rather than feared; self effacement by subordinates rather than displays of initiative is encouraged.

6.4 The dimension of Masculinity/Femininity

Biological differences between male/female are universal. However, within societies there are differences in gender roles. Masculinity emphasises

> 'assertiveness and competition; femininity centres on nurturance, a concern for relationships and for the living environment.'(3)
>
> 'The role pattern demonstrated by the father and mother (and possible other family members) has a profound impact on the mental software of the small child who is programmed with it for life. Therefore it is not surprising that one of the dimensions of national value systems is related to the gender role models offered by parents'. (4)

The statement is acceptable in terms of the predominance of the extended family in Saudi Arabia. Hofstede may need to review its applicability in societies with increasing numbers of single parent families.

The previous section referred to a set of 14 work goals as factors in determining the 'ideal job'; it was noted that analysis revealed another dimension in addition to Collectivism/Individualism i.e. dimension defined as Masculine/Feminine. This was the only area in which men and women IBM employees consistently scored differently. Whereas 'male' goals clustered around earnings, recognition advancement and challenge, at the other polarity emphasis was given to good relationships, co-operation, living conditions and employment security. Only on these factors were the responses of men and women strongly differentiated.

Hofstede argues that societies may be defined as masculine or feminine not on a simple tough/tender basis but rather -

> 'Masculinity pertains to societies in which social gender roles are clearly distinct. Femininity pertains to societies in which social gender roles overlap i.e. both men and women are supposed to be modest, tender and concerned with the quality of life'. (5)

A masculine index of values (MAS) was computed for the countries and regions; the ranking of these is given in Appendix 8 . Unlike individualism, the dimension is unrelated to economic development. Arab-speaking countries are among those with moderately masculine scores.

Like other value systems, the dimension derives from childhood learning and role modelling. It is perhaps in this area that the heroes referred to in Chapter 4 are particularly important - the 'hero' manager later seen as one who is aggressive, assertive and dominant. In masculine societies, individuals are socialised towards assertiveness, ambition and competition. Managers are given to unilateral decisions rather than group discussion. The fact that managers are' macho', enhances rather than

diminishes their image. Their style is likely to be unpermissive with little room for compromise or negotiation. The concept of masculinity has served managers and organisations to good effect. For example, the 'masculization' of unskilled/semi-skilled work as in 'job enrichment' (Herzberg 1959) involved greater involvement with and responsibility for relatively simple processes - perhaps revealing greater concern with the perceived than the actual. This could possible be viewed as a cosmetic exercise.

The dimension of masculinity/femininity is probably most open to dramatic change. Historically, from the time when man was the hunter, masculinity has equated with assertion, aggression, a going forth from the home, a seeking for challenge and imposition of will on environment. Technological and societal changes within cultures are tending to blur what were previously more clearly defined masculine/feminine provinces.

6.5 The dimension of Uncertainty Avoidance

Hofstede adopted the term 'uncertainty avoidance' from the work of March et al in organisational sociology. (Cyert and March, 1963). In any organisation or society, individuals need to feel that to some extent life can be controlled and is predictable. The future may be unknown, but by attempting to reduce the element of surprise, they can avoid intense anxiety induced by extreme uncertainty.

Attempts to limit uncertainty and anxiety usually focus on three areas: technology, law and religion. Whereas technology helps control uncertainties in natural phenomena, as with irrigation to prevent crop failure, laws are designed to prevent uncertainties in the behaviour of members of a culture. Religions of various kinds help acceptance of powers and forces which transcend control or predictability. Hofstede suggests that

> 'the essence of uncertainty is that it is a subjective experience, a feeling'(6)

and that these feelings are partly shared by other members of one's culture. Uncertainty avoidance can be defined as

> 'the extent to which members of a culture feel threatened by uncertain and unknown situations.' (7)

A clear distinction is made between uncertainty avoidance and risk avoidance; 'uncertainty is to risk as anxiety is to fear'. Both risk and fear involve a focus: uncertainty and anxiety are diffuse states where the trigger is more likely to be ambiguous rather than specific. Ambiguity is a key concept in uncertainty avoidance and those seeking to reduce uncertainty look for structure in relationships, work and institutions.

An Uncertainty Avoidance Index (UAI) score was formulated for the 50 countries, and 3 regions included in the IBM study. The results are given in Appendix 9; the Arab-speaking region again ranks midway. The questions from which the mean scores derived originated in exploration of areas in power distance related to job stress. They included the element of job stress, e.g., How often do you feel nervous or tense at work?' but also referred to the employees orientation to company rules and to long term job prospects. Although these areas may appear to be unconnected, they are expressions of levels of anxiety in various cultures - anxiety leading to tenseness, to avoidance of ambiguity in breaking rules, to avoidance of the unknown in changing jobs.

As with other values, feelings of uncertainty are first acquired and learnt in the family. Anthropologists, e.g. Douglas (1966) have argued that the earliest learning distinguishes clean/dirty and safe/dangerous and that reactions to people are developed within these polarities, as in racism. Where there is strong uncertainty avoidance, that which is different from the norm is likely to be viewed as dangerous. Weak uncertainty avoidance cultures allow a wider range of personal interpretations and the unusual is not immediately seen as threatening.

In the workplace within strong UAI cultures, the laws and rules which help eliminate unpredictability tend to have great importance and represent an emotional need for structure. In cultures where power distance is also great, the power of managers/owners imposes its own rules. Individuals seek to be constantly busy, 'life is hurried and time is money'; workers are motivated by the need for security, esteem and belongingness. There is generally resistance of innovation and insistence on precision and punctuality. In cultures with a weak UAI, rules are avoided, but respected where they exist. Individuals are less driven by an urge for activity but although they can work hard, they can also relax. There tends to be greater tolerance of innovation but, with less emphasis on precision, implementation of new ideas is not necessarily thorough. Individuals in these cultures are more motivated by sense of achievement

than need for security. Hofstede's findings echo those of McClelland (1961) in correlating weak uncertainty avoidance with strong need for achievement.

Of all the dimensions outlined by Hofstede, it is in uncertainty avoidance that religion plays an important role. Religious beliefs tend to deal with the ultimate uncertainties - with life and death; some are more categoric than others in offering certainty and assurance. Although it is recognised that all cultures include those who subscribe to different religions, high UAI scores are found in predominantly Orthodox and Catholic countries while there tends to be a low score associated with Eastern religions. Judaic and Islamic countries are in the medium range.

Eastern religions give greater stress to personal insight and growth than strong belief in one revealed Truth and associated dogma. Although Judaism and Islam are also based on divine revelation, they have tended towards tolerance though both show conflict between more or less uncertainty avoiding factions - the one being intolerant and fanatical, the other being more pragmatic and liberal. Historically, Islam has been accepting of other faiths and Jews and Christians, 'people of the book', were tolerated in the Ottoman Empire provided they paid a special tax. As explored in Part 1, the type of fatalism leading to a strong need for rules and uncertainty avoidance owed more to the impositions of Ottoman rule than Islam. It is this fatalism which has lead individuals to ascribe responsibility for success or failure to what cannot be readily controlled or predicted: an external rather than internal locus of control.

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CHAPTER 7

THE AUTHORITARIAN PERSONALITY

7.1 Introduction

The term authoritarian as commonly applied to describe individuals is usually synonymous with saying they are dictatorial and 'like to have their own way'. However, the characteristic is more precisely defined in psychological research into styles of leadership and derives from the work of Adorno et al (1950) at Berkeley University. Although originally designed to investigate the basis of prejudice in anti-Semitic behaviour, the research widened to include other ideologies and to eventually link these with personality. Various attitude scales were devised to measure, for example, ethnocentrism, i.e. the E scale. It is the F scale which most nearly concerns personality; although originally referred to a Potentiality for Fascism, it became known in subsequent research as the Authoritarianism Scale.

7.2 The characteristics of authoritarian personality

The F scale consisted of 38 items classified under nine general terms. The items were a heterogeneous collection derived from fascist writings and anti-Semitic speeches; although varied and seemingly unrelated they were grouped within the nine characteristics which were then seen to compose the anti-democratic or potentially fascist syndrome. The characteristics said to define prejudiced individuals are briefly as follows:

a) **Conventionalism** - adherence to conventional values and obedience and respect for authority.

b)**Authoritarian submission** - uncritical attitudes to the moral authority of the in-group.

c)**Authoritarian aggression** - condemnation and rejection of those violating conventional values.

d)**Anti-intraception** - opposition to the subjective, imaginative and 'tender minded'.

e)**Superstition and stereotypy** - belief in determinants of one's fate and tendencies to think rigidly.

f)**Power and toughness** - preoccupation with dominance, power figures and assertion of strength.

g)**Destructiveness and cynicism** - generalised hostility and poor opinions of humanity.

h)**Projectivity** - outward projection of unconscious impulses.

i) **Sex** - exaggerated concern with the sexual activities of others.

Further research by the Berkeley investigators used interviews and projective techniques alongside scores on the various attitude scales to examine the co-variation. Across clinical date, interview protocols, TAT (Thematic Apperception Test) and projective questions, they found significant differences between prejudiced/unprejudiced subjects; many areas of difference related to the content categories of the F scale.

Innovation in technique or concept is never unquestioningly accepted; the investigations generated considerable controversy and further research. There was particular reluctance to accept a type of personality defined from response to disparate statements. However, through factor analysis, Melvin (1955) found a strong general factor which seemed to hold together a conglomerate of assorted opinions in a type of psychological unity. Apart from concerns related to sample and methodology, arguments centred on whether the scales revealed general authoritarianism, authoritarianism in right-wing Fascism - or in left-wing fascism? Christie and Cook (1958) made a critique and summary of the large volume of research which had arisen in the five years following the Berkeley studies. They conclude,

> 'the overall picture shows consistency of findings in many of the most intensively studied areas. The E and F scales are found to be significantly correlated in a wide array of samples and predictions of relationships with attitudinal measures are almost invariably confirmed.'(1)

Their statement is equally likely to reflect the current situation.

Adorno et al argued for an empirical clustering of beliefs which, though not logically related showed the existence of a dynamic psychological relationship. Brown (1960) suggests,

> 'Prejudice plays an integral role in the total ideology but the role is psychological rather than logical'. (2)

If so, how would such a system work? In terms of child development, what experiences might lead to the acquisition of authoritarian traits?

7.3 The development of the authoritarian personality

The Berkeley studies showed prejudiced individuals to be predominantly concerned with status and success, interested in social esteem and pursuit of power.

One category of questions in the clinical interviews concerned relationships and experiences within families; the families were classified as status-concerned or status-relaxed. Where there was status anxiety and concern for conformity, the parental role seemed to be interpreted in terms of authority and submission. The parent wielded authority and unquestioning obedience and submission was expected. Over-emphasis on authority could well lead to a child becoming frustrated, with this frustration in turn leading to suppressed aggression. Since a young child cannot easily rebel against parental discipline, the aggression is displaced away from the source of authority to other targets - to outsiders who are not part of the in-group which is esteemed, to minorities, to racism. Through displacement and projection, the aggression becomes rationalised. Hence, parental attitudes are not merely learnt but seem to be internalised through the dynamic interplay of psychological forces as a child's personality develops.

But what of businessmen and managers? After all, they rather than children are the focus of the present study. It is possible to understand how they may have acquired particular values and attitudes, but how might these relate to their management strategies? Individuals classified as Anti-Intraceptive on the F scale are not given to self-analysis and introspection. They do not seek for psychological insights or understanding of their role within events. Rather, the prejudiced individual is more inclined to be extra-punitive and see himself as the plaything of external forces: a managerial Odysseus buffeted by fate. Thus, when his company falls on hard times, the authoritarian businessman is likely to lay blame at the door of his customers or market forces rather than look to his own performance.

It is not surprising that aspects of the Authoritarian Personality echo the dimensions defined by Hofstede (1980). Both areas show the strength of family and cultural influences. The prejudiced individual is likely to thrive in cultures which emphasise Power Distance and Collectivism. The characteristics defined as Authoritarian Submission, Conventionalism and Authoritarian Aggression are related to status, exclusion of outsiders and somewhat uncritical acceptance of the authority of the in-group. Similarly, the masculine/feminine dimension would accommodate the characteristics of Power and Toughness and Anti-Intraception with its opposition to

tender mindedness. The needs for control and structure evident in Uncertainty Avoidance would also exemplify Authoritarian tendencies. Not all characteristics of Authoritarianism fit neatly within Hofstede's dimensions or indeed appear to make a significant contribution to leadership style; except in rather surreal ways, it is difficult to weld sex and projectivity into the strategies required by the small businessman. Nevertheless, an image does emerge of a manager who is directive, maintains power distance with his employees to preserve status and up-hold conventional values, is unlikely to venture into risk taking where there is uncertainty and who enjoys the power and masculinity of his role.

7.4 Authoritarianism, and cognitive style

Thus far, comments have mainly concerned the authoritarian businessman's personality and likely behaviour. However, there is a further aspect of the Berkeley studies which relates to an important dimension in management, i.e. cognitive style and the processes which influence decision-making. Adorno et al defined two dimensions, i.e. Rigidity vs. Flexibility and Ambiguity vs. Intolerance of Ambiguity. Prejudiced individuals were deemed to be rigid in their thinking and intolerant of ambiguity; the latter again echoes Hofstede's dimension of Uncertainty Avoidance. In essence, the researchers argued a unity of style, with intolerance of ambiguity being a generalisation of intolerance of emotional ambivalence, i.e. the state where both love and hate are felt for the same person. Rigidity of thought implies resistance to persuasion or even to acceptance of information; or, equally, rigid partitioning of beliefs so that contradictory propositions may be held simultaneously.

Once again, the work of the Berkeley team generated further research. Much was concerned with rigidity as revealed through mental set, i.e. perseverance in a particular approach regardless of stimulus change calling for a new problem solving strategy. Other work centred on intolerance of ambiguity. Studies by Else Frenkel-Brunswick (1949) involved young children. They were shown a picture of a dog and then a series of pictures which gradually transformed the dog into a cat. The prejudiced children were slow to respond to changes in the stimulus and loathe to change their initial response; unlike the unprejudiced group, they tended to shy away from transitional interpretations. Whatever else, the study showed the early appearance of differences in personality and cognitive style.

Obviously, one can make a false dichotomy between personality and cognitive variables. As Rokeach (1960) points out, an individual's cognitive functioning is not set apart from his affective or emotional states. Authoritarianism as an affective personality state can also be conceived in terms of cognitive beliefs about the nature of authority. Similarly, any affective state can have its cognitive counterpart within the belief-disbelief systems of individuals. In "the Open and Closed Mind", Rokeach (1960) explores the nature of such systems. He categorises the organisation and characteristics of open and closed belief systems. Rokeach's key concept is dogmatism. In his view, dogmatism can be defined as a closed way of thinking which could be associated with any ideology regardless of content, an authoritarian outlook on life, intolerance of those with opposing beliefs and sufferance of those with similar beliefs. Open ways of thinking represent bi-polarity in these concepts. To say that a person is dogmatic is to say something about what he believes; also, as Rokeach points out, it is to say something about the way in which he thinks and about his cognitive structure. Rokeach's main concern was to explore cognitive levels, e.g. reliance on authority, resistance to change, conformance - all of which in his view have the same cognitive basis, i.e.

> 'namely the inability to discriminate substantive information from information about the source and assess the two separately".(3)

In other words, the individual's belief and attitude systems filter out information which does not conform to existing beliefs and the authority of the conventional wisdom of his society; they reject that which is not consonant with their beliefs.

The D scale constructed by Rokeach (1960) measures open-ness and closed-ness of belief systems and serves as a general measure of authoritarianism and intolerance. The measure is free of ideological content. Rokeach believed general authoritarianism was best conceived as a mode of thought rather than as a set of principles. The D scale consists of 40 items (Form E). Some items relate to isolation within and between belief/disbelief systems; they are akin to the rigidity and partitioning discussed in relation to Authoritarian Personality. Others relate to central or peripheral areas of belief or to the time perspective dimension, i.e. the more closed the system, the more its organisation will be future or past oriented.

If a businessman displays the characteristics of an Authoritarian Personality with the cognitive strategies of Dogmatism, then this combination would seem to spell

disaster for any small company. Over-adherence to status quo, inability to respond flexibly to changing market forces, uncertainty avoidance, rigidity of approach, pre-occupation with power, distancing of the work force - such factors would not appear to guarantee success. Yet strangely, in some cultures at least a number of these characteristics could well be highly valued as promoting stability in trade and commerce. For example, the Case Study concerned a very successful business though its owner had many authoritarian traits.

Unfortunately, stability and the human condition are uneasy bed-fellows; change is inevitable, whether imposed on a given society or generated within it. Although the research related to authoritarianism suggests variables to be explored in investigations of Saudi small businesses, it does not suggest how their modus operandi might be changed to meet new demands and help in the expansion of this sector. Attitudes, beliefs and cognitive styles are all part of the individual's personality; to ask him to change any aspect is to query and perhaps threaten his concept of Self. However, greater knowledge of the interactive variables would promote better understanding and have implications for the way ahead in Saudi small businesses.

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CHAPTER 8

LEADERSHIP STYLE AND LOCUS OF CONTROL

8.1 Introduction

Earlier sections in Part II described the inter-relationship between personality and culture; links between a particular type of personality, i.e. authoritarianism and various cultural dimensions were explored. Authoritarianism is not only an important variable in leadership style, but an apposite factor to consider in cultures which emphasise power distance. Hofstede's research also identified uncertainty avoidance as a characteristic of the country and noted the part played by religion in this dimension.

Religion would not generally be considered as a variable in research into small businesses. References to the Protestant work ethic in McClelland's research are less concerned with religion per se than with manifestations of the achievement motive. However, Saudi Arabia is a strongly Islamic country. It is also one where its people appear to be thought of a fatalistic. Frequently, Westerners quite erroneously tend to associate the religion with fatalism and see a causal relationship where none exists. The fatalistic approach which forms part of Uncertainty Avoidance is rather due to the consequences of Ottoman rule. Islam, on the other hand, promotes self-determination and independence, with man being responsible for his destiny. There are obviously conflicting influences which are internalised and resolved by individuals in their evolving personality. How might individuals react differently, and how might such differences be apparent in their business strategies? It might well be that the concept of locus of control could usefully be applied.

8.2 Research into locus of control

Much of the research into locus of control derived from the work of Hans Selye (1956) into the stress syndrome. It was postulated that individuals had a general adaptation system or a mechanism which rallied their internal forces to resist threat. Individuals were seen to have a coping mechanism which mediated stress and their reaction. But what would constitute stress and how might individuals differ in their response?

The original research was linked to medical issues and the relationship between stress and an array of illnesses, not only those deemed to be psychosomatic. The work of Holmes and Rahe (1967) investigated the histories of 5000 patients, linking

stressful life events with the onset of illness; from this data, they devised a predictive quantitative measure, i.e. the Schedule of Recent Events (S.R.E.). The life events included, for example, divorce, retirement, bereavement, redundancy. Many of these experiences occur to all individuals but did such events have differential effects? In terms of small businesses, how might their owners react to the same type of stress or uncertainty - to foreclosure of a loan, problems with the work force, recession, diminishing trade - or to less drastic events? What of uncertainty as to whether to expand the business or stock new brands.?

A businessman's response would reflect his coping mechanism; the Case Study provides one example. Where there are strong personality resources, the effects of stress are lessened. The most important factor is perceived control. Where an individual believes he can cope with stress and has a high degree of control, the effects are ameliorated; feelings of helplessness tend to worsen the situation.

To some extent, control may be acquired through learning and experience. The various types of control were classified by Thompson (1981) as behavioural, informational and cognitive. For example, in term of stimulus and response, certain behavioural strategies are seen to be successful by individuals and lead them to feelings of mastery. Information control frequently brings its own reassurance. Like children in the dark, individuals fear the unknown; but where there is information and knowledge, problems are better understood. For example, perceived threats to business become more manageable. Cognitive control is similar to behavioural control in that both require individuals to believe they can directly influence the situation. However, in cognitive control there is no need for overt action: it concerns cognitive style and belief in one's ability to exert a direct influence. Cognitive style, as seen in the work of Rokeach (1960), enters the realm of individual differences and personality. Roger Brown (1986) defines perceived control as a relatively stable personality characteristic. 'Some individuals have a general sense of being in control of their lives, and others lack that sense'.

It appears than, that there is a personality characteristic which for those who possess it, operates to moderate whatever stress is encountered. Means of measuring this characteristic were explored by Rotter et al (1966) in a self-administered questionnaire, termed the Locus of Control Scale. The central tenet concerns that which is external vis a vis that which is internal. It is the latter which is synonymous with perceived control, i.e. the individuals personality resource and cognitive style

which leads to feelings of mastery and ability to influence events. On the other hand, external control implies that individuals perceive outside forces as dominating their lives. Rather than directing events, such individuals feel there are factors outside their competence and understanding which are designed to frustrate their efforts and over which they have little control: a fatalistic response.

Rotter's scale consisted of 23 items, each of which was composed of two statements giving opposing viewpoints. Subjects were asked to select the statements with which they most agreed: for example, Item 2.

a) Many of the unhappy things in people's lives are partly due to bad luck.

b) People's misfortunes result from the mistakes they make.

The scale was widely used in the research generated by interest in locus of control. However, it was clear that the concept represented a general personality characteristic regardless of whether or not Rotter's scale was used. For example, Worell and Tumilty (1981) devised a scale for use with alcoholics; Reid and Zeigler (1981) employed a different scale with the elderly. In general, the research confirmed that when individuals are subjected to the same severe stress, those with high personal control are less disquieted by this, i.e. where there is an internal locus of control there tends to be greater personal resource and stability.

8.3 Locus of control and business performance

Although some research related to contrived experimental conditions, other psychologists pursued reaction to natural phenomena: one in particular carried out one of the few investigations of small businesses. Anderson (1977) explored the coping styles of businessmen after a hurricane led to flooding and damage in a small town. Almost a year after the disaster, these businessmen still showed very strong emotional reactions; these were correlated with scores on the Locus of Control scale. Those who exhibited an external locus of control reacted to the disaster in ineffective ways, showing little personal initiative but rather tending to show withdrawal and view the situation with hostility. Anderson's research and similar studies show that high internal control not only moderates the stress, but that this personality resource results in better coping strategies and more instrumentally effective initiatives. The companies of high/low control entrepreneurs were compared almost three years after the original event. The comparison was made by an independent national credit rating

agency. It was found that there was a significant difference in the recovery rate and performance of companies. Entrepreneurs with internal locus of control appeared better able to survive disasters and reconstruct their business. In terms of Rokeach's research, their response also reflected a more open minded approach.

However, other research showed that although internal locus of control moderated stress, this factor alone could not off-set the effects. Certainly, it was a substantially better ameliorating agent than external locus of control, but would it be strengthened by combination with other variables?

A longtitudinal stress study was carried out by Kobasa and Maddi at the University of Chicago where a local utility company was anxious to moderate the results of work-related stress. Two groups of the work force were defined using a modified S.R.E. scale, an Illness Rating Scale and a number of personality measures. The two groups, i.e. High Stress/High Illness and High Stress/Low Illness were compared against personality variables.

Results of the Chicago studies, e.g. Kobasa and Puccetti (1982) revealed a personality characteristic which came to be known as hardiness. The concept has three components: control, commitment and challenge. Previous sections have discussed control. Commitment refers to high involvement in family, work and society along with an appreciation of one's contribution. Challenge involves the individual's reaction to change and whether this is seen as affording opportunities or inducing fear and disquiet. Measures of all these components showed a very significant difference between the two groups, i.e. High Stress/High Illness and High Stress/Low Illness. The combined measures ultimately became a standardised means of assessing hardiness. Although the original investigation was retrospective, a further prospective study (Kobasa, Maddi and Kahn 1983) appeared to show that stress fore-shadows illness unless a high level of hardiness functions as a buffer. It was also interesting that the 'buffer' state was further boosted if workers were strongly supported by their boss. This might well indicate that authoritarian management would not be the most effective means of fostering an effective healthy work force.

Overall, the results of the Chicago studies suggest that the hardy businessman who feels he controls events, is committed to his work and who welcomes challenge, would be more successful than one who feels adrift in a sea of troubles. For example, when faced with a down-turn in trade, the hardy individual would be likely to react

positively, look for opportunities and be prepared to take risks to meet the challenge. The businessman with an external locus of control would be more likely to avoid risks and only see these as adding to the burden of stress. Perhaps the characteristics of the hardy businessman are indicative of the successful entrepreneur.

If Hofstede's dimensions are considered alongside locus of control and hardiness, how might Saudi businessmen react to stress. - Stress encompassing the every day demands and problems of running a business as much as life-shattering events which are mercifully less frequent? However, the recent Gulf War could undoubtedly be seen as a major crisis.

In a culture which tends to promote Collectivism, one component of hardiness might well be common to most businessmen, i.e. commitment shown in high involvement with family, work and society. This trait would also reflect Islamic teaching, e.g. the elements of mutual support referred to in Part I. However, the culture is also characterised by Uncertainty Avoidance; an awareness of external forces and a hesitant response to challenge might be expected. There might well be an interesting conflict; although the Islamic culture is shared and Islam emphasises self-reliance and control of destiny, this influence needs to be set against the impact of Ottoman rule which induced a fatalistic philosophy. Therefore, which influence tends to predominate and with whom? For example, the older generation would be more exposed to Ottoman influence than the younger businessman. There may be historical differences. Sections in Part I noted the more anarchic life-style of the Bedouin tribes which suggests that Ottoman rule may have had less influence on these peoples. However, the central problem is that of developing the small business sector in Saudi; this requires a future rather than past orientation. The issue is one of changing attitudes and response so that hardiness rather than avoidance becomes the characteristic strategy of the small businessman.

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CHAPTER 9

LEADERSHIP STYLE AND PERFORMANCE

9.1 Introduction

Using Western management concepts, the main purpose of the thesis is to examine features of small businesses in Saudi and the ways in which their development might lead to a more diversified industrial base. In this context, there is a need to consider the variables which influence the performance of such companies so that any expansion of this sector can be effectively achieved.

It is known that the success or failure of a small business hinges upon the owner-manager. The Case Study of Mr. Amery provided an example of the impact of an owner-manager's approach on the development of his company and on his dealings with his work-force. It also illustrates the influence of societal and cultural factors which helped to shape his personality and his particular style of managing.

Therefore, since research has linked performance to leadership style (Schmesheim et al, 1976; House, 1971; Szilagyi and Sims, 1974; Downey et al, 1975) it is appropriate that this dimension should be explored to determine its relevance in the Saudi context. However, it is not the purpose of this section to examine the various theories of leadership in detail, but rather to consider some of their recurrent underlying ideas, linking these with personality and culture.

9.2 Research into leadership style

Initial studies in leadership tended to emphasise a polarity of styles, i.e. leaders were characterised as falling into one of two categories defined by the researchers. For example, early work by Bales (1958) identified leaders who were task-orientated and those concerned with socio-emotional factors. Similarly, later research by Likert (1961), defined two types of supervisors: those who were either job-centred or employee centred. This work was linked to the studies of McGregor (1960).

McGregor held that the management style adapted was a consequence of the managers' beliefs about their work force. These beliefs fell into one of two systems which McGregor labelled as Theory X and Theory Y.

The assumptions underlying Theory X are that individuals:-

a. do not like work and try to avoid it.

b. since they dislike work, managers need to control, direct, coerce and threaten employees so that they will work towards management goals.

c. have little ambition; they prefer to be directed, to avoid responsibility and seek security.

In contrast, Theory Y assumes that individuals:-

a. do not naturally dislike work; work is a natural part of their lives.

b. are motivated to reach the objectives to which they are committed.

c. are committed to goals to the extent that they receive personal rewards when they reach their objective.

d. under favourable conditions, they will both seek and accept responsibility.

e. have the capacity to be innovative in solving organisational problems.

f. are bright, but in most organisational systems, their potential is underutilised.

Some leadership models were primarily concerned with observed behaviour and did not attempt to relate this to variables within or influencing the manager, e.g. Likert, (1961) and Tannenbaum and Schmidt, (1958). However, by postulating the belief systems which underlie leadership styles, McGregor allows the link to be made between these and the values and beliefs of societies in which businesses operate. For example, the Power Distance Index of Hofstede is a reflection of the hierarchical structure of the culture. It is reasonable to assume that these belief systems together with their underlying norms of behaviour will influence not only the manager's perception of his role but also the relationships that are established within organisations. Managers from an authoritarian culture would be expected to behave in an autocratic manner; this would be accepted as appropriate by their subordinates. Should they behave in a participative way, subordinates would perceive this as out of character and would be unprepared for any implied delegation of responsibility.

However, as with all theories, there is need for cautious application of any particular system; it is doubtful that any society falls neatly within the parameters of either Theory X or Theory Y. In Saudi, the belief systems derived from the Ottoman Empire would seem to predispose individuals to Theory X while the influence of Islamic teaching would incline them to Theory Y.

Further research focussed less on discreet categories but defined leadership style as a point on a continuum. The seminal work of Tannenbaum and Schmidt (1958, 1973) described a range of behaviours from authoritarian to democratic; managers could be placed on this continuum according to the leadership behaviour they exhibited. This approach coincided with that of Kahn and Katz (1960) based on studies undertaken at the University of Michigan. Subsequently, Fiedler (1967) developed a theory which identified situations in which a particular style of leadership was most likely to be favourable; the style was located on a continuum from task-oriented to relationships-oriented approaches.

Other research developed from the Ohio State University studies of Stogdill and Coons (1957). They had identified factors similar to task-relationship-oriented dimensions, referring to these as initiating structures and consideration. However, they maintained that the two dimensions were independent and not the extremities of a continuum. Therefore, both types of leadership behaviour could be displayed in varying degrees. Blake and Mouton (1964) packaged this approach in the grid named after them and using concern for task and concern for relationships orientation as their two dimensions. Hersey and Blanchard (1977) developed a similar model.

As research into leadership developed and diversified, it became evident that in the approach of some authors (McGregor, 1960; Likert, 1961; Blake and Mouton, 1964) there was an implicit and in some cases, explicit (McGregor, 1960) value system that favoured one 'best' style of leadership. The preferred style was participative. Subsequently, researchers began to question this approach. Essentially, they were advocating a diagnostic approach with managers adapting their style to meet the needs of particular situations (Fiedler, 1970; Hersey and Blanchard, 1977). However, these researchers disagreed on how such flexibility would be manifest. Fiedler argued that managers should choose situations which best suited their style; presumably managers further displayed their flexibility by moving on if the situation changed. The approach of Hersey and Blanchard appears to be more realistic, with the expectation that managers could flexibly respond to changing demands.

9.3 Relationship between leadership and management

More recent research has made a distinction between leadership and management. When individuals are managing activities they may well exhibit leadership but the management process involves other distinctive behaviour. Zaleznik (1977) identified two types of behaviour associated with the leader and the manager; the roles were sufficiently distinct that they were likely to be filled by different types of persons. A leader was defined as an individual who had a vision of the direction in which the organisation should be moving and was able to influence others to accept this vision and work towards making it a reality. In contrast to this proactive behaviour, Zaleznik referred to the work of Levitt (1976). The latter characterised management as a more controlled approach involving the systematic selection of goals, the development of strategies to achieve these and the organisation of the required resources.

The two types of leadership identified by Burns (1978) incorporate the ideas of both Zaleznik and Levits. The two styles are described as transforming and transactional leadership. Basically, the former style coincides with Zaleznik's description of the visionary risk-taker who influences people to accept his ideas. On the other hand, transactional leadership matches that which Levitt identified as management.

Generally, the way in which leadership is now used in the literature incorporates both transforming and transactional processes in the sense that it is concerned with future directions, influencing people and at the same time organising and controlling activities towards the attainment of desired goals. Bennis and Nanus (1985) subscribe to the idea that leadership involves both types of behaviour although they do emphasise that many organisations are over-managed and under-led.

In a selective review of the literature on leadership, House and Benetz (1979) draw the following empirical generalisations:-

a. task oriented leadership is necessary for effective performance in all working groups.

b. acceptance of task-oriented leadership recognises that the task-oriented leader allows others to respond by giving feedback, making objections and questioning the task-oriented leader.

c. socio-emotionally oriented leadership is required in addition to task-oriented leadership when groups are not engaged in satisfying or ego-involving tasks.

d. groups requiring both kinds of leadership will be more effective when these leadership behaviours are performed by one person rather than divided among two or more persons.

e. when the leadership roles are differentiated, groups will be more effective if those assuming the roles are mutually supportive and least effective when they are in conflict with each other.

f. when formally appointed leaders fail to perform the leader behaviours required for success, an informal leader will emerge and will perform the necessary leadership behaviours, provided success is desired by the group members.

9.4 Leaders and subordinates

From the literature, it appears that however leadership behaviour is described - transforming or transactional, task-oriented or people-oriented - the successful leader will combine elements of both sets of behaviour. However, the ways in which owner-managers are predisposed to behave depend on many factors. Previous sections have argued that if culture affects the personality through childhood experiences of absorbing cultural values and beliefs then these will be reflected in the owner-managers approach and perception of his role. However, no owner-manager operates in vacuo and the same cultural values will be reflected in the personal relationships that are perceived as appropriate in any organisation. There is a cycle of interaction between manager and work force which affects the leadership style which it is appropriate to adopt.

An influential factor in leadership style relates to the characteristics of subordinates and their response to management strategies. The structure of the prevailing society and culture influences the expectations and normative behaviour of subordinates as much as owner-managers. In a hierarchical society such as Saudi, they are likely to be responsive to directive management; this would be consonant with their view of society and their place within it. As Hofstede suggests, countries with a high power index would encourage deference to authority while those with low power distance promote an expectation of worker-involvement in decision making. However, it should be remembered that in Saudi as in other societies the work force, or indeed owner-managers could well come from other countries or from parts of the same country where there are cultural variations.

An individual's locus of control has also been shown to affect response to leadership style (House and Mitchell, 1974). Those with an internal locus of control are generally more accepting of participation and involvement whereas individuals with an external locus of control are more responsive to a directive style. Factors relating to locus of control vis a vis Saudi were discussed in the previous chapter.

An individual's personal abilities also influence response to leadership style. Those with high levels of task-related abilities are less likely to respond favourably to a close or directive style of leadership. Where individuals have only low level skills, they will more readily accept non-involvement and direction. The majority of workers employed by Mr. Amery were largely unskilled and therefore more accepting of his authoritarian and directive leadership. However, in Saudi businesses where the staff are of a high skill level, perhaps the style of leadership needs to be modified to improve performance.

In a recent book, "Organisational Cultures", Pheysey (1993) used a classification system derived from Handy (1985) linking culture and leadership in the following manner. There are assumptions about what 'a good boss is' in various cultures.

Role cultures - A good boss is: impersonal and correct, avoids the exercise of authority for his own advantage, demands from subordinates only that which is required by the formal system.

Achievement cultures - A good boss is: egalitarian, and can be influenced in matters concerning tasks. Uses authority to obtain resources needed to get on with the job.

Power cultures - A good boss is: strong, decisive and firm but fair. He is protective, generous and indulgent to loyal subordinates.

Support cultures - A good boss is: concerned and responsive to the personal needs and values of others. He uses his position to provide satisfying and growth-stimulating work opportunities for subordinates.

The table on the following page derives from this system. Key leadership concepts associated with various researchers are subsumed within the cultural categories.

	Role Culture	**Achievement Culture**
	Logic oriented	(Mixed task and
	Middle of the Road	people oriented)
Blake, Mouton (1964)	(5,5)	Team management (9,9)
Likert (1967)		Consultative.(SystemIII)
Quinn and Mc.Crath (1985)	Empirical expert	Rational achiever
Reddin, (1970) Merlow.(1975)	Separated	Integrated
Tannenbaum and Schmidt(1958)	Tell	Consult.
	Power Culture	**Support Culture**
	(Output oriented)	(employee oriented)
Blake, Mouton (1966)	Production centred (9,1)	Employee centred (1,9)
Fiedler (1967)	Task oriented	Relationship oriented
Flashman and Harris(1962)	Initiation	Consideration
Likert(1967)	Authoritarian(SystemII)	Participative(SystemIV)
Lippitt and White(1958)	Autocratic	Democratic
Quinn and McGrath(1985)	Prime Mover	Team builder
Reddin, (1970) Merlow.(1975)	Dedicated	Related
Tannenbaum and Schmidt(1958)	Tell	Delegate.

The foregoing table developed by Pheysey has located the various leadership styles in a receptive organisational culture. Although given different names by the researcher, those that are allocated to a particular culture overlap in the description of the behaviour characterising the style. In the studies given in the table the organisational culture is already established or assumed. Subordinates have expectations of acceptable leader, behaviour derived from the norms of the culture. It is implicit in these studies that to be successful the manager must adopt the leadership style most appropriate to the culture. Any other course of action would lead to discontent and resistance from the group. An option for the manager is to change the organisational culture to suit his style. This can be a long and painful transformation.

Litwin and Stringer (1968) approached the problem from a different direction. Their approach was experimental. They formed three businesses, matched in membership, given the same tasks but with different styles of leadership. The research was based on the Lippet, Irwin and White (1958) studies. Each simulated business had to compete for contracts from a government agency. Dimension of the culture/climate that were observed were: structure, standards, responsibility, reward and punishment, warmth and support, co-operation and conflict and risk and involvement.

The hypothesis being tested was that the leadership style and the climate created would stimulate the need for power, affiliation or achievement. Leadership styles used by the managers in the three simulated businesses are best described as directive, participative and consultative. The behaviour of the managers established three different cultures/climates; directive - the Power culture; participative/democratic - the Support culture; and consultative - the Achievement culture. Various measures of performance were used including contracts completed, number of new products, total revenue and percent profit. Against these measures the Power culture was least successful, the Achievement culture most successful and Support culture fell between these two. Although the situation was artificial, the experiments do show that the leadership style adopted by a manager with newly formed groups can influence the underlying values and norms that are the basis of the organisational culture. Coming from a Western democratic society, it is not surprising that greatest resistance and least satisfaction was experienced by subordinates in the Power culture.

The research on leadership style focuses on the range of leadership situations, the variation in the style of leadership possible within the situation and the performance resulting from the interaction of situation and style. The general consensus of findings is that for a given situation a particular style of leadership is likely to be most appropriate in terms of the performance of the group. Style of leadership is linked with the belief, personality and behaviour of the manager. Situations necessarily reflect the culture which implies accepted ways of behaving.

As indicated in the introduction to the this chapter, the intention was to focus on research linking leadreship style with performance. Within this context, it is acknowledged that indications of performance that might well be explored in research are not given discrete attention. Had the research been carried out in a western society, it would have been appropriate to define precise ways in which performance could be measured and discuss the validity of the various approaches.

However, this study is breaking new ground in Saudi Arabia. Previous chapters have indicated some of the many problems and these are further evidenced in subsequent section. Basically, small businessmen in Saudi are extremely reluctant to give information on the financing and development of their companies. Such information is kept within the immediate family and not to be shared. For example, in the pilot study an effort, was made to encourage owner managers to attempt a SWOT analysis of their company but this produced so little worthwhile information that the attempt had to be abandoned. Therefore, exploration of sophisticated performance indicators could only be a work of supererogation As will be indicated in Part III, broad but acceptable categories of response related to performance were employed.

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PART III

EXPERIMENTAL DESIGN AND METHODOLOGY

Introduction

Part II examined key areas in research related to personality, leadership style and performance. It was noted that there had been selectivity in focusing on aspects of significance in Saudi-Arabian culture. A similar process was employed in the design and methodology of the present research.

To a large extent, all research represents a narrowing of focus: isolating an area of specific interest from a given field. Within the defined parameters, there are usually constraints on the methodology employed. These may relate, for example, to time, motivation or complexity of task. Thus it is in research into Saudi Arabia. However, in this instance, the constraints may not be those which usually concern researchers.

Much Western research is conducted with sophisticated subjects: heavily researched populations of university students spring to mind. Other populations may not be consistently involved in research; but through the media, they have expectations of a subject's role, realise their contribution will be amalgamated with that of others and have an appreciation of confidentiality of data. On the whole, research methodology and techniques elicit a co-operative response - whether through familiarity with door-to-door polls or recognition of efforts to understand and control disease. Western researchers have problems. These may differ from those of investigators in countries where research is less readily accepted and well known.

University departments in Saudi Arabia contain exemplary doctorates. However, these have not employed Western psychological research techniques. The population are not accustomed to responding to questionnaires. Previous sections of the thesis have shown that small businesses tend to be family concerns and that details of these are limited to a tight circle. In small businesses, there are suspicions that information might lead to difficulties with inland revenue or problems with rival firms. Overall, there is the

total cultural ethos of confidential and private material being kept within the tribe or immediate family.

Given these constraints, the design and methodology of this research currently represents the art of the possible in Saudi Arabia. As detailed in a later section, the Pilot Study revealed some of the problems involved. This explanation is not intended to excuse any inadequacies of the present research, but rather to help present a realistic picture of the difficulties in a particular culture. Subsequent research may encounter fewer hazards.

Sections within Part II are given as follows:

Chapter 10. Characteristics of the ethnic groups in the study

Chapter 11. Rationale for the research

Chapter 12. The pilot studies

Chapter 13. Research methodology: questionnaire, sample, procedure and data analysis

CHAPTER 10

CHARACTERISTICS OF THE ETHNIC GROUPS

IN THE STUDY

10.1 Introduction

Hofstede's research showed that the Arab-speaking countries considered as a region scored highly on the power-distance index. In terms of ranking, the region was found at about mid-point between the polarities of the other dimensions. When the various scores were cross-correlated the region emerged as showing large power distance, collectivism, masculinity and strong uncertainty avoidance.

However, apart from Hofstede's clear statements emphasising that the dimensions describe the culture and not individuals, it would be simplistic to imagine that all Saudi businessmen exhibited the same characteristic behaviour and style of management. Although the culture might promote power distance and masculinity, there would be individual differences within the general cultural framework. Age could be one variable; for example, those who are younger and better educated would have experienced other influences.

Similarly, no society is homogenous. Part I outlined the geographic and historical background of the country. It was apparent that there were differences in the various regions. For example, the tribal culture of the Central area was unlike that of the Western province. Also, as a centre of pilgrimage, trade and commerce, the region attracted businessmen from other countries; it still does so, although the reasons for settlers leaving their homeland will have changed in modern times. The contribution of minority groups to the general economy was also noted in Part I. Therefore, in researching Saudi small businesses, it is not sufficient to accept that all their owners are Arab-speaking, Islamic and share the same general culture. There are specific groups to be considered with distinct differences revealed for example, in the businesses they are likely to engage in.

It is hoped that the research data will reveal other interesting differences or similarities in the groups which are defined as:

- Western
- Central
- Yemenis
- Others

10.2. The Western group

Since it is a mountainous region, the Western area has been blessed with a less harsh climate, greater fertility and pleasant living conditions. Important religious centres attracted pilgrims and trade and commerce grew in response to their needs. The advantages of the region did not escape the Ottoman rulers, and perhaps the impact of this empire was greatest in the West. They experienced harsh economic conditions and a system which led to a fatalistic philosophy.

Nevertheless, it is now the most populated area where the development of cities like Jeddah have increased prosperity. Jeddah is the biggest and busiest sea port and commercial city in the Red Sea and Saudi Arabia. Pilgrimages are still important and bring much seasonal trade. The West tends to have a higher proportion of more transient foreign workers.

Possibly because it has been the most settled region, its inhabitants tend to be traditional, conservative and conventional in their approach. There is a strong Islamic influence and the family is a powerful unit. Fathers look to their sons to continue the family business, the eldest being expected to take over the company in due course.

The area contains many well established companies and given the history of the area, most small businessmen prefer trade rather than industry. However, there are generous government land subsidies for the development of factories. As a result of the Gulf War, there has been a decline in the number of new businesses being started. Western businessmen are cautious in expanding or diversifying their company.

The region represents a well-established hierarchical society where status is enjoyed and the power gap between businessmen and their employees is maintained. There are no labour unions to protect employees. The authority of the businessman may spill into family life so that eldest sons are alienated and leave the firm to seek another career or establish their own business.

The greater educational opportunities of recent times have changed some traditional practices. Instead of succeeding to the business, sons see a career in the Civil Service as bringing greater financial benefit and status. Some may have tried to simultaneously invest in a business but recent government regulations have prevented this practice. As in all areas, there is a 'generation gap' but perhaps the distance is perceived to be greater where tradition and convention are most valued.

10.3. The Central group

Like the Westerners, the Central group are Saudis and to some extent have a shared experience and culture. However, although the capital, Riyadh, is situated in the central area, this desert region was long isolated from the West. The people are Bedouin and maintained their tribal culture relatively untrammelled by the Ottoman rulers. The tribal system fostered group loyalty but also, perhaps in response to the physical environment, great emphasis was given to independence, courage and self-reliance.

Although a tribal system can be hierarchical with individuals aware of their status within this, the Central group has a more participative approach. Independence may be valued, but when times are difficult, they give mutual help and support. Although they tend to be known as aggressive and tough, they are also noted for their honesty and generosity to visitors.

Like the Western group, they are interested in trade but also attracted to some service areas; many of the Central businessmen are concerned with the buying-selling of property and real estate. They also own franchises in, for example, fast food outlets. They show a greater preference for work in the Civil Service than the Western group.

Perhaps because of their independent approach, they are more likely to 'chance their arm' in a range of businesses than the Westerners.

As with all Islamic people, the family is of great importance. However, the Central groups attitude to their sons distinguishes them from the Westerners. Relationships tend to be based more on friendship than authority and the sons have a greater element of choice. There is not such emphasis on the succession of the eldest son. The sons may be helped by father, family and friends if they decide to start a business, but the decision would be from choice rather than from parental pressure. Some young men prefer to work for someone else before setting up their own business; presumably not so much negation of independence as gaining experience to make sure of eventual self-reliance and success. Nevertheless, they often find it difficult to accept direction. Once in business, the Central group tend to retire at a later age than Western businessmen - perhaps there is less pressure to make way for the eldest son.

10.4. The Yemeni group

Following various conflicts in their own country, the Yemenis migrated to Saudi to seek a better and more secure life. Although not Saudi, like the other groups they are Arab and Moslems.

The group can be sub-divided into the North Yemenis and the South Yemenis. The latter, also known as the Hadiramis, are the most influential group; for example, they are involved in large food import/export businesses and banking. They control the National Bank, reputedly the largest in the country. Obviously, research into small businesses does concern the Hadiramis.

Most of the Yemenis arrive in Saudi with a basic elementary education, a reputation for hard work and strong motivation. Very sensibly, they initially prefer to work for others to gain experience and learn about the market before setting up their own company. They gain some knowledge of the business environment, save money and get to know some customers.

Perhaps not surprisingly as aliens in a different culture, they tend to keep together as a group. These groups may, for example, act as sub-contractors in the building trade. To cater for their compatriots, they also trade in Yemeni products, food and clothing or own restaurants offering Yemeni foodstuffs. Many also have car repair firms. Although the younger Yemenis pursue higher education, they are not allowed to work in the Civil Service.

As with the other groups, family is important but perhaps because the businesses are hard won, their owners tend to retire at an older age and appear to resist sharing control with their sons.

Many of the Yemeni characteristics would seem to stem from their minority status in a hierarchical country. They are noted for their self-help; new-comers are trained and helped to set up their own business. Unlike the Westerners, they do not find it difficult to train the sons of friends, eventually such help will extend their business contacts. The power of the group helps build confidence and security; as they say, 'it is difficult to break sticks which are tied together'. In all their dealings they are not so much concerned with power or status as financial reward. Although not concerned with personal status and perhaps because they feel disadvantaged, they are wary of the status of Saudis. Their reputation for unsociable behaviour may owe much to avoidance of discussion, particularly of contentious areas where their views might imperil their acceptance in the country. However, having risked all in leaving their homeland, they may be more entrepreneurial than cautious.

10.5. The 'Other' group

This group obviously does not subsume those from Western nations who are non-Arabic and non-Islamic. As noted in Part I, the expertise of, for example, English and American scientists is welcomed. Members of these groups tend to form their own isolated communities.

Just as the Yemenis sought security in Saudi, groups of Lebanese and Palestinian businessmen looked for refuge from conflict in their own country. Like the Western,

Central and Yemeni groups they are generally Arab, Islamic and share the same culture. However, these countries were exposed to other influences; for example, there was a long history of French colonial rule in the Lebanon. There was also a strong British influence. The group also contains a fairly high percentage of Christians.

Overall, members of this group are probably more influenced by modern life as evidenced in Western countries. In addition to Arabic, most speak English and French; they were mainly educated abroad. They tend to have a more individualistic approach. Unlike the North Yemenis, they are well-grounded in business strategies and are better educated.

Like other immigrant groups, they look for quick financial return but, unlike the Saudis are flexible in their search for monetary gain. For example, they will act as mechanical engineers in the car industry - employment avoided by Westerners. Whereas Saudis find it unacceptable to work in the service trades, the Lebanese and Palestinians are restauranteurs and their establishments are noted for quality and service. Many have businesses in the building trade where they supervise construction and employ North Yemeni workers. They look for outlets in industry where they have crafts and skills not yet developed by the Saudis.

In recent times, their restaurant trade may have diminished because of the Gulf War Crisis, but building ventures are still in demand in the West; here there are recreational facilities and government loans to assist house purchase. There is also a demand for ready-made houses rather than those which are architect-designed.

As a group, the 'Others' are more concerned with financial benefit than family relationships; if times are bad, family members are drafted in to help. Sons must make their own way and mothers tend to have a strong role. In comparison with other groups, they are more involved in caring work - nursing, restaurants, hotel trade. They look to retirement as a time for enjoyment.

Possibly because the 'Other' group are mainly in the restaurant trade, they tend to have a participative approach to their workers. After all, in a restaurant, the satisfaction of the customer depends as much on the maitre d'hôtel and waiters as it does on the owner

and the chef; thus there is more interdependence of the businessman and his work force. Nevertheless, in Saudi as elsewhere, the owner needs to keep a close watch on the quality of the product.

The 'Other' group rarely tends to mix business with pleasure but, perhaps because they feel secure in what they provide, they are prepared to enter into discussion and have better social relationships than the Yemenis.

Overall, the four groups provide both points of contact and dissimilarity. It will be interesting to explore how these are revealed in the analysis of data.

CHAPTER 11

RATIONALE FOR THE RESEARCH

11.1. Introduction

The review of the literature given in Part II was based on dimensions identified as significant in analysis of the case study. The review thus focused upon:

a) The cultural context within which businesses operate.

b) Ways in which cultural values are transmitted and learnt, their effect of the development of personality and the means by which this is expressed in, for example, authoritarianism and locus of control.

c) Leadership style as a process of managing reflecting cultural and personality variables.

d) The measurement of business performance; although this was not specifically referred to in the case study, it was implicit in descriptions of the company and is a necessary adjunct to the study of a sample of small businesses.

Therefore, to further understanding of the managers/owners of small businesses in Saudi, the research was designed to study these major areas, i.e.

1. The influence of culture
2. Leadership style
3. Business performance

The following sections link questions arising from these areas with a description of the data to be collected in the study.

11.2. The influence of culture

Hofstede's dimensions provide a well-researched and credible framework for the investigation. According to Hofstede's analysis, Saudi and the Arab States emerge as high on the Power Distance Index and fall around the median of the range on the other dimensions. What then might be the expected behaviour of Saudi small businessmen and to what extent do the expectations reflect reality?

Power Distance is associated with unequal distributions of power, status, obedience to authority and dependency. The behaviour of Mr. Amery as shown in the case study certainly reflects these cultural imperatives. However, leaving aside the dangers of generalising from a sample of one, Part I explored recent changes in Saudi society. Is Power Distance still such a potent variable - and have the ways in which it is manifest changed?

The country's position on the Individualistic-Collectivism dimension suggests there is a degree of group loyalty but less emphasis on personal initiative. How far is this detectable in the behaviour of Saudi small businessmen?

Assertiveness, ambition and competitiveness versus nurturance and concern for relationships characterise the Masculine-Feminine dimension. Again, is this reflected in the ways in which businessmen manage their companies - and, vis a vis the tenets of Islam outlined in Chapter I, might one expect a more Feminine approach.?

The Uncertainty Avoidance Index is scored in relationship to emphasis on laws and rules, reluctance to change versus tolerance of innovation, less emphasis on structure and greater acceptance of ambiguity. Mr. Amery, who may or may not reflect the generality of small businessmen, showed little enthusiasm for change but preferred stability and order in his company.

However, as Hofstede discussed in his account of the research, societies are not homogenous; sub-groups exist within the overall culture. This problem was explored in Chapter 10 when four ethnic groups with particular characteristics were identified, i.e.

Western, Central, Yemeni, and Other. Although it is accepted that there will be an overall influence of the culture defined by Hofstede, representative samples of businessmen drawn from each of the groups needed to be studied in attempting to establish whether or not they behaved differently in the management of their business.

Therefore, for each of the four ethnic groups, data was collected under the following headings:

a. Characteristics of the business:

type of business, age of the company, paid-up capital i.e. owners were asked to evaluate the value of the business.

b. Characteristics of the businessman:

age, education, whether or not they established or inherited the business and if the latter, whether or not they were the eldest son.

c. Management processes:

leadership style, delegation of responsibility and reasons for any lack of delegation, treatment of unscheduled visitors as an indication of social commitment (see Part I, Chapters 2 and 3), importance of status in business, i.e. whether who one knows is more important than what one knows, the extent to which direction of workers discourages initiative and ability to adjust leadership style to changing conditions.

d. Locus of control:

as indicated in the Introduction to Part III, it was not feasible to ask small business managers/owners to complete personality inventories. Therefore, a number of questions were asked to gain some indication of their locus of control; research referred to in earlier

sections in Part II recorded a relationship between an external locus of control and an authoritarian personality. The questions probed factors to which businessmen attributed poor sales or commercial success and the levels of risk they were prepared to accept.

e. Company growth:

growth over the past five years in terms of increased work force, profit and other factors. A further question was included as to what businessmen considered to be reasons for business failure.

11.3. Leadership style

Research into leadership style focuses on the range of situations involving leadership, the variation of styles of leadership possible therein and the interaction of situation and style. The general consensus of findings suggests that in any given situation, a particular style of leadership will be more effective than others in promoting the performance of the group. The values, attitudes and personality of the managers are manifest in their behaviour and style of leadership. Also, situations necessarily reflect the culture which gives rise to them and therefore they embody expectations of an acceptable response and mode of behaviour.

The difficulties of collecting data from Saudi businessmen have already been noted. These problems need to be emphasised. Whereas a Western research population will readily accept selection from a range of items, the Pilot Study (see Chapter 12) confirmed that wide choice caused confusion; businessmen had great difficulty in identifying a style of leadership which they thought applied to themselves. The styles which were found to be consistently recognised and presented minimum difficulty in application were: Directive, Consultative and Democratic. For the purposes of this research, the styles were hence defined simply as follows:

a. Directive:

The leader decides what needs to be done and gives appropriate instructions to the work force. Managers/owners are expected to show their authority and not rely on the judgements of subordinates.

b. Consultative:

Employees may have a helpful contribution to make to the discussion of problems but nevertheless, the final decision rests with the manager. Subordinates may freely approach the manager and discuss their own problems with him.

c. Democratic:

When employers feel the work force can help, then problems are discussed and those involved come to a mutual decision. Managers gain greater commitment from subordinates when they feel they are involved.

Leadership style is a process of managing which affects all the activities of a small business. Therefore, since leadership style and situation interact, this study explores how the various styles relate to the characteristics of the business. Saudi culture influences the behaviour of the businessmen, therefore it is appropriate to pursue variables such as age, education and ethnic group in relation to leadership style. Questions of the management processes were designed to examine ways in which leadership style was expressed within the businesses. It is reported (House and Mitchell, 1974) that locus of control is related to leadership style; this relationship is explored within the context of Saudi culture. Thus, the major areas explored in relation to the influences of culture are mirrored sections dealing with 'Leadership Style', i.e. characteristics of the business, characteristics of the businessmen, management processes and locus of control.

11.4. Business performance

The performance of a business relates to the environment in which it operates and the way in which it is managed. An important environmental factor is the culture of the society, i.e. in any given society, business is carried out in a particular way and exemplifies 'How things are done in our society'. In turn, the leadership style exemplifies 'How things are done' and how the business is managed. This study seeks to explore the effect of these two variables against the performance of the company.

At the risk of being repetitive, it is necessary to reinforce the problems of research in Saudi Arabia and similar states. In a Western society, a company would normally be assessed against indicators of the financial performance over a number of years. Small businesses in Saudi do not produce this type of information and thus allow such indicators of performance to be compiled. They are extremely reluctant to provide any financial information; this is deemed to be confidential and only privy to immediate family, they are anxious to restrict access to their affairs lest Inland Revenue and sundry government departments take undue interest in their transactions. These problems were anticipated and confirmed as is shown in comments on the Pilot Study.

Therefore, only crude measures of performance were possible. It was only possible to persuade owner/managers to give estimates of their worth within broad categories and state whether their company had grown or declined over the past five years. As indicated in comments on the Pilot Study, it was a major task to gain the confidence of the businessmen. Therefore, although information on performance could only reflect the art of the possible, it again mirrored the major divisions of previous sections, i.e. characteristics of the business, characteristics of the businessman, management processes and locus of control. Although crude measures were employed, they were designed to give some measure of business performance.

CHAPTER 12

THE PILOT STUDIES

12.1. Introduction

Previous sections in Part 3 have detailed the research design and methodology of the investigation. As a preliminary to this research, two pilot studies were carried out to help eliminate potential difficulties and refine the questionnaire and interview technique. The following paragraphs indicate the problems encountered and ways in which the preliminary work influenced the main study.

12.2 The approaches to businessmen

All businessmen in the sample received by post a questionnaire and a covering letter. (appendix 10). The latter provided information on the researcher, the involvement of the university and the purpose of the research. The businessmen were assured that their answers to questions would be used purely for research purposes; the confidentiality of the data was emphasised. It was further explained that the researcher would wish to interview the businessman and that where possible, this visit would be arranged through mutual friends or relatives.

These reassurances gained the confidence of the businessmen, leading to their being extremely helpful and spending more time than requested in completing the questionnaire.

The main study benefited from such efforts to build a trusting and co-operative attitude. Later, many businessmen expressed interest in seeing the results of the study and commitments to provide this information were honoured by the researcher.

12.3 The Interviews

More than 95% of the investigation consisted of in-depth interviews with businessmen at their premises after they had had time to study and complete the questionnaire.

As indicated previously, efforts were made to arrange an interview visit through mutual friends. These occasions were more fruitful than if an unscheduled visit had to be made.

Not all the businessmen were readily responsive. Some felt uneasy at being interviewed by someone of higher educational status or who was of a different nationality. The Lebanese and Palestinians were particularly cautious in giving an interview to a Saudi. Others may have felt the research disguised the gathering of information for government or inland revenue purposes. Even when the researcher was introduced by a friend, information was not always forthcoming.

Therefore, given the problems involved, the researcher needed to be sensitive to the businessmen's concerns. The aim was to establish rapport through, for example, emphasising university affiliation and suggesting the firm had been selected through the recommendation of friends who knew the businessman to be helpful and co-operative. Through providing details of his family background, the researcher attempted to show that he was also part of the business community. This helped create the feeling that the interviewer knew the market and could be trusted.

In all cases, the researcher was friendly and led gently into the interview through discussion of, for example, sport or daily events: areas which would not be perceived as threatening and would promote a relaxed attitude.

The researcher was aware that the businessmen would not want an unduly protracted session. Nevertheless, time was taken to explain questions very clearly and make discreet notes of those which presented greatest difficulty. Through asking the businessmen to expand some answers, and clarify various points, it was possible to further check that questions had been clear and unambiguous. As a result of the pilot studies, it

was possible to reduce the time taken for interviews to approximately 25 minutes. Some questions were eliminated as irrelevant.

There were fewer open-ended questions and ranking procedures to assist response were introduced. Overall, efforts were made to reduce respondent fatigue and maintain an interested, honest response.

12.4 The questionnaire

The preliminary studies highlighted areas where there was imprecision or reluctance to respond. They also revealed that some businessmen had difficulties in writing answers although they would allow their sons to complete the questionnaire. Regardless of the care taken by the researcher in his approach, some wished to discuss the questionnaire with workers and family to ensure that they could safely respond. Other businessmen took time to return the questionnaires because they were interested and wished to better understand them.

It also became apparent that there was a different response when questions were asked at interviews as against those given when the questionnaires were left with the businessmen. Although they were asked not to complete the questionnaires at home or in consultation with others, some had obviously done so. The accuracy of the information became suspect as some replies were designed to impress family rather than inform the researcher. The following categories of response were those which presented greatest difficulty:

Age

One might expect women rather than men to be coy about their age. However, when asked this question, the businessmen lost a few years and generally claimed to be about 5 years younger. The problem was overcome by asking them to 'tick one of the following categories of age'.

Education

Questions related to level and place of education were disliked by the businessmen; not surprisingly, many reported a higher level than they had attained. The question was changed to provide age on leaving school, rather than educational level.

Similarly, questions related to the educational level of the work force were problematic. Educated businessmen liked to show they employed a high level of educated workers; sometimes the actual number of workers at a given level was exaggerated or avoided.

Paid-up capital

An accurate response would be difficult in any culture. The amount was often inflated in attempts to claim a high degree of wealth; this ploy was most evident in the younger generation of businessmen and in the Central group. Alternatively, the older generation in Western, Central and some Yemeni groups under-played their assets; the reasons are various, including a wish to avoid attracting envy and attention - particularly wishing to avoid arousing the interest of the inland revenue department.

Employment of Saudi workers

Answers related to the preference of Saudi employees for manual/non-manual work and any increase in the numbers employed were evasive. The South Yemenis were particularly reluctant to make any comment on other workers until they began to feel the researcher was trustworthy. Even so, they are loathe to address such questions. Perhaps because they are in an alien environment they seek to avoid any issues which might be contentious in the host country.

Growth of the company

Questions concerned with the relationship between the development of the company and the country's economic growth, were avoided, particularly by Yemeni businessmen and, as with the amount of paid-up capital, some tended to exaggerate or under-play their company's growth. Eventually, questions related to Saudi economy were omitted.

12.5 Structure of the questions

Attention was also given to ways of structuring questions, particularly in sensitive areas so that the businessmen could avoid the pressure of a polarised yes/no response.

As a result of the preliminary studies, Likert scales were introduced to enable a response in terms of degrees of agreement or disagreement. Similarly, rating scales assisted response; for example, whereas businessmen might not have totally accurate information on their paid-up capital, rating allowed them to indicate the general area. It also simplified analysis of the data.

12.6 The sequence of questions

The preliminary pilot studies helped establish the order of questions with which the businessmen were most comfortable and responsive.

i) Questions related to paid-up capital were moved to the end of the interview. Early introduction of the area seemed to arouse suspicion and disturbed the businessmen.

ii) Areas concerned with business problems and failure were left until a good rapport with easy discussion was established.

iii) Queries about the age of the business and its recent growth were distanced. When the two were linked, there was a tendency for businessmen to attempt to impress by overstating the latter rather than give accurate information.

Overall, the questions came to be grouped in terms of the characteristics of the companies and businessmen, leadership style and processes and areas concerned with the entrepreneurial personality, specifically locus of control. This sequential ordering was logical and systematic. More importantly, in terms of maintaining respondent co-operation and interest, it led gradually from simple biographical material to more complex and sensitive areas.

12.7 Statistical techniques

In the first pilot study, the researcher's main aim was to gauge the situation and the response of businessmen to interviews and questioning. Percentages and descriptive statistics were used on the material available. The focus tightened in the second study, and Chi-square was used to determine relationships between variables. This technique continued to be used in the main study with additional non parametric statistics being used as appropriate.

In summary, the pilot studies were time consuming but of considerable help in terms of clarifying the sample and giving a sharper focus to questions and interviews. They provided valuable insight into the reaction of the businessmen and appreciation of areas to which they were sensitive or found to be problematic. Above all, they helped the researcher gain confidence in relating to the businessmen and engaging their trust and co-operation.

CHAPTER 13

RESEARCH METHODOLOGY:

QUESTIONNAIRE, SAMPLE, PROCEDURE AND DATA ANALYSIS

13.1. The questionnaire.

The following questionnaire was designed to collect data as outlined in Chapter 11. A copy of the questionnaire used with the businessmen is given in its Arabic form and in translation. (Appendices 11 and 12)

a. Characteristics of the business.

i) The type of business - e.g. trade or service industry.

ii) The age of the business - in year categories, i.e. 1 - 5, 6 - 10 years.

iii) The amount of paid-up capital - grouped in categories to reflect the size of the business, i.e. £15,000 - £150,000. It should be noted that this heading had no meaning for the Saudi businessmen in its technical sense. However, they were able to answer when asked 'How much is your business worth?' The Pilot Study revealed the importance of asking for an estimate of the worth of the business towards the end of the questionnaire or interview; the businessmen were then more relaxed and less suspicious of the type of information required.

b. Characteristics of the businessmen

i) Age.

ii) City of origin - an indication of ethnic group.

iii) Where educated, i.e. in Saudi or abroad.

iv) Whether or not the business was inherited.

v) If an inherited business, were they the eldest son.?

vi) The number of hours worked during the week.

c. Management processes

i) Style of leadership, i.e. directive, consultative, democratic.

ii) Difficulty or ease of delegating responsibility.

iii) Reasons for any difficulty in delegation.

iv) Treatment of unscheduled visitors.

v) Treatment of long-term employees.

vi) Whether or not who a businessman knows is more important than what he knows.

vii) Whether or not direction of the work-force discourages their use of initiative.

viii) Situations in which their leadership style would be changed.

ix) Locus of control - as shown in

Response to poor sales - internal or external locus.

Risk - clearing stock at a low price or waiting for possible higher gain. ie. indicating perceived control or uncertainty avoidance.

Level of risk that is acceptable - again, perceived control or uncertainty avoidance.

d. Business performance

i) Growth of the company over the past five years in terms of number of employees and profits. As explained previously, it was only possible to obtain indications of growth or decline of the company over this period.

ii) Possible reasons for failure of small businesses.

iii) Questions were designed to probe what businessmen felt to be the strengths/weaknesses and opportunities/threats to their company. Very few were able to attempt this type of analysis and this section had to be discarded.

13.2. The research sample

To examine the influence of culture on the behaviour of businessmen, four ethnic groups were identified: Western, Central, Yemeni and Other. The latter group consisted mainly of Lebanese and Palestinians. Details of these groups are given in Chapter 10. The distribution of groups among the population was uneven, but it was judged that sufficient existed in each group to comprise a reasonably sized sample.

It was impractical to draw the sample from across the country. Before a small businessman would agree to take part in the study, the researcher needed a personal introduction. This restricted the area from which the sample could be drawn. Since the researcher lived in Jeddah and had been active in a small business, contacts and introductions were more readily made in this vicinity. The final composition of the groups was as follows:

Western	103
Central	98
Yemenis	91
Others	48
Total	340

This reflects the frequency of businesses from the four ethnic groups in the Jeddah region.

13.3. The procedure for data collection

Firstly, the researcher was introduced to the small businessman by a mutual friend or business acquaintance. Following a polite conversation giving the purpose of the research, the businessman was given the questionnaire to study at leisure. Arrangements were made for a further meeting at a later date; and if possible this would take place on the following day. The objective then was to discuss the questions and complete the questionnaire; this meeting also gave the businessman a chance to ask questions or seek further information. Basically, the procedure was a structured interview with the interviewee having the opportunity to become familiar with the questions. It was not

unusual for the businessman to discuss the questionnaire with his immediate family. This is part of the culture.

13.4. Data analysis.

The responses to the questionnaire were categorised against Ethnic Group, Leadership Style and Business Performance. This categorisation allowed Chi-square to be used for analysing the data where the respondent was allowed to choose from a number of categories. Chi-square was partitioned to determine which category or group of categories was making the significant contribution.

Although the businessmen in the sample were all asked the same questions, not all chose to answer them either for reasons of confidentiality or because they did not consider the question applied to them. When this occurred, it was not considered polite to press for an answer. Fortunately, the variations in responses to questions were less than ten respondents of the total group and therefore this variation ~~was~~ does not affect the analysis.

ORGANISATION OF QUESTIONNAIRE

A. CULTURE, i.e. ETHNIC GROUP	B. LEADERSHIP STYLE	C. PERFORMANCE OF COMPANY
1. **Characteristics of the Business** i. Type of Business ii. Age of Company iii. Amount of Paid-Up Capital	1. **Characteristics of the Business** i. Type of Business ii. Age of Company iii. Amount of Paid-Up Capital	1. **Characteristics of the Business** i. Type of Business ii. Age of Company iii. Amount of Paid-Up Capital
2. **Characteristics of the Manager, businessman** i. Age ii. Education iii. Heir or Initiator of Business iv. Commitment (Working Hours)	2. **Characteristics of the Manager** i. Age ii. Education iii. Heir or Initiator of Business iv. Commitment (Working Hours)	2. **Characteristics of the Manager** i. Age ii. Education iii. Heir or Initiator of Business iv. Commitment (Working Hours)
3. **Management Processes** i. Leadership Style ii. Delegation of Responsibility iii. Relationship with Workers iv. Relationship with Customers v. Relationships with Community	3. **Management Processes** i. Leadership Style ii. Delegation of Responsibility iii. Relationship with Workers iv. Relationship with Customers v. Relationships with Community	3. **Management Processes** i. Leadership Style ii. Delegation of Responsibility iii. Relationship with Workers iv. Relationship with Customers v. Relationships with Community
4. **Locus of Control** i. Causes of Poor Sales ii. Causes of Business Success iii. Aspects of Risk-Taking	4. **Locus of Control** i. Causes of Poor Sales ii. Causes of Business Success iii. Aspects of Risk-Taking	4. **Locus of Control** i. Causes of Poor Sales ii. Causes of Business Success iii. Aspects of Risk-Taking

PART IV

DATA ANALYSIS

Introduction

As indicated in the previous section on experimental design, the questionnaires investigated variables related to the management and functioning of small businesses within 3 major categories, i.e.

1. Ethnic background of the businessmen
2. Leadership style
3. Performance of the business

The results for each category are reported in tables grouped according to:

a. Characteristics of the business
b. Characteristics of the businessmen
c. Management processes
d. Locus of control

A summative statement follows each groups of tables.

CHAPTER 14

ETHNIC BACKGROUND OF THE BUSINESSMEN

14.1. Characteristics of the business

Table 1.
Type of business

	Trading	Services	Industries	Others	Total
Western	70	10	21	2	103
Central	61	13	23	1	98
Yemenis	66	11	13	0	90
Others	14	2	15	17	48
Total	211	36	72	20	339

$X^2 = 100.95$ $p.< .05$ $df = 9$

Table 2.
Age of business

	1-5 yrs	6-10 yrs	11-15 yrs	16+ yrs	Total
Western	15	51	14	17	97
Central	15	47	13	22	97
Yemenis	17	41	21	8	87
Others	8	17	6	8	39
Total	55	156	54	55	320

$X^2 = 10.42$ n.s. $df = 9$

Table 3.
Amount of paid-up capital

	£15,000-£150,000	£151,000-£300,000	£301,000-£450,000	£451,000+	Total
Western	43	23	12	10	88
Central	46	34	12	3	95
Yemenis	51	24	8	4	87
Others	17	5	4	8	34
Total	157	86	36	25	305

$X^2 = 21.33$ $p.< .02$ $df = 9$

The majority of businesses in the sample are in trading, have been operating from 6 - 10 years and have paid-up capital of between £15,000 - £150,000. However, there are some ethnic differences within this overall pattern. Western and Yemeni groups are mainly involved in trading whereas Lebanese and Palestinians are more active in industry and the service trades. It is interesting that the latter group have more companies than might be expected in the highest paid-up capital category. Businesses owned by the Central group fall predominantly in the £151,000-£300,000 range, while the Yemenis tend to be found where there is least paid-up capital.

14.2 Characteristics of the businessmen

Table 4.
Age of the businessmen

	<30 yrs	31-40 yrs	41-50 yrs	51+ yrs	Total
Western	43	37	12	5	97
Central	23	34	31	10	98
Yemenis	18	41	24	8	91
Others	24	17	7	1	49
Total	108	129	74	24	335

$X^2 = 31.19$ $p.< .001$ $df = 9$

Table 5.
Educational background, i.e. within Saudi or abroad

	Saudi	Abroad	Total
Western	82	19	101
Central	75	24	99
Yemenis	67	23	90
Others	13	35	48
Total	237	101	338

$X^2 = 50.641$ $p.< .001$ $df = 3$

Table 6.
Source of business, i.e. whether or not it is an inherited business

	Inherited	Not Inherited	Total
Western	26	70	96
Central	21	77	98
Yemenis	22	68	90
Others	12	38	50
Total	81	253	334

$X^2 = 0.848$ n.s. df = 3

Table 7.
Inheritance by eldest son

	Eldest	Other	Total
Western	24	17	41
Central	17	5	22
Yemenis	13	9	22
Others	8	5	13
Total	62	36	98

$X^2 = 2.433$ n.s. df = 3

Table 8.
Hours worked by businessmen

	1-50 hrs	51-100 hrs	Total
Western	49	44	93
Central	59	36	92
Yemenis	29	50	79
Others	32	12	44
Total	166	142	308

$X^2 = 17.526$ $p.< .001$ $df = 3$

The majority of small businessmen in the sample are less than 40 years old, were educated in Saudi and will not have inherited their business. Where inheritance is involved, the eldest son is the most likely successor. The results indicate that the Yemenis are committed to longer working hours than other groups. Significant numbers of businessmen in the Central, Lebanese and Palestinian groups seem to prefer a shorter working day with more time for leisure

14.3. Management Processes

Table 9.
Leadership style, i.e. Directive, Consultative, Democratic

	Directive	Consultative	Democratic	Total
Western	52	15	29	96
Central	43	20	22	85
Yemenis	55	21	15	91
Others	9	14	22	45
Total	159	70	88	317

$X^2 = 44.124$ $p.< .001$ $df = 6$

Table 10.

Delegation, i.e. whether or not businessmen find it hard/easy to delegate authority

	Hard to Delegate	Easy to Delegate	Total
Western	19	19	38
Central	42	6	48
Yemenis	38	0	38
Others	13	5	18
Total	112	30	142

$X^2 = 31.81$ $p.< .001$ $df = 3$

Table 11.

Reasons for lack of delegation, i.e. employees viewed as incompetent or resistant to taking responsibility.

	Worker incompetence	Worker Resistance	Total
Western	54	19	73
Central	48	42	90
Yemenis	48	38	86
Others	26	13	39
Total	176	112	288

$X^2 = 8.894$ $p.< .05$ $df = 3$

Table 12.

Relationship with workers, i.e. are long-term employees treated differently

	Yes	No	Total
Western	71	12	83
Central	83	11	94
Yemenis	83	4	87
Others	44	2	46
Total	281	29	310

$X^2 = 6.841$ n.s. df = 3

Table 13.

Relationship with customers/potential clients visiting the firm, i.e. sociability

	Socialiable	Unsocialiable	Total
Western	30	68	98
Central	41	56	97
Yemenis	16	75	91
Others	7	42	49
Total	94	241	335

$X^2 = 19.571$ p.< .01 df = 3

Table 14.

Social Relationships, i.e. whether who the businessmen knows is more important than what he knows.

	Who You Know	What You Know	Total
Western	72	26	98
Central	65	34	99
Yemenis	73	16	89
Others	30	20	50
Total	240	96	336

$X^2 = 9.911$ $p.< .02$ $df = 3$

Table 15

Employee initiative, i.e. does consistent direction discourage initiative.

.	Yes	No	Total
Western	79	23	102
Central	60	30	90
Yemenis	72	30	102
Others	38	5	43
Total	249	88	337

$X^2 = 8.905$ $p.< .02$ $df = 3$

Although 50% of managers adopted a directive style, there was a distinct pattern of response within the various ethnic groups. The Yemenis showed a preference for direction and an avoidance of democratic processes. By contrast, the Lebanese and Palestinians showed a more democratic approach with less inclination to use a directive style.

Linked to their leadership style, was the ability or willingness of the businessmen to delegate responsibility. Almost two-thirds of the sample did not consider their workers capable of handling tasks without supervision. The remaining third believed that their workers would resist accepting responsibility and that they preferred direction. The latter view was mainly held by Central and Yemeni groups while the Westerners took a negative view of their employees competence. The Lebanese and Palestinians gave no distinctive response.

The businessmen were also asked if, at a personal level they would find it acceptable to relinquish some authority; perhaps not surprisingly in such a power-conscious culture, 79% felt delegation to be a difficult process. In the Western group, more managers than might be expected would have found delegation to be acceptable. However, their willingness to give responsibility seems to be inhibited by their perceptions of the lack of competence of their work force; this may relate to the high percentage of foreign workers employed by the Western group.

The relationship with long-term workers is consistent across all groups with 91% of managers agreeing that such employees were treated differentially in recognition of their honesty and loyalty to the company.

Responses of businessmen to customers or potential clients and visitors were classified as social or otherwise, i.e. showing willingness to set aside time for discussion and hospitality as distinct from adherence to scheduled appointments. The Western and Central groups show significantly greater social concern than the remaining groups which reveal a less flexible and hospitable response. A partitioning of chi-square combining Western and Central groups as against Yemenis with 'Others' shows significantly greater social responsiveness by the former. Further partitioning of X^2 between Western and

Central groups is again significant. There is no significant difference between the Yemenis, Lebanese and Palestinians. Therefore, although the Westerners have a concern for social relationships, it is the Central group which shows greater flexibility and regard for social observance; this may reflect the strongly tribal culture of the Central sample. The response of Yemenis and 'Others' would seem to indicate a greater western business orientation.

However, the Yemenis clearly believe that in Saudi it is who you know rather than what you know which is most important. Perhaps they perceive themselves to be in a disadvantaged position and are sensitive to the influence of extended families and those of high status in the community. Across all groups, (71%) the importance of patronage is recognised.

14.4. Locus of control

Factors affecting sales, i.e. did the businessman blame customers, the market or himself when sales were poor

Table 16.
The customers

	Yes	No	Total
Western	57	40	97
Central	46	31	97
Yemenis	71	18	89
Others	13	37	50
Total	207	126	333

$X^2 = 41.44$ $p.< .001$ $df = 3$

Table 17.
The market

	Yes	No	Total
Western	89	8	97
Central	70	27	97
Yemenis	67	22	89
Others	39	11	50
Total	245	68	333

$X^2 = 13.215$ $p.< .01$ $df = 3$

Table 18
Self blame

.	Yes	No	Total
Western	17	80	97
Central	36	61	97
Yemenis	21	68	89
Others	14	36	50
Total	88	245	333

$X^2 = 10.081$ p.< .02 df = 3

Although two-thirds of the businessmen blame the customers for poor sales, there are significant differences between the groups. The Yemenis are the most emphatic in apportioning blame to customers, perhaps reflecting their view that they are discriminated against by some Saudis. Lebanese and Palestinians are least likely to attribute poor sales to customers. As they are mainly active in industry and the service trades, it might well be that customers are more dependent upon them for their professional expertise.

While 80% of businessmen attributed poor sales to the market, significantly more Westerners blamed market forces. Yemeni and Central groups were less inclined to lay blame on changes in market conditions.

With regard to self-responsibility, the major contribution to X^2 derives from the Western and Central groups. In contrast with the latter group, the Westerners reveal a strong external locus of control. Central businessmen are much less likely to blame outside forces and incline more to self-initiative when trade is difficult. The Central region was the area least influenced by Ottoman rule and consequently perhaps least vulnerable to the fatalism it produced. Additionally, acceptance of personal responsibility may reflect this group's nomadic culture with its emphasis on self-reliance.

Overall, Western and Yemeni groups are the least inclined to take personal responsibility; the former emphasise the impact of market forces while Yemenis blame the customers. The Lebanese and Palestinians are clear that the customers are not blameworthy and they give no distinctive response to the other variables. It is the Central group which shows internal locus of control.

Factors affecting success, i.e. does success depend upon luck, hard work and experience or education?

Table 19.
Luck

	Yes	No	Total
Western	48	48	96
Central	69	30	99
Yemenis	56	34	90
Others	11	39	50
Total	184	151	335

$X^2 = 33.496$ $p.< .001$ $df = 3$

Table 20.
Hard work and experience

	Yes	No	Total
Western	91	6	97
Central	78	21	99
Yemenis	71	19	90
Others	43	7	50
Total	283	53	336

$X^2 = 10.96$ $p.< .02$ $df = 3$

Table 21.
Education

	Yes	No	Total
Western	50	45	95
Central	49	50	99
Yemenis	50	40	90
Others	24	26	50
Total	173	161	334

$X^2 = 1.035$ n.s. df = 3

The ethnic groups show significant differences in their belief that success is the result of luck. The Lebanese and Palestinians are the least likely to attribute success to luck while in contrast, the Central group are most inclined to believe in this factor.

The Westerners differ significantly from other groups in their belief that success is related to hard work and experience. Lebanese and Palestinians also recognise these factors. However, fewer than would be expected in the Central and Yemeni groups attribute success to effort and experience; these groups do not differ significantly in their responses. No significant differences are apparent within the various ethnic groups in their belief that education contributes to success. However, in interviews, educated businessmen tended to stress the importance of effort, experience and education rather than luck - perhaps education being better valued once possessed.

Overall, although there were no significant differences across groups in their attitude to education, the Westerners along with Lebanese and Palestinians attributed significantly greater importance to work and experience. Both Central and Yemeni groups took the opposite view, feeling that luck was important for success.

The results suggest that contrary to the responses in the previous section, the Westerners, Lebanese and Palestinians exhibit a more internal locus of control. The

Yemenis response is consistent, i.e. showing external locus of control in both cases. The area of interest lies with the Central group who previously differed significantly in the strong internal locus they revealed. Perhaps the anomaly lies with differential response to failure and success. For example, if business is poor one shifts the cause to external factors; alternatively, when it is successful, one claims the credit. Similarly, if business is poor and one shows self reliance, then presumably having done all that one can, it becomes more a matter of chance or, alternatively, one has made one's own luck. Equally, the stability of locus of control as a concept might be queried if it is amenable to change depending on the focus of the enquiry. The research into locus of control does not appear to have defined variables within specific situations which might lead to the apparent locus being reversed.

Table 22.

Reaction to risk, i.e. response to a given situation and decision making

Stock clearance, i.e. would stock be cleared at a reduced price or retained in hope of greater gain?

	Clear Stock	Wait	Total
Western	74	21	95
Central	44	53	97
Yemenis	51	36	87
Others	39	9	48
Total	208	119	327

$X^2 = 29.718$ $p.< .001$ $df = 3$

Table 23.
Basis of decisions in risk taking, i.e. preference for
1) uncertain basis - possibility of high return
2) certain basis - small return
3) enjoyment of risk regardless of return - a gamble

	Uncertain Basis	Certain Basis	Gamble	Total
Western	14	68	9	91
Central	29	47	23	99
Yemenis	9	45	36	90
Others	10	35	6	51
Total	62	195	74	331

$X^2 = 39.67$ $p.< .001$ $df = 6$

More than two thirds of businessmen would prefer to clear their stock at a low price, but there are significant differences between the ethnic groups. The Central and Yemeni groups are more adventurous and willing to hold stock with the possibility of making more money. On the other hand, the Westerners and 'Others' are more conservative and prefer to clear goods.

There are significant differences in the way in which the various ethnic groups respond to the three categories of risk. Since the third category refers more specifically to gambling, the first two categories were examined as being less extreme conditions of decision making in relation to certainty/uncertainty.

The proportion of responses to the first category, i.e. uncertain basis with possible high yield was highest in the Central group. Therefore, X^2 was partitioned between this group and the remaining groups, i.e. Western, Yemeni and 'Others' to determine if a significant difference existed.

The results are summarised as follows:

Components of X^2 due to	X^2		d.f
1. Differences between W+Y+O and C	11.705	p.< .001	2
2. Differences between W, Y and O	.607	n.s.	1

The Central group are more prepared than other groups to take decisions under conditions of uncertainty if the return is high. If willingness to take moderate risks but not gamble is put alongside their greater personal responsibility, then the Central group have some of the characteristics associated with high achievement motive. This is supported by the background and life style of the group members revealed in interviews; they feel they are courageous in taking decisions and, if successful, are justly rewarded.

The results also reinforce the impression that Western businessmen are more cautious and conservative in their approach.

When all three categories are analysed, the Yemenis are distinctive in their positive response to gambling. Perhaps the fact that they are in a different culture and country may give rise to a degree of insecurity. Since they may perceive their situation as a gamble for survival then further risks if successful, could bring higher status and greater security.

Overall, there are distinct patterns of response between the ethnic groups in relation to variables in locus of control. In summary:

1. The Westerners are conservative in their approach to business. When trade is difficult, they are less likely to blame the customers with whom they readily socialise nor do they blame themselves. External market forces are seen as the main cause of problems. Success is associated with hard work rather than luck. Presumably they would argue that if effort and hard work bring success then any failure can only be due to factors beyond their control. Also, in line with Islamic belief, hard work would be seen to bring its own reward. The Westerners are also risk-aversive, preferring to clear stocks and accept low risks with low returns rather than chance a higher profit.

The Central group are more aware that relationships with customers could affect sales performance and see the development of good rapport as a personal responsibility. Unlike the Western group they consider that luck rather than simply hard work contributes to success. The question is, do they consider that through self-reliance they make their own luck? If rewards are high, they will take decisions on uncertain information although they are unlikely to gamble. Overall, the Central group give an impression of greater internal locus of control in attempting to exert influence by their actions; this is compatible with a higher achievement motive than is evident in the other groups.

The Yemenis are from a different culture; the blame for poor sales which they attribute to customers may be due to their perception of themselves in an alien environment. Like the Central group, they feel an element of luck is necessary for success although the former would be more proactive with regard to opportunities. However, the Yemenis attitude to risk is of interest. A significantly large number of Yemenis fall within the category related to gambling; given their readiness to play for high stakes, it is perhaps not surprising that they see luck as a factor in success.

The Lebanese and Palestinians have no strong disposition to give priority to any of the categories associated with poor sales and success is seen in terms of effort rather than luck. This emphasis may be due to affiliation with the service trades. As with the Westerners, risk aversion is dominant in this group.

CHAPTER 15

LEADERSHIP STYLE

15.1. Characteristics of the Business

Table 24.
Type of business

	Trading	Industry	Service	Other	Total
Directive	128	20	33	5	186
Consultative	28	7	19	6	60
Democratic	51	8	21	9	89
Total	207	35	73	20	335

$X^2 = 16.044$ $p.< .02$ $df = 6$

Table 25
Age of business

	1-5 Yrs	6-10 Yrs	11-15 Yrs	16+ Yrs	Total
Directive	25	97	31	15	180
Consultative	7	21	9	21	58
Democratic	21	40	10	13	84
Total	53	158	50	49	310

$X^2 = 33.5$ $p.< .05$ $df = 6$

Table 26
Amount of paid-up capital

	£15,000-£150,000	£151,000-£300,000	£301,000-£450,000	£450,000+	Total
Directive	81	39	18	9	147
Consultative	29	18	8	6	61
Democratic	31	19	4	10	64
Total	141	76	30	25	272

$X^2 = 7.069$ n.s. df = 6

The majority of businesses occur in the trading category where the preferred style of management is directive. Consultative and democratic styles predominate in the service sector which is mainly concerned with the sale and purchase of property and land, and in 'other' businesses which encompass restaurants, pharmacies and car repair workshops.

Although it might be expected that a directive style would have been adopted in the longest established businesses, the data shows that they prefer a consultative approach. It is this result which contributes most to the significance level. As shown in the Case Study, it may be that such businesses have long serving staff whom the owner has come to trust and consult. Companies operating for up to 5 years show a tendency to a more democratic approach while slightly older businesses (6-10 years) incline more to a consultative style.

No leadership style predominates within businesses of various sizes as indicated by the amount of paid-up capital. This suggests that the growth of a small company is dependent primarily on the driving force of the owner independent of the leadership style which he adopts.

15.2. Characteristics of the Businessmen

Table 27
Age of the businessmen

	<30 Yrs	31-40 Yrs	41-50 Yrs	51+ Yrs	Total
Directive	46	81	40	15	182
Consultative	25	16	14	6	61
Democratic	42	25	16	4	87
Total	113	122	70	25	330

$X^2 = 18.382$ $p.< .01$ $df = 6$

Table 28
Educational background, i.e. whether Saudi or abroad

	Saudi	Abroad	Total
Directive	131	50	181
Consultative	40	23	63
Democratic	63	24	87
Total	234	97	331

$X^2 = 1.949$ n.s. $df = 2$

Table 29
Source of business i.e. whether it is an inherited business

	Inherited	Not Inherited	Total
Directive	42	140	182
Consultative	15	44	59
Democratic	19	66	85
Total	76	250	326

$X^2 = 0.197$ n.s. $df = 2$

Table 30
Inheritance by eldest son

	Eldest	Other	Total
Directive	36	16	52
Consultative	5	12	17
Democratic	18	10	28
Total	59	38	97

$X^2 = 8.723$ $p.< .02$ $df = 2$

Table 31
Hours worked by businessmen

	1-50 Hrs	51-100 Hrs	Total
Directive	113	64	178
Consultative	34	42	79
Democratic	29	37	69
Total	176	143	326

$X^2 = 16.79$ $p.< .001$ $df = 2$

From the table given for the age of the businessmen, an inspection of chi square shows that those who are youngest are least likely to adopt a directive style and are most inclined to use a consultative or democratic approach. After the age of 30 years, the preferred style is directive.

As discussed in the previous section, the majority of businesses are not inherited. Motivation to start a business is not influenced by leadership style, i.e. the data does not identify a style associated with entrepreneurial activity.

Where the eldest son does inherit a business, he is most likely to adopt a directive approach. By contrast, younger sons who inherit a firm prefer a consultative style. This

result suggests that the above findings in relation to age and style of management may well reflect Saudi culture and Islamic tradition. Eldest sons are expected to assume responsibility for the family in the absence of the father and would look for the deference due to this role; it would be natural to transfer these expectations to a business setting. Equally, a younger son is expected to respect and defer to his elder brother. If, as in the Case Study, the younger brother inherits, then this could lead to uncertainty in the firm; the younger son's feelings of ambiguity could be displayed in a more consultative style. Additionally, a further factor affecting the style of younger businessmen may relate to greater exposure to education and Western influences.

The businessman's style of management is not influenced by where he was educated. It might have been expected that those educated abroad would have acquired Western values and approaches and therefore be more likely to adopt a consultative or democratic style. However, it should be remembered that 'abroad' does not necessarily mean in a Western country; the businessmen could have been educated in the Yemen, Lebanon or Palestine. Although they may have been exposed to Western influences in these countries, the impact of these would be likely to be minimised once the businessmen were immersed in operating in the Saudi culture. The data is also confounded by the various ethnic groups being distributed across the two categories, i.e. in Saudi or abroad.

The results in relation to the hours worked show that directive managers tend to spend less time working within their business than those in the democratic group. This is somewhat unexpected since the directive managers tend not to trust their workers to carry out tasks without supervision.

15.3 Management Processes

Table 32
Leadership style in relation to cultural group

	Western	Central	Yemenis	Other	Total
Directive	52	43	55	9	159
Consultative	15	20	21	14	70
Democratic	29	22	15	22	88
Total	96	85	91	45	317

$X^2 = 44.124$ p.< .001 df = 6

Table 33
Delegation, i,e whether or not businessmen find it hard\easy to delegate authority.

	Hard to Delegate	Easy to Delegate	Total
Directive	164	18	182
Consultative	52	4	56
Democratic	72	8	80
Total	288	30	318

$X^2 = 0.418$ n.s. df = 2

Table 34

Reasons for lack of delegation, i.e. employees viewed as incompetent or resistant to taking responsibility.

	Worker Incompetence	Worker Resistance	Total
Directive	105	59	164
Consultative	26	26	52
Democratic	42	30	72
Total	173	115	288

$X^2 = 3.358$ n.s. df = 2

Table 35

Relationship with workers, i.e. are long term employees treated differently?

	Yes	No	Total
Directive	147	21	168
Consultative	54	3	57
Democratic	65	5	70
Total	266	29	295

$X^2 = 3.262$ n.s. df = 2

Table 36

Relationship with customers/potential clients visiting the firm, i.e. sociability.

	Sociable	Unsociable	Total
Directive	51	133	184
Consultative	19	42	61
Democratic	24	61	85
Total	94	236	330

$X^2 = .03$ n.s. df = 2

Table 37

Social relationships, i.e. whether who the businessman knows is more important than what he knows.

	Who You Know	What You Know	Total
Directive	143	40	183
Consultative	35	26	61
Democratic	53	33	86
Total	231	99	330

$X^2 = 13.3$ p.< .01 df = 2

Table 38

Leadership style and employee initiative, i.e. does consistent direction discourage initiative.

	Yes	No	Total
Directive	138	45	183
Consultative	45	15	60
Democratic	74	15	89
Total	257	75	332

$X^2 = 2.29$ n.s. df = 2

Factors influencing leadership style, i.e. would businessmen change their styles of response to:

a) level of employee education
b) nationalities of employees
c) employee performance
d) poor economic conditions

Table 39
level of employee education

	Yes	No	Total
Directive	49	137	186
Consultative	23	37	60
Democratic	36	47	83
Total	108	221	329

$X^2 = 8.56$ $p.< .02$ $df = 2$

Table 40
Nationalities of employees

	Yes	No	Total
Directive	41	141	182
Consultative	16	44	60
Democratic	17	67	84
Total	74	252	326

$X^2 = 0.831$ n.s. $df = 2$

Table 41
Employee performance

	Yes	No	Total
Directive	28	154	182
Consultative	20	40	60
Democratic	20	61	81
Total	68	255	323

$X^2 = 9.61$ $p.< .01$ $df = 2$

Table 42
Poor economic conditions

	Yes	No	Total
Directive	119	63	182
Consultative	27	33	60
Democratic	50	33	83
Total	196	129	325

$X^2 = 7.83$ $p.< .02$ $df = 2$

The style adopted by the businessmen did not influence whether or not they found it acceptable to relinquish some authority. Overall, 90% found this to be a difficult process. It was not possible to differentiate the leadership style of those who did not trust their workers to perform tasks and those who believed their workers would resist delegation. This result is somewhat surprising; businessmen predisposed to consultative or democratic styles might be expected to trust their worker's abilities.

A willingness to socialise with customers, potential clients and visitors during working hours is not affected by the style of management adopted. However, there is an association between leadership style and the businessmen's perception that who they know is more important than what they know. Those with consultative or democratic styles

place greater emphasis on their own competence and skills. Directive businessmen are more conscious of the patronage of those with power and status. This result may be linked to the association between a directive style and authoritarian personality, with like responding to like and recognising power distance. Democratic and consultative styles are more associated with the achievement motive which emphasises performance.

Overall, 77% of businessmen believe that intervention by themselves at the workplace will discourage employees from taking initiative. This consensus could be explained in different ways. Directive businessmen may actively avoid such strategies since they are more anxious to discourage rather than promote initiative. In contrast, those whose style is consultative or democratic may recognise that frequent intervention acts as a disincentive, whereas less direction encourages initiative for the benefit of the company.

The directive businessmen are less likely to be flexible in changing their style to cater for more educated employees; this would be consistent with an authoritarian personality. Alternatively, those with a democratic style appreciate that the educational level of employees requires some adjustment in approach; again this is consistent with a more open-minded personality.

In managing workers of different nationality, there is no differential approach between the various styles. However, whereas this may reflect the inflexible attitude of directive businessmen, those in the other categories may recognise that all employees should be treated equally.

Responses in relation to change of managerial style which could affect the performance of employees were considered. Directive businessmen felt no change was necessary. Those who were in the consultative group were more inclined to be sympathetic to the possibility of change affecting performance. When facing adverse economic conditions, directive businessmen were predisposed to change whereas those in the consultative category were resistant to altering their strategies. This may suggest that directive managers are less secure in the effectiveness of their approach. Those with more participative processes may be confident in the robustness of their style. The response of the democratic businessmen was consistent.

15.4. Locus of control

Factors affecting sales, i.e. did the businessmen blame customers, the market or himself when sales were poor.

Table 43
The customers

	Yes	No	Total
Directive	138	45	183
Consultative	28	33	61
Democratic	38	47	85
Total	204	125	329

$X^2 = 31.470$ n.s. df = 2

Table 44
The market

	Yes	No	Total
Directive	160	23	183
Consultative	45	16	61
Democratic	64	23	87
Total	269	62	331

$X^2 = 10.21$ n.s. df = 2

Table 45
Self blame

	Yes	No	Total
Directive	37	146	183
Consultative	23	38	61
Democratic	28	58	86
Total	88	242	330

$X^2 = 9.218$ n.s. df = 2

The various groups show a marked difference in their propensity to blame customers when trade is difficult. Although directive businessmen identify customers as a major reason for poor sales, those in the consultative and democratic categories accept that they are not always blameworthy and that poor trade could be related to other causes.

Overall, most businessmen blame market forces for poor sales. However, directive managers show a greater willingness to project blame on to the market than do those in the other groups. This is consistent with the suggestion that directive style is associated with a tendency to see outside forces as influential in the success of a business.

Although only 25% of businessmen in the sample thought that they themselves were the cause of poor sales, there was a significant difference in the responses of the various groups. Whereas directive businessmen were less prepared to accept that their behaviour could affect poor sales, significantly more consultative and democratic managers were willing to consider this as a possibility.

Factors affecting success, i.e. does success depend upon luck, hardwork and experience or education?

Table 46
Luck

	Yes	No	Total
Directive	121	62	183
Consultative	29	32	61
Democratic	39	48	87
Total	189	142	331

$X^2 = 13.70$ n.s. df = 2

Table 47
Hard work and experience

	Yes	No	Total
Directive	157	26	183
Consultative	53	8	61
Democratic	72	16	88
Total	282	50	332

$X^2 = 0.96$ n.s. df

Table 48
Education

	Yes	No	Total
Directive	100	83	183
Consultative	34	27	61
Democratic	42	45	87
Total	176	154	330

$X^2 = 1.23$ n.s. df = 2

Many of the businessmen felt that luck could play a part in the success of their company, but those with a directive style give significantly more emphasis to this factor than do businessmen in the other categories. The majority of managers (85%) agreed that hard work and experience were important ingredients in success; there were no significant differences related to style of leadership. This response may reflect the businessmen's acceptance of a strongly held value in Saudi and Islamic society. Those who believe education is an influential factor in success are evenly balanced by those who are critical of its relevance; again, there were no significant differences linked to leadership style.

Table 49

Reaction to risk, i.e. response to a given situation and decision making.
Stock clearance, i.e. would stock be cleared at a reduced price or retained in the hope of greater gain?

	Clear Stock	Wait	Total
Directive	116	67	183
Consultative	35	25	60
Democratic	56	32	88
Total	207	124	331

$X^2 = 0.60$ n.s. df = 2

Table 50
Basis of risk taking, i.e. preference for:
1) uncertain basis - high return
2) certain basis - small return
3) enjoyment of risk regardless of return - a gamble

	Uncertain	Certain	Gamble	Total
Directive	37	112	32	181
Consultative	11	37	14	62
Democratic	16	53	20	89
Total	64	202	66	323

$X^2 = 1.32$ n.s. df = 4

When leadership styles are compared for risk-taking behaviour, none of the groups show a significant variation from the overall average of the sample. Across all groups, it appears that most businessmen (61%) err on the side of caution; the remaining third are willing to take reasonable risks. Only a smaller proportion, i.e. 20%, would ever be prepared to gamble on the outcome of a business transaction.

The cumulative evidence across the three sections concerned with locus of control suggests that there is a tendency for businessmen with a directive style of leadership to associate external agents with the success of their business. This suggests that the directive style is related to an external locus of control. Such a tendency would be in keeping with the deference to authority shown by those with an authoritarian personality and would also reflect the high power distance in Saudi society. The almost universal acceptance of hard work as a key factor in business success again shows the influence of Islamic and Saudi culture upon the perceptions and values of its members. The cautious approach taken by all businessmen in the operation of their transactions is consistent with the high level of uncertainty avoidance which characterises Saudi culture.

CHAPTER 16

BUSINESS PERFORMANCE

16.1 Characteristic of the business

Table 51
Type of business

	Trading	Industries	Service	Other	Total
Improved	110	17	44	9	180
Declined	26	3	9	2	40
Total	136	20	53	11	220

$X^2 = 0.268$ n.s. df = 3

Table 52
Age of business

	1-5 Yrs	6-10 Yrs	11-15 Yrs	16+ Yrs	Total
Improved	31	85	29	35	180
Declined	8	19	5	8	40
Total	39	104	34	43	220

$X^2 = 0.424$ n.s. df = 3

Table 53
Amount of paid-up capital

	£15,000-£150,000	£151,000-£300,000	£301,000-£450,000	£451,000+	Total
Improved	86	49	27	18	180
Declined	20	8	5	7	40
Total	106	57	32	25	220

$X^2 = 2.453$ n.s. df = 3

No significant differences were found in relation to the type of business, age of the company, amount of paid-up capital and business performance. It appears that the economic climate experienced by these businessmen had a uniform effect across all of these dimensions.

16.2. Characteristics of the businessman

Table 54
Age of the businessman

	<30 Yrs	31-40 Yrs	41-50 Yrs	51+ Yrs	Total
Improved	52	75	40	13	180
Declined	13	16	6	5	40
Total	65	91	46	18	220

$X^2 = 2.097$ n.s. df = 3

Table 55
Educational background, i.e. within Saudi or abroad

	Saudi	Abroad	Total
Improved	134	47	181
Declined	26	15	41
Total	160	62	222

$X^2 = 1.873$ n.s. df = 1

Table 56
Ethnic group

	Western	Central	Yemenis	Other	Total
Improved	57	56	47	20	180
Declined	16	7	6	11	40
Total	73	63	53	31	220

$X^2 = 10.718$ p.< .02 df = 3

Table 57
Source of business, i.e. whether or not it is an inherited business.

	Yes	No	Total
Improved	43	137	180
Declined	13	27	40
Total	56	164	220

$X^2 = 1.279$ n.s. df = 1

Table 58
Inheritance by eldest son

	Eldest	Other	Total
Improved	33	17	50
Declined	14	4	18
Total	47	21	68

$X^2 = 0.860$ n.s. df = 1

Table 59
Hours worked by businessmen

	1-50 Hrs	51-100 Hrs	Total
Improved	92	86	178
Declined	17	20	37
Total	109	106	215

$X^2 = .404$ n.s df = 1

The age of the managers, their educational background and whether or not as eldest son they inherited the business were all factors which had no differential effect upon company performance. However, the level of performance reported by the various ethnic groups showed a significant decline in Lebanese and Palestinian businesses. Since a substantial number of these businessmen are in the restaurant trade then it is understandable that there would be reduced performance due to the war with Iraq; many of their customers were Yemenis, who returned to their native country due to the stance adopted by their government. This would inevitably affect levels of trade. Commitment to the business shown by those with declining and improving performance showed no significant differences.

16.3 Management processes

Table 60
Leadership style

	Directive	Consultative	Democratic	Total
Improved	95	30	55	180
Declined	19	10	11	40
Total	114	40	66	220

$X^2 = 1.528$ n.s df=2

Table 61.
Delegation, i.e. whether or not businessmen find it hard/easy to delegate authority.

	Hard to Delegate	Easy to Delegate	Total
Improved	161	17	178
Declined	32	5	37
Total	193	22	215

$X^2 = .52$ n.s df = 1

Table 62.
Reasons for lack of delegation, i.e. employees viewed as incompetent or resistant to taking responsibility.

	Worker Incompetence	Worker Resistance	Total
Improved	105	56	161
Declined	20	17	37
Total	125	73	198

$X^2 = 1.611$ n.s df = 1

Table 63.
Relationship with workers, i.e. are long term employees treated differently.

	Yes	No	Total
Improved	159	19	178
Declined	35	2	37
Total	194	21	215

$X^2 = .965$ n.s df = 1

Table 64.

Relationship with customers/potential clients visiting the firm, i.e. sociability.

	Sociable	Unsociable	Total
Improved	55	125	180
Declined	15	25	40
Total	70	150	220

$X^2 = 0.9$ n.s. df = 1

Table 65.

Social relationships, i.e. whether who the businessman knows is more important than what he knows.

	Who You Know	What You Know	Total
Improved	127	52	179
Declined	31	9	40
Total	158	61	219

$X^2 = 0.698$ n.s. df = 1

Table 66

Performance and initiative, i.e. does consistent direction discourage initiative.

	Yes	No	Total
Improved	147	33	180
Declined	29	11	40
Total	176	44	220

$X^2 = 1.72$ $p.< .05$ df = 1

The manner in which the businessmen relate to staff, customer and external influential figures shows no differential effect between improving and declining performance. This result agrees with earlier data which found no consistent relationship between management process, ethnic group and company performance.

16.4. Locus of control

Factors affecting sales. i.e. did the businessman blame customers, the market or himself when sales were poor.

Table 67
Customers.

	Yes	No	Total
Improved	121	59	180
Declined	15	25	40
Total	136	84	220

$X^2 = 12.249$ p.< .001 df = 1

Table 68
The market

	Yes	No	Total
Improved	143	37	180
Declined	35	5	40
Total	178	42	220

$X^2 = 1.373$ n.s. df = 1

Table 69
Self blame

	Yes	No	Total
Improved	45	135	180
Declined	35	5	40
Total	80	140	220

$X^2 = 55.25$ p.< .001 df = 1

Factors affecting success, i.e. does success depend upon luck, hard work and experience or education?

Table 70
Luck

	Yes	No	Total
Improved	100	80	180
Declined	13	27	40
Total	113	107	220

$X^2 = 6.964$ $p.< .05$ $df = 1$

Table 71
Hard work and experience

	Yes	No	Total
Improved	154	26	180
Declined	39	1	40
Total	193	27	220

$X^2 = 4.337$ $p.< .05$ $df = 1$

Table 72
Education

	Yes	No	Total
Improved	99	81	180
Declined	18	22	40
Total	117	103	220

$X^2 = 1.314$ n.s. $df = 1$

Reaction to risk, i.e. response to a given situation and decision making.
Stock clearance, i.e. would stock be cleared at a reduced price or retained in hope of greater gain?

Table 73

	Clear stock	Wait	Total
Improved	107	73	180
Declined	35	5	40
Total	142	78	220

$X^2 = 11.257$ $p.< .001$ $df = 1$

Table 74

Basis of decisions in risk taking, i.e. preference for
1) uncertain basis - high risk
2) certain basis - small risk
3) enjoyment of risk regardless of return - a gamble

	Uncertain Basis	Certain Basis	Gamble	Total
Improved	33	106	41	180
Declined	5	33	2	40
Total	38	139	43	220

$X^2 = 8.824$ $p.< .05$ $df = 3$

The majority of companies were of the opinion that customers affected performance but those with the poorer performance were less likely to attribute this to their decline than the companies with improving performance. Market conditions were clearly seen to affect performance by most companies and this did not differ between the groups. What the section does show is that significantly more businessmen in companies with declining performance blame themselves for the poor results suggesting they have an internal locus.

When asked if they attribute success to luck, it is those in companies with declining performance that are less likely to agree although a slight majority of all companies believe luck enters into success. Hard work is almost universally accepted as influencing success. The significant result obtained from this table results from a small number in one of the cells which makes the chi square insignificant when corrected. As in so many of the results examined, education does not appear to be an influencing factor in performance.

As might be expected, companies with a poor performance were more inclined to clear their stock at a modest profit rather than wait in the hope of a higher gain. Those companies with an improved performance were more disposed to wait. The significant contribution to chi square in the table associated with risk was from the poorer performing businesses which were less likely to gamble and more likely to make a decision on a certain basis but only for a small return. For companies with poorer performance, caution was obviously required.

The result of the previous section on locus of control suggests an interesting pattern. Poorer performance companies are less likely to think that

a. customers affected performance,

b. more likely to blame themselves for performance

c. less likely to attribute success to luck and

d. are more cautious their approaches to risk.

The direction of these result suggests that businessmen in the poorer performance companies have an external locus of control. This finding needs to be considered in relation to Anderson's data (1977) and will be discussed in the following section.

PART V

DISCUSSION OF THE RESEARCH RESULTS

AND

RECOMMENDATIONS FOR FUTURE DEVELOPMENTS

Introduction

The tabulated results of the statistical analysis of data were given in Part IV along with comment on the specific sections of the questionnaire as these occurred. From this basis of comment, there follows discussion of the results in relation to the overall theoretical and cultural context.

In discussing the results it is necessary to be selective; to further rehearse items which proved to be of minor interest would be needlessly repetitious. However, the comments did draw attention to major outcomes and those which revealed discrepancies or anomalies in the responses of the various groups of businessmen. Therefore, within Part V, the focus will be upon such areas of interest and significance and discussion will reflect the sequence in which they occurred in the questionnaire, i.e.

a. Ethnic background
b. Leadership style
c. Business performance

Thereafter, in the final section of Part V, there will be extrapolation of the issues which need to be considered in promoting expansion of the small business sector in Saudi Arabia.

CHAPTER 17

DISCUSSION OF RESEARCH RESULTS

17.1 Introduction

Any discussion of research results which involve cultural variables calls for a cautious approach to the interpretation of the data. In this instance, the problems are perhaps doubly compounded; they include the use and application of Western concepts of psychology, management and research to a business community in Saudi Arabia where few if any precedents for such approaches exist.

In a paper on 'The significance of cultural variables', Richman (1945) states:

> "A vital question for international business management seems to be to what extent can American management principles, practises and general know-how be transferred effectively to other countries, at what cost and to what degree and extent is the overall process and effectiveness of management constrained by cultural variables." (1)

Richman identifies the difficulties associated with research into the effect of cultural variables and touches upon then current research problems. He focuses on the transfer of American management principles into other cultures. However, the questions he raised are pertinent to the present study, even though the concepts and management principles used to analyse the behaviour and attitudes of Saudi small businessmen are based on Western rather than exclusively American practices. As Richman points out, such approaches may not be perceived as best practice in other countries. Does the methodology and analysis adopted in this study distort an understanding of the behaviour and attitudes of these Saudi businessmen?

All research involved with cultural variables, especially that which applies 'alien' concepts to a given society runs the risk of attributing wrong causes to the perceived behaviour. In such circumstances, the problem of the researcher as observer and commentator on the scene can be described in terms of Attribution Theory.

Attribution Theory deals with 'actors', 'observers', 'actions' and 'situations'. Briefly, if an action takes place or an individual has an experience, the event is identified as the 'action', the individual is the 'actor'. In explaining the event, the cause may lie within the

'actor' himself, i.e. an internal locus. Alternatively, the other locus for the cause of the 'action' may lie within features of the event/'situation' per se, i.e. an external locus.

The major problem is that 'actors' and 'observers' perceive situations differently and diverge in the way they attribute cause. 'Observers' tend to favour explanations which are attributable to an internal locus; the 'actors' tend to look beyond themselves and favour external causes. Thus, for example, in explaining any given situation, the 'observer'/researcher is predisposed to look to the psychological characteristics of the businessmen. The businessmen are more predisposed to seek for external causes in the market or the economy.

Thus the problems of applying the techniques of one culture to the practices of another and teasing out the cultural variables are complex; they are further bedevilled by the problems of attribution. Perhaps the critical point is that the researcher is aware of the difficulties and seeks to avoid the pit falls. Further, any distortions in cultural interpretation may be to some extent redressed since the author of the thesis is himself a Saudi with experience in the small business sector.

17.2 Discussion related to ethnic background.

17.2.1 Characteristics of the businesses

Most small businesses in Saudi employ five or less staff and are mainly concerned with trading, i.e. buying and selling goods. The level of skill required by the employees is low. Indeed, Saudi owner/managers show a reluctance to become involved in businesses which require craft or technical skills. They show little interest in any venture which is dependent upon repairing or making items at a work bench. This attitude is a reflection of the culture; working with their hands would mean a loss of status in the community. Rather than become involved in perceivedly demeaning tasks, they avoid businesses requiring manual skills or employ others to undertake such work.

The avoidance of commercial enterprises which are seen to threaten status has serious implications for the development of a diversified small business sector in Saudi. To complement the growing number of larger businesses now operating, there needs to be a similar growth in small businesses which can supply their requirements for manufactured components. The absence of such small businesses means that components must be imported from abroad. Inevitably, this involves greater expense and increases the price at which companies can offer their products.

Without an adequate manufacturing base, the economic development of the country is retarded. However, it is only from 'hands on' experience that sufficient knowledge can be gained to successfully manage a manufacturing business. Cultural factors militate against such experience given the extreme reluctance to engage in manual tasks. In the resolution of such problems, education can be a potent force for change; implications for educational developments are discussed in the final chapter.

17.2.2 Characteristics of the businessmen.

The questions in this section were framed to explore the extent to which the choice of individuals to enter business was influenced by the social/cultural environment. For example, do opportunities and status within the Civil Service attract the younger age groups?

The results show that the youngest businessmen are to be found in the Western and Palestinian and Lebanese groups. In general, the latter groups are more likely to be comprised of young people seeking to develop a small business in a foreign country; it tends to be the young who venture from their country of origin while their older compatriots less readily abandon an established way of life. In the Western group, fathers traditionally look to their sons to succeed them in the business and indeed exert pressure on them to do so. However, such explanations would ignore social change and the attractions of a Civil Service career. Although the Westerners apparently have more opportunities to enter a more secure life in the Civil Service, their preference is for small business. Could it be that opportunities for Westerners to enter the Civil Service are more apparent than real? Perhaps entrance into government service is dependent on the

sponsorship of powerful friends and relations. If these are lacking, is there the possibility that entry to the family firm or the establishment of a similar business is perceived as 'second best' - in which case, how might the status of the small business sector be increased to encourage commitment and professionalism?

Both the Central and Yemeni groups have more businessmen in the older age ranges. For the Yemenis, it has already been suggested that they prefer to gain experience in a business before establishing their own company. When they do make the decision to establish a new business, they can depend upon the support of their ethnic group. The late entry of the Central group often results from their first establishing themselves in the Civil Service and then setting up their own business. Alternatively, they tend to fund a business but employ a manager to run it on a day to day basis. When such owners were interviewed, they tended to show less commitment to the business in terms of the hours worked; this is understandable if a manager is employed. The government has recently prevented such initiatives from being further developed. However, the problem again raises issues of status and commitment and of how these factors can be enhanced. If small businesses are merely seen as 'another string to one's bow', then their overall contribution to Saudi economy could be greatly underestimated.

17.2.3 Management processes

In a recent study of the leadership styles of Iraqi and Saudi Arabian managers, H. S. Atiyyah (1993) comments on research into Third World countries as follows:

> "... in spite of increasing calls for internationalisation of organisation and management theory and research, superficial observations, assumptions and untested generalisations make up a substantial proportion of accumulated knowledge on organisations and management in these countries. And although these countries are undergoing a dynamic transformation process in their social, political and economic fields, Western management specialists continue to adhere to those assumptions and generalisations." (2)

Atiyyah also considers that this statement applies to oil-rich Arabic and Moslem countries of the Middle East.

One of the assumptions of Western management specialists is that in developing countries, managers influenced by traditional cultural values usually adopt an authoritarian leadership style. He maintains that the study of management styles in such countries would contribute to an understanding of their management thinking and behaviour.

When discussing Arab culture and society, Atiyyah identifies Islamic religion and the Arab language as distinguishing features. He also recognises the importance of the autocratic rule to which Arab countries were previously subjected by foreign powers and the fact that most current Arab governments are similarly autocratic. Thus, in current research other than that presented in the present study, the influences of Islam and autocratic government are identified as important cultural factors.

Atiyyah's research explored whether or not Arab managers preferred one particular leadership style when presented with varying conditions. If one style of management was generally used, then this was seen to support the influence of culture. However, if managers were found to use different strategies under different conditions, it could be concluded that situational thinking determined the choice of management style.

The sample in Atiyyah's consisted of 122 Iraqi and 38 Saudi Arabian managers; these were drawn from ministries, local government and municipalities, i.e. Civil Servants. Representatives from senior, middle and junior management were included. Two thirds of the sample had four or more years of college or university education. Clearly, this sample was not comparable to that of small businessmen in the present study.

Scales were developed by Atiyyah to measure the following:

a) The style of the manager's immediate superior which the manager considered to be the most or least suitable for the performance of his duties.

b) The manager's own choice of style under three sets of organisational conditions: favourable, unfavourable and normal.

c) The manager's preferred style for dealing with different subordinates: low performers, high performers and average performers.

The respondent was instructed to answer each question by choosing one or more of the following management styles which he considered most suitable in dealing with the situation described:

a) Extreme authoritarian style: the manager takes the decision and orders his subordinate to implement it.

b) Mild authoritarian style: the manager takes the decision and explains to his subordinate before announcing it.

c) Consultative style: the manager consults with his subordinates before taking the decision.

d) Participative style: the manager and his subordinates participate in making the decision.

The Extreme Authoritarian, Consultative and Participative styles coincide with the Directive, Consultative and Democratic styles used in this research.

The research by Atiyyah found no significant different across types of organisations, managerial rank, education and age. However, the sample was drawn from similar types of organisations and within this spectrum, the dominant styles were found to be consultative and participative.

By contrast, the present study ranged over quite different types of companies. In trading companies, the preferred style of leadership is directive whereas consultative and democratic styles predominate in the service sector. Apparently, the latter sector adopts a similar leadership approach to that required in Civil Service-type organisations.

Within this study, the youngest managers were those most likely to adopt a consultative or democratic style with a directive stance being preferred by those over 30

years of age. In small businesses as compared with government organisations, it seems that a directive style begins to be established with age; this approach reflects what is perceived to be appropriate for the effective management of such businesses. It could well be that cultural influences are more readily apparent in the family atmosphere of small firms where there is a paternalistic relationship between the manager and low-skill employees. In neither Atiyyah's research nor the present study is education seen to have any significant effect; in the former study, the result is not surprising since the managers involved had all attended college or university.

When managers in Atiyyah's study were asked which style they preferred their superior to adopt when dealing with them, managers opted for the participative style. They argued that this encouraged higher performance and greater commitment to their work. An extreme authoritarian style was considered to be detrimental to their work within the organisation. In the present study, small businessmen felt that consistent direction of their employees stifled their initiatives. Yet, presumably the Western, Central and Yemeni groups were not anxious for their employees to exercise initiative since they more often adopted a directive style in managing their staff. Only the Palestinian and Lebanese group showed any inclination to adopt participative or democratic styles. However, if a work force is needed in small business expansion with greater commitment and higher level skills then a less directive style would seem to be indicated.

Under favourable conditions, Iraqi and Saudi managers preferred the participative style. Favourable conditions included: subordinates who were highly effective, good manager-subordinate relationships and highly qualified managers. The response of the ethnic groups in the present study is very different. In the small business sample, the staff have low level skills; 60% of the owner/managers do not believe they are capable of handling tasks without supervision. The remaining 40% cited worker-resistance as the reason why they could not delegate any responsibility. Although the paternalistic relationship between owners/employees may indicate care and concern, this does not appear to extend to developing skills in the work force or faith in their abilities.

Where conditions were unfavourable because of shortage of staff, where the manager was not delegated authority or where there was difficulty in meeting unit

objectives, Atiyyah found there was no preference shown between the four management styles.

Similarly, in companies which were showing a decline, small businessmen did not show any preference for a particular style of leadership.

In situations which were characterised as normal business conditions, a significant difference was found between the Iraqi and Saudi managers; the Iraqis favoured a participative or consultative style whereas a more authoritarian approach was adopted by the Saudi managers. Although no significant difference was found between Iraqi and Saudi managers under favourable and unfavourable conditions, the Saudis consistently scored higher in the extreme and mild authoritarian categories. This finding is in line with the more extreme position adopted by the Saudi small businessmen.

A significant difference was found between Iraqi and Saudi managers in their dealings with high performers; both groups preferred consultative and participative styles. High performers were the well-qualified subordinates. There was no significant difference between the two groups with regard to low performers, although the predominant management style was extreme or mild authoritarianism. Low performers were those perceived to be poor in carrying out their tasks and who could not be trusted to perform satisfactorily without close supervision. This is perhaps comparable to the small businessmen's approach to low-skilled employees. A significant difference was found between Iraqi and Saudi managers in their dealings with averagely qualified subordinates who were performing at a mediocre level. The dominant style remained authoritarian but the major contribution to the significance of chi square was that from the greater number of Iraqis preferring a participative approach.

Atiyyah concludes that Arab managers adjust their style of management to meet the situation. He also finds that the results of his study are inconsistent with previous research reporting a predominantly authoritarian or consultative style as that adopted by Arab managers. However, the research was a comparative study of Iraqi and Saudi managers. Atiyyah used chi square to analyse the proportion of managers choosing one of four styles when responding to a given situation. Thus, a significant result identifies one of the two groups as differing more than would be expected in one or more of the

management style categories. Yet the analysis does not test whether Arab managers show a predominantly authoritarian or consultative approach.

An examination of the response categories which are given in percentages shows that Iraqi and Saudi managers consistently have a more than 50% response in the authoritarian or consultative categories; the Saudis are always shown to have a higher percentage in these categories.

One can agree with Atiyyah that the results do not support the hypothesis that Arab managers use a single style, either a consultative style or an authoritarian approach dictated by cultural influences. Equally, the results do not show that culture exerts no influence since the two styles do predominate in the responses of the managers.

The results of the present study show that Saudi small businessmen do consistently prefer the authoritarian or consultative style of leadership. Yemenis also show the same preference. Only the Palestinian and Lebanese group shows equal preference for the democratic style. It is accepted that cultural change is taking place and that this will be reflected in the style of leadership adopted by managers. However, it must also be accepted that the legacy of authoritarian rule and the influence of Islamic teaching continue to affect leadership style.

The importance of the Atiyyah research lies in that it was carried out in large government-sponsored organisations. What seem to be apparent is the moderating influence of the size of the company and the educational level of the managers on the leadership style they adopt and which is preferred by their subordinates. Such moderating influences are not readily apparent in the small business sector. Within the sample in the present study, the level and knowledge and skills of the employees is low. An employee is not 'well-qualified' and therefore does not gain respect from the owner/manager. Exceptions occur where an employee has been with the company for many years and has acquired more skills and knowledge. The importance of education is again evident. It would appear that if the educational requirements of the small businesses were higher then this would affect the style of leadership adopted.

17.2.4 Locus of control

The businessmen in the sample were asked to what they attributed poor sales or commercial success. Analysis of the data gave results which were inconsistent in showing an external or an internal locus of control; i.e. there was no strong tendency to indicate they exercised perceived control and felt they could influence events. In this research situation, one could only guess at whether or not such perceived control was indicative of a personality resource. It could well be that an explanation is better sought in considering perceived control as a coping mechanism.

Where there is cognitive control as a coping mechanism, an individual believes that something can be done to influence adverse conditions. When asked to what they attributed poor sales, the ethnic groups responded differently. The Yemenis blamed the customers and the Westerners blamed the market. In contrast, the Central group differed significantly in believing that they could influence the level of sales.

The concept of locus of control as perceived control was, however, developed in relation to adverse circumstances which induced stress in individuals. But what of other circumstances? When asked to what they attributed their success, a coping mechanism was not required since the businessmen were not reacting to adversity. Therefore, their responses may not be inconsistent after all.

It was the Central group which showed more internal control in relation to the problem of poor sales. However, as the results showed, this group was less committed to their business in terms of the number of hours spent at work; they were also more inclined to attribute success to good luck. Alternatively, the Western group which showed greater external locus of control, revealed greater conscientiousness in the number of hours given to work and strongly related success to hard work and experience. It would seem that response to success reflected not so much a coping mechanism as the managers' perception of business opportunities.

The Yemenis are foreigners in the country and in this situation, their main customers are Saudis. Therefore, their perception of their ability to influence adverse conditions would affect their attribution of the cause. Given that they would feel they had little room

for manoeuvre and were there on sufferance, it is not unexpected that they would identify customers as the source of their problems. It is interesting to note the importance of perceptual salience in perceived causality. For the Yemenis working in a different culture, the Saudis are salient, difficult to influence and therefore readily linked to any adversity, whether in poor sales or other circumstances. Thus a link appears between attribution and perceived control. However, the relevance of Attribution Theory to locus of control has not been explored.

In Attribution Theory, all problems are reduced to the basics of actor, action and situation. There is a fourth factor to the equation: the observer. All attributions begin with a behavioural event in which an individual takes action or has an experience in an environment external to himself. It is the event which requires explanation. A possible locus for the cause is the individual/actor, i.e. internal locus or it may lie in features of the environment, i.e. external locus. The observer explains the event as being caused by the individual/actor or the environment/situation, i.e. internal or external.

The way in which individuals may attribute cause relates to a personality resource, i.e. their perceived control over events. If they have a high perceived control, then the locus is internal; alternatively, if they feel minimum ability to influence outside causes, the locus is external. The locus is thus a stable pattern of response to adverse circumstances. In establishing internal or external locus of control, it is necessary to record the ways in which an individual responds to a series of adverse events; these are usually detailed in the form of a questionnaire, as for example, in the Rotter scale. For the present study, it was not possible to use a full personality inventory of this type.

The problem is then one of interpreting the data. Using Attribution Theory, the businessmen (actors) were asked to allocate the cause of poor sales to the customers, the market or themselves. Although the results are confounded by all the businessmen responding to the three options, if the tables are considered individually it is evident that there was a high consensus amongst the Yemenis in attributing the cause of poor sales to the customers. For the Yemenis, the customers were a salient feature in poor sales; the locus was external. As noted previously, this finding was not unexpected since the Yemeni businesses are controlled by the regulations and rules of the Saudis who are also their customers. The other three ethnic groups do not perceive customers as a salient

factor. When the tables concerned with the market are examined, the high consensus group are the Westerners who show external locus. In Table 18, giving the responses to self-blame, the Central group differ significantly from the Others; although not the majority of the group, yet a substantial minority attribute blame to themselves. Applying the chi-square test to this result shows that a significantly greater proportion of the Central group are prepared to accept self-blame for poor sales as compared to the other groups. However, since there is not a high consensus an internal locus cannot be attributed confidently to the Central group.

For the researcher as observer, there is a quandary. Is the Yemeni businessman who identifies customers as the cause of poor sales making a correct attribution - or, alternatively, does his attribution of external locus express a personality variable? Since the majority of Yemenis identify customers with sales difficulties, it could well be that they have a realistic assessment of this situation. However, the results could also be interpreted as indicating that the Yemenis as a group have external locus of control as a personality characteristic.

The dangers of interpreting the data in terms of locus of control have been highlighted. To establish the locus of control of an individual requires a stability of response over a number of events characterised in a questionnaire. Unfortunately, due to the restrictions on data gathering amongst Saudi businessmen only a limited number of questions could be included in the interview. These questions are not now considered to be sufficient to allow any valid conclusions to be drawn in establishing the locus of control in the ethnic groups. In addition, from the above analysis it has been shown that Attribution Theory gives a more consistent and acceptable interpretation of the data.

17.2.5 Risk and Uncertainty Avoidance

The majority of the research on risk has been undertaken in the area of decision making under uncertainty. As such, it focuses on the application of probability theory to problems where the probability of the occurrence or non-occurrence of an event is estimated. The technique most frequently used in this type of analysis is the decision tree. However, this approach is basically prescriptive, specifying what a manager should do to arrive at a decision under uncertainty.

Other research has examined how decisions involving risk are arrived at in groups. The strategy is to present participants in the research with problems involving individuals in decision making in risk situations and then asking what level of risk they would advise the individual to accept. When all participants have individually recommended a level of risk, they then join together as a group to discuss the appropriate risk level that would be advisable. The original research on such problems by Stoner (1961) showed that following group discussion of certain problems, there was a consistent move to greater risk. Subsequent work by Myers (1982), showed that in more than a hundred studies in ten countries, similar shifts to those reported by Stoner were obtained.

Initial explanations of the phenomena suggested that the groups were expressing an underlying value of the society of which they were part. Risk taking was admired. However, later research cast doubt on this explanation since it was found that in some problems, there was a consistent shift to caution. Two processes were suggested to account for the shifts in risk in the new results: i.e. 'social comparison' and 'persuasive argument'. (Fraser, 1971; Myers and Tannon, 1976; Sanders and Boren, 1977). It is not the purpose of this research to enter into the merits of these explanations, but Fraser did suggest that in some cultures risk has a certain daring quality. It should perhaps also be noted that most of the research occurred in Western countries and involved what they recognised as risk. How cultures such as Saudi perceive and react to risk, particularly in group situations, is relatively unresearched.

In the present study, the businessmen were simply asked to state their preference for accepting a certain but small return, a possible high return on an uncertain basis or a gamble. No group discussions could be held, although the businessmen may have discussed the problem with relatives and friends. The ethnic groups may therefore be considered to be expressing the variability with which risk is valued. The results suggest that on balance the Western and Other groups prefer caution to risk and would move more to this position if discussion took place between them. The Central and Yemeni groups are more disposed to take risks; as suggested by Fraser, they may wish to be seen as more adventurous by admiring risk-taking. This interpretation of the data does have support from the researches of Hofstede and his dimension of Uncertainty Avoidance. He acknowledges that sub-cultures within a society will vary in the value they attach to any of his four dimensions of culture. Two of the ethnic groups are from cultures outside Saudi and could well be expected to differ in their underlying value

systems. However, it is interesting that they differ from each other in Uncertainty Avoidance, while each expresses a level of the dimension similar to that of one of the two indigenous groups. It is also interesting to speculate whether existing positions in relation to risk-taking would change and in what direction if mechanisms existed to bring businessmen together to discuss common problems. The lack of forum for small businessmen to come together will be pursued in the final chapter.

17.3 Discussion related to leadership style

17.3.1 Characteristics of the businesses.

Attiyah (1993) found evidence that Iraqi and Saudi managers from government sponsored agencies varied their management style to suit the situation. In the previous section, the influence of culture on the use of authoritarian and consultative styles was noted but there was substantial evidence of the democratic (participative) style being used in most situations. In the small businesses, this pattern differed depending on the type of business involved.

The managers drawn from the Trading and Industry categories showed a strong preference for the autocratic style. The former employ staff with low level skills and this factor could influence the style of management thought to be appropriate. Companies in the Industry category were mainly concerned with food production, the processes used by these companies were basic and required few high level skills. There were a small number of companies producing furniture where craftsmen were needed.

Consultative and democratic styles predominated in the Service category; this was mainly composed of car repair firms, petrol stations, real estate and building contractors. The latter type of company was included in the Service category since houses are built on an individual basis. In all these companies, the employees need some degree of freedom to carry out their work. Restaurants are the dominant type of company in the Other category; this also includes a smattering of professional practices. Within this category, the managers also prefer consultative and democratic styles of management.

Although there is no clear continuum in the skills and knowledge required across the various business categories, it is suggestive of a relationship between democratic and consultative leadership styles and educational level. These styles also appear where work is performed at different locations requiring the employees to have a degree of independence.

An examination of Table 25 shows that the style of leadership adopted appears to change with the age of the business. In the formative years of a company, the styles of the managers are balanced between Directive and Consultative and Democratic. The Directive style predominates in the following years. Within the oldest companies, the favoured styles are Consultative and Democratic, suggesting that the age of the company influences the approach adopted.

Greiner (1972) in his paper 'Evolution and revolution as organisations grow' proposed a model which mapped the changes in companies against size and age. The paper is of interest for this research in the leadership styles which he suggests accompany changes. Greiner identifies motives for organisational growth and also presumably for survival. These motives include:

a) Security

b) Prestige and power

c) Adventure and risk

d) Increased compensation

e) Greater profit and

f) Monopolistic power

Although the final motive is not relevant to small businesses, the others do apply.

Greiner's growth model moves through five phases. Each phase is distinguished by evolution from the prior stage, followed by a crisis pre-empting the next stages. At the crisis stage, management must identify new practices and leadership styles for further evaluation. The five phases may be characterised as follows:

1. The birth of the organisation represents the creativity phase when the product and market are established. This phase ends in a crisis of leadership when new skills are required by the founder of the company; if these are not acquired, then a professional manager is needed. Without either new skills or a manager, the company may fail.

2. The direction phase is a period of growth under competent and directive leadership. An autonomy crisis follows this stage of growth when lower level managers resent the excessive centralisation of the organisation. If decisions are not made at the appropriate level of knowledge or if initiative is stifled by central directives then the managers become apathetic or leave.

3. The delegation phase occurs when there is a geographically decentralised organisational structure involving the delegation of responsibilities and authority to lower levels of management. The crisis at this stage is a feeling of loss of central control by the top management, accompanied by the often inappropriate response of attempting to gain control by returning to centralised structures. What are required are co-ordinating structures.

4. The co-ordinating phase uses co-ordinating techniques such as various committees on strategic planning and resource allocation. It is the era of the accomplished committee man. Eventually, the complexity of the bureaucratic procedures begins to strangle the organisation with red tape.

5. The collaboration phase focuses on attempts to introduce greater spontaneity in management with emphasis on team work and the resolution of inter-personal differences. No crisis has been identified for this phase.

In Saudi, business growth does not follow the pattern outlined by Greiner. There is no documented evidence of a business growing to national or multinational levels. The usual pattern is to establish a larger business by employing Western expertise and Asian workers. An example is the Saudi Arabian Iron and Steel company. German companies were employed to build an eight-strand continuous casting plant. British managers were contracted to run the plan with Filipino and Indian labourers. Saudi managers were employed in staff positions and top management posts.

Although Saudi small businesses do not follow the growth pattern of size, there is a reasonable distribution of companies along the age dimension. The lack of ambition for growth is related to the businessmen philosophy of the Saudi small businessmen. The purpose of the business is to provide an income for the family along with security and status for the owner. Control of the business must remain with the family. Since the owners are usually involved in the day-to-day running of the business and are reluctant to delegate authority, then this limits the amount of expansion that can take place. These factors represent a classical cause of constrained growth and business failure.

The phenomenon is not peculiar to Saudi Arabia; in Britain it brought about the demise of the Sheffield cutlery industry. In the 1950's, the Sheffield cutlery industry consisted of over 600 small companies and a small number of larger companies such as Rodgers, Viners, Mappin and Webb and Richards. They were owner-managed and specialised in performing parts of the total manufacturing process; for example, forging, grinding, buffing and handle making. The small businesses were fiercely independent. It was difficult to persuade them to merge or share facilities - despite the influx of higher quality cutlery from Scandinavia and low priced products from Hong Kong and Singapore.

One response to the increased competition lay in the introduction of modern manufacturing equipment. Despite the efforts of the Cutlery Research Council, the Sheffield cutlers persisted in traditional methods of manufacture. Their directive style of managing, resistance to change and lack of technical knowledge was unsympathetic to the absorption of the new technology (Baker and Mitchell, 1959). The organisational culture of the small businesses was resistant to innovation and resulted in the decimation of the Sheffield cutlery industry. This theme will be further pursued later.

Saudi small businesses are not primarily concerned with manufacturing but the organisational cultures are similar in constraining growth. Greiner's model is concerned with the two dimensions of size and age, showing how different styles of leadership are appropriate to various phases. If Saudi small businesses are examined along the age dimension, it will be observed from Table 25 that the leadership styles move from Consultative/Democratic in the early years then through the Directive style to Consultative/Democratic approaches again in the oldest companies. The explanation for

these changes may be sought in the owner/managers rather than in the size of the company.

In the early years of a business, the owner is learning and needs the support of some of his employees; he therefore adopts a Consultative/Democratic style. As the owner becomes more familiar with the business, he becomes less dependent on his workers and moves to a more Directive style. Older businesses tend to have long serving employees whom the owner has comes to trust and, as shown in the Case Study of Mr. Amery, will be more predisposed to delegate some responsibility, thus a more Consultative/Democratic style of leadership is again adopted. Although the size of the company may not change, leadership style changes according to company age. The complexities arising from the size of companies influenced Greiner's adoption of five growth phases with appropriate leadership styles; in the simpler small businesses, leadership style appears to be a function of age and passes through three phases.

17.3.2 Characteristics of the businessmen

A review of the data showed that there is a cultural effect on the behaviour of the eldest son. There is no further comment on this section.

17.3.3 Management processes

The data is puzzling in that businessmen who adopted Consultative and Democratic styles of leadership found it difficult to delegate and did not trust their worker's abilities. This appears to contradict their styles of leadership. The responses suggest that the businessmen may be giving the interviewer the comments they think he wants to hear rather than indicating their true style. It also suggests that these businessmen may operate with a pseudo-style of Consultative and Democratic leadership, reverting to a more Directive style when it suits their purposes. This could be due to cultural influences. Whatever the interpretation, to operate Consultative or Democratic styles effectively requires the confidence to delegate responsibility; as yet the businessmen do not appear to have acquired this skill or assurance. The approach of businessmen with a Directive style

is justified by their lack of confidence in the abilities of their employees and the expectation that they would resist accepting responsibility.

A substantial minority of the small businessmen who adopt Consultative and Democratic approaches believe that it is what you know rather than who you know which is important in achieving success. However, the majority influenced by the wider society of Saudi agreed that who you know was of prime importance; for those with a Directive style, this factor reflected their concern with status and power distance.

It was generally agreed that interventions by managers in the work of employees discouraged the use of initiative in undertaking tasks. The predominant Directive style of Saudi managers revealed itself in less flexibility to adjust their approach in response to varying management situations. Inability to adapt readily might be expected given the characteristic closed-mindedness of the authoritarian personality and from concern for status.

If small businesses in Saudi are to move into more sophisticated manufacturing, then they must promote the necessary type of culture to allow it to flourish. Litwin and Stringer (1968) demonstrated ways in which the leadership style adopted by a manager affected the culture and performance of a group. It was noted that the Achievement culture was the most successful as measured against a number of criteria. In such a culture, individuals were encouraged to take initiatives, participation in decision making was fostered and status was minimised. The individuals' contribution to the successful completion of a task was respected. It will be remembered that this research was based upon people working in groups with different leadership styles but all undertaking the same tasks. Those allocated to a group operating as a Power culture did not enjoy the experience as it was at odds with the democratic expectations of Western society.

However, the work of Litwin and Stringer was carried out in rather artificial circumstances. Moving to the real world of Silicon Valley in California in the 1970's and 1980's, a number of very successful businesses were started in garages by two people. 'Apple' computer was founded by Steve Jobs and Steve Wozniak. They wanted to build computers for the masses. The culture developed by the two founders emphasised innovation, vision, team spirit and excellence. This is not dissimilar to the Achieving

culture resulting from the participative style of leadership reported in the Litwin and Stringer research.

The Hewlett-Packard company is a further example of a business which began with the two founders working together. As the company grew, the values and leadership style of the founders became clearer; there was the belief that men and women wanted to do a good job, use their initiative and be creative. This could only happen in an environment in which each individual was treated with respect and consideration, and which recognised their personal contribution to the achievement of the company's success. Again, an environment was created which could only have developed from a participative style of leadership.

These two examples highlight the problem which faces Saudi small businesses if they are to grow and enter high technology industry. From the present study, it will be clear that the culture of the society and the businesses themselves weigh heavily against their succeeding. The Directive style of leadership exhibited in the majority of Saudi small businesses does not develop the environment to encourage innovation and creativity. It is most suited for mundane, low skilled activities. If the Saudi small business sector is to diversify into more sophisticated technology, then attitudes and beliefs need to change.

Education is a key factor in the development of a sophisticated industrial infrastructure. Saudi small businessmen give little credence to education. To become more competitive requires the employment of individuals with new knowledge and higher level skills who can introduce new technology and systems. To recruit and retain this type of employee requires a participative or democratic style of leadership which is not readily embraced by Saudi small businessman. However, as in Sheffield, if a more competitive environment develops with the introduction of larger trading companies, manufacturing units and real estate companies with their economies of scale, then the effect on the small business sector could be traumatic. To help redress the balance would only require a number of small businesses to recruit the right kind of staff to introduce the new technologies and systems to allow them to embark upon sustained growth. If this were to happen then university graduates who are now attracted to the Civil Service would see more opportunities and show greater interest in the industrial sector, particularly if they were rewarded for the use of their knowledge and skills.

17.3.4 Locus of Control

The relevant comments on locus of control and leadership style were made earlier. From this research, it does appear that an external locus of control is linked with the directive style of leadership. Since the directive style is associated with the authoritarian personality and the high power distance in Saudi society, this finding is in the direction that theory would predict.

17.4 Business performance

Examining the data on 'Characteristics of the Business' in relation to decline or improvement in performance, no effect was found associated with the type, age or amount of paid up capital in the company. These factors did not influence how a business responded to the economic environment. The section on 'Characteristics of the businessmen' gave a similar result, apart from the Palestinian and Lebanese group who were more affected by a decline in performance. No significant effects were found due to the different ways in which organisations were managed: that is in sections related to 'Management processes' and 'Locus of control'.

The results show that declining businesses were less likely to attribute their performance to external agencies. Anderson (1977) in his research examined how a sample of small businesses responded to problems arising from a hurricane which had caused extensive damage. He was interested to find how entrepreneurs who had suffered comparable damage responded. The research was concerned with how experienced stress and coping styles were related to perceived control in the entrepreneurs. He found that those with low control, i.e. external locus, reacted to the disaster ineffectively by withdrawal and hostility. Those with high perceived control, i.e. internal locus, made coping responses aimed at dealing with the objective situation. Subsequently, it was found that after two and a half years, the businesses of the entrepreneurs with internal locus of control performed better on an independently rated national credit system than the businesses of the external locus entrepreneurs. If this result is applicable to the Saudi small businessmen, then they are likely to respond in a positive and constructive manner to decline in their business fortunes.

It was surprising that the dimensions examined in this study had little or no effect upon the performance of the companies. The results of research on the relationship between leadership style and performance have been ambiguous; some research establishes a connection while other investigations show no relationship. This study concurs with the results of those who find no relationship between these two variables.

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CHAPTER 18

RECOMMENDATIONS FOR FUTURE DEVELOPMENT

The object of this chapter is not to further rehearse discussion of the research findings, but to take a broader perspective and, in considering the overall economic situation, attempt to suggest strategies for the future development of the small business sector in Saudi. However, the research provides the under-pinning for subsequent comment since without this firm evidence, suggestions would only reflect subjective judgement and opinion.

As indicated in Part I, much has already been accomplished in Saudi Arabia in developing the country's economy. Various five-year plans have greatly improved the kingdom's infrastructure through the introduction of effective communication systems. There have been beneficial initiatives in agriculture, housing and educational provision. These ventures provide a firm base from which further advances in economic planning can be made.

Given the fluctuations in oil revenue, the government's policy is to promote the growth and diversification of the private sector in order to achieve two major objectives:

a) the development of indigenous manufacturing industries which are not dependent on hydro-carbons.

and

b) the 'Saudi-isation' of industry with less reliance being placed on a foreign work-force.

Both areas are fraught with difficulties and the attainment of these aims will be a slow process. Nevertheless, the need for these objectives to be accomplished may now be more acute than was originally envisaged.

Recent press reports and financial publications show concern for the credit worthiness of the Saudi economy and suggest chronic budget deficits irrespective of the oil reserves and revenues.

The situation has been exacerbated by the Gulf War. It has been calculated that the war with Iraq cost 62 billion pounds in direct costs and payments to coalition partners. These unexpected and therefore unbudgetted costs were taken from the country's reserve funds. However, these funds had already been depleted following a budget deficit in 1983 which resulted from oil revenue fluctuations; when oil prices fell, this deficit was covered from reserve funds which then stood at 120 billion pounds.

Financial commentary in, for example, the Sunday Times, 19 August 1993, suggests a spiralling effect. The banks in Saudi have many creditors from who they cannot readily call in their loans; financial trouble in the banks could seriously affect the market and this in turn could possibly result in the collapse of the financial system and devaluation of the riyal. Such speculative concern for the country's problems is not totally altruistic; it also reflects the interests of those selling arms to the country and those reliant on stability in the Gulf for oil supplies.

However, although there are undoubtedly problems, not all is doom and gloom. The country's potential for development is still recognised and it appears to be generally felt that many difficulties would be resolved through prompt government action. The present study is most certainly not intended as a blue-print for central government in defining and structuring fiscal policy. However, small businesses have a key role to play in such developments, whether through expansion to extend their range of activities or in fulfilling a complementary function in supporting the work of larger companies. Therefore, what factors impede the achievement of the major objectives stated earlier and how might these be overcome to allow expansion of the private sector?

An Arab proverb suggests that 'no man is free who has ancestors': an observation applicable beyond Saudi Arabia. No country is without culture in any of the various interpretations of the concept explored in this research. In any society, it is the culture which provides the backdrop for the drama on stage, illumines the motivations of the players and dictates the audience's response to their actions. It is the culture which has shaped the current structure, ambience and procedures of Saudi small businesses - and any governmental interventions which fail to take cultural variables into account could only result in failure.

As a result of the cultural influences described in previous sections of the study, what then exists in Saudi small businesses? Essentially, that which exists is Mr. Amery. Although the case study concerned one businessman and the inadequacy of generalising from the practices of one individual was recognised, nevertheless his portrayal was not too wide of the mark in characterising the research sample. His strengths and weaknesses are generally shared by the wider business community; these need to be recognised in any central policy decisions.

The small business sector is mainly composed of small tightly-knit, discrete family units. These tend to be inward-looking and reluctant to share information or confidences with outsiders. They are usually conventional in their approach as evidenced in their business practices, management procedures and their attitudes to and treatment of their work force. Their approach to business opportunities is cautious and they veer towards minimal risk. The businessmen have expectations of their sons which may conflict with the younger generation's interest in alternative Civil Service careers. They tend to be hard working, independent and self-reliant, and, apart from the Central group, show external rather than internal locus of control. Their regime may be generally benign and paternalistic but it is nonetheless mainly authoritarian and directive. Status and standing in the community are of supreme importance. Granted that there are differences in the attitudes and modus operandi of the various ethnic groups, the overall picture suggests a myriad of isolated family businesses of variable prosperity who look inward to their own concerns divorced from an appreciation of their role in the total economy. Some ethnic groups tend to be inward-looking because they are uncertain of their acceptance and role in the adopted society.

It would be a simplistic and negative approach to wait for slowly evolving cultural change to advance and strengthen the small business sector. After Ottoman rule, when the changes which are now evident have been slow in coming and despite exposure to international influences, business practices are more rooted in tradition than geared to meet new pressures. Equally, cultural change which proceeds too quickly may be traumatic in its effects and self-defeating in terms of that which it seeks to achieve. A balance is needed to protect valuable and cherished aspects of culture while simultaneously looking for means of adaptation to changing circumstances.

Therefore, by what means can there be recognition of culture whilst initiatives to bring about change are introduced. Various press commentaries suggest there is already a tentative ground swell of movement to change; that is, if there are economic problems which might affect the life style of the people, then they are showing greater awareness of the need for more power and self-determination in the resolution of these. But if change in direction and the expansion of the small business sector is to be maximally effective, then co-ordinated rather than random efforts are needed. It is the very randomness and disparate nature of small businesses which present a problem. Each is seeking a corner in the market with little appreciation of total opportunities or of how a network of mutually supportive services might be forged; these need not run counter to individual enterprise but rather be seen to stimulate it. To achieve this overview of an inter-related economy, a focused attack with various agencies working together would seem to provide the most effective approach.

It is obvious that central government needs to take the initiative and that the attainment of its objectives will cost money - but seed money which is spent to produce a better yield. However, seed can fall on stony ground. Reliance on central directives is likely to be counter-productive, even though older businessmen may respond to an authoritarian approach in line with their cultural expectations. Directives without full acceptance, participation and commitment may be more observed in the letter than the spirit. What then might help induce small businessmen to examine their existing strategies, seek greater co-operation between themselves and with the modest but expanding middle tier of manufacturing industries?

It could well be said that the way to the hearts and minds of businessmen is through their pockets. Undoubtedly financial rewards would be welcomed; for example, grants for priority ventures and trade incentives, assistance with workshops to encourage manufacture of components, subsidies for expansion in exports, training schemes for staff and pressure on banks to be more accommodating. Yet however welcome monetary inducements may be, in cultural terms the key word is status - of which, of course, financial strength is a part but not the entirety; standing in the hierarchy, in the community and the respect of one's fellows are essential aspects of Saudi life.

Given current values, the younger generation are increasingly drawn to Civil Service careers. Increased educational opportunities are not leading them towards business but to the manning of a bureaucratic system which is likely to collapse under its own weight. Assuredly a Civil Service is needed but membership of this body need not represent a universal goal. It needs to be demonstrated that equal or more status attaches to economic ventures of benefit to the community. Such a change in emphasis may involve negative features, for example underplaying the various privileges of Civil Servants as much as positively rewarding effort in the business field. There might well be, for example, government bursaries carrying status as well as financial help given to those pursuing careers in management.

Some aspects of culture are more immutable than others. It may be less easy to attract entrants of good calibre to manufacturing and craft areas rather than to trade. Nevertheless, such efforts are required. For example, government contracts which are seen to carry status could help, or special bank facilities encourage such enterprises. It is a matter of positively seeking to give recognition and privilege to one form of effort rather than to another. And, of course, seeking more integration and recognition of the strengths which can be offered by various ethnic groups in skilled crafts.

As indicated previously, government initiatives and the input of resources may be essential but a concerted approach with other institutions is required. Education is a key area and the contribution of institutes of further education and the universities is of prime importance. There would seem to be a need for two approaches, one geared to the younger generation and the other targeted towards existing small businessmen.

No business network can function adequately without an appropriate work force. Many small businesses rely on unskilled labour with key workmen covering office services. But implicit in expansion of the private sector is the need for an extended range of opportunities for the younger generation. If skill in producing components may be needed to support indigenous manufacturing industries, then effective training needs to be provided. If small businesses need to develop more proficient accounting and stock control systems, then staff and managers need competence in computer skills. If future successful management requires more than the rule-of-thumb procedures traditionally employed, then the necessary skills need to be fostered. To achieve the ultimate aim of

'Saudi-isation', it may well be that extra foreign workers are initially required to train a skilled workforce and expand the economic base.

Although there are problems in the education and training of the younger generation, existing owner/managers and established workers present another problem. Many have already experienced success and would need considerable persuasion to appreciate the need for alternative strategies. Whether in Saudi or in other societies, there are problems in dealing with adult learners who may feel threatened in new situations.

Small businessmen do not have a forum or the equivalent of a Chamber of Commerce where they can meet to discuss mutual interests. The universities could occupy a central role, not only in extending management skills but in acting as catalysts to provide a focus for the business community. Currently, little attention is given to small businesses; again, it may be that such involvement is not perceived to carry status or equally, existing staff may lack the experience and expertise. With government funding and support both aspects are capable of being remedied. But whatever the universities provide, the lessons learnt from research in other countries needs to be implemented. Gathering businessmen together in a formal lecture situation is likely to be self-defeating. Better techniques would recognise the potency of the group and the need for the active involvement of adult learners.

In bringing businessmen together to work on regional or local problems, such well tried methods as the use of case studies and syndicates could be effective. Such methods divorce the situation from actual cases, enable decisions to be discussed without the risk of responsibility for their implementation and encourage participation and exchange. Above all, they support the adult learner, drawing upon his wealth of experience whilst introducing new knowledge and skills. Such non-threatening approaches would seem to be an essential preliminary to shared confidences and co-operation in attacks on actual problems of mutual concern. One would hope the university lecturers would be realistic rather than evangelistic; resolution of all the problems of the universe is not easily achieved. Better to accomplish modest success which encourages the participants than attempt a total conversion which leaves them bewildered and aggressive.

Since the businessmen tend to be authoritarian, there is a need to create a supportive rather than a directive environment, gradually moving the norm to a more participative style. Participation is learnt through experience rather than precept, and more likely to be practised after profitable personal involvement. Given that there are moves towards a more skilled work-force, then a more participative style of leadership is of especial importance.

Participation and co-operation are of importance beyond the acquisition of new skills and management strategies. Above all, consideration of the wider economic situation points to the need for attitude change at many levels. Change in attitudes is never easily accomplished but unless it is attempted, the tendency to the entrenched views and the insularity of the business community will continue to prevail. An important factor in attitude change concerns the development of means of promoting participation and active involvement in the exchange of views. Without attempts to open the filtering mechanism of individuals to new information and alternative approaches, then ideas initially perceived as dissonant are unlikely to be heeded, much less considered. Procedures which attempt to emphasise points of contact and agreement have a greater chance of success than those which reinforce polarity and difference. Again, the potency of the group needs to be considered; it is at once a source of attitudes and an important agent in attitude change. If groups of businessmen could be helped to perceive themselves as communities with common goals and interests rather than as isolated units, then their potential for growth could be a powerful force in stimulating the economy and achieving the country's objectives.

Whatever initiatives are introduced, research has a vital part of play. The importance of the present study lies not in any pretension to sophisticated design, technique or analysis but in that it represented a break-through in the acceptance of research by the small business sector. Although initially somewhat wary and suspicious, the businessmen collaborated with the writer and their co-operation was indeed appreciated. The present study has not only indicated possible areas for further research but has helped demonstrate that investigative approaches are to be more welcomed than feared; they reveal strengths as well as limitations and suggest ways in which performance might be improved. New strategies whether originating with central government, banks, educational institutions or the business community itself will need to be monitored. There is always the danger that enthusiasm to bring about change dissipates into a shot and shell

attack on all fronts without definition or specific focus. Means of analysing the effectiveness of initiatives to expand and strengthen the small business sector are needed to help ensure they have maximal impact; research has an important contribution to make in this evaluative process.

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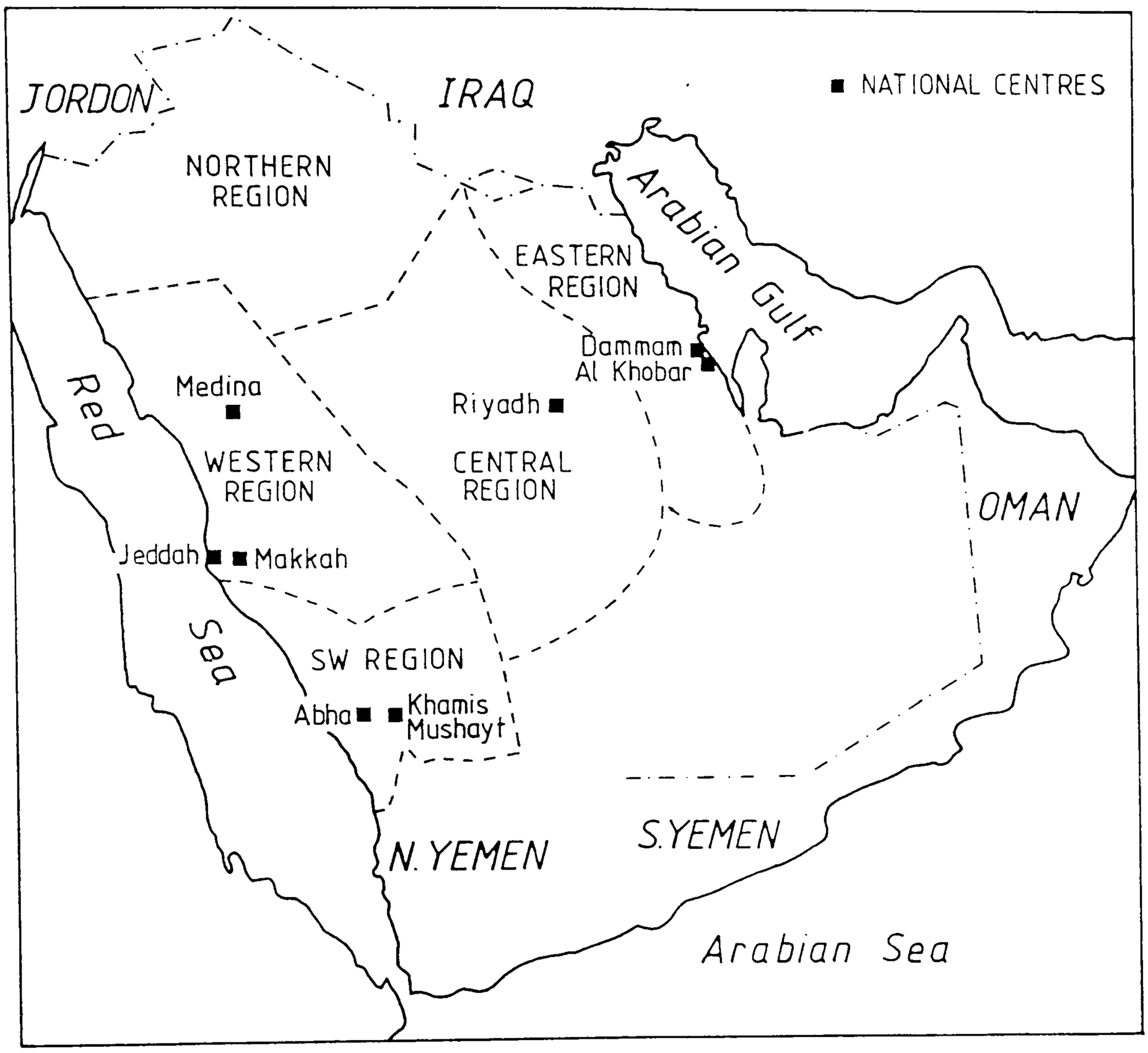
APPENDICES

APPENDIX (1)

Map of Saudi Arabia

MUNICIPALITIES AND REGIONS



SOURCE: KINGDOM OF SAUDI ARABIA, THIRD DEVELOPMENT PLAN, 1980 - 1985.

APPENDIX (2.A)

The Population of Saudi Arabia

Year	Population	Annual Increase	Percentage Increase	Average
1958	4,649,100			
1965	5,362,284	713,184	13.3	1.9
1970	6,199,174	836,890	13.5	2.7
1975	7,216,009	1,016,835	14.5	2
1980	8,298,409	1,082,400	15	3
1985	9,584,664	1,286,255	15.5	

Source: A. Roithy, The Population of Saudi Arabia Geographic and Demographic Study, p. 35, "Arabia Book".

APPENDIX (2.B)

The Population of Riyadh

Year	Population	Increase	Percentage Annual Increase	Average
1910	14,000			
1920	19,000	5,000		
1930	27,000	8,000		
1940	46,000	19,000		
1950	82,000	36,000		
1960	160,000	78,000		
1968	300,000	140,000		

Source: S. Malik, Rural Migration and Urban Growth in Riyadh, Saudi Arabia, p.5.
The population of Jeddah rose from 40,000 in 1946, to 1,250,000 in 1988. Over the same period, the city's area expanded from 1 sq. km. to 1,200 sq. km.

APPENDIX (3)

Major Exporting Countries to Saudi Arabia

1. Japan - 17.25 percent - major exports motor cars, pickup trucks and spare parts for motor vehicles.

2. USA - 15 .26 percent- major exports motor cars, machinery parts and spare parts for motor vehicles.

3. UK - 7.76 percent - major exports airplane spare parts, medicines, cigarettes.

4. West Germany - 7.74 percent - major exports motor cars, machinery parts and spare parts for motor vehicles.

5. Italy - 6.83 percent - major exports jewellery, furniture and tiles.

6. France - 5.27 percent - major exports chilled and frozen chickens, barley and equipment parts.

7. South Korea -4.87 percent - major exports textiles, tyres and garments.

8. Taiwan - 3.87 percent -major exports men's, women's and children's garments and shoes.

9. Switzerland - 2.48 percent - major exports gold and medicines .

10. Netherlands - 2.19 percent - major exports milk and creams.

APPENDIX (4)

Exchange Rate Riyals to Dollars

1980	1981	1982	1983	1984	1985	1986	1987	1988
3.32	3.38	3.42	3.45	3.52	3.62	3.70	3.74	3.74

Al- Amodi Exchange Company, Jaddah Saudi Arabia

APPENDIX (5)

Regions Studies by 'Hermes Projects'

FIGURE 2.2 The Countries Surveyed with the HERMES Questionnaire and the Languages Used

Code	Country	Language(s) of survey questionnaire	Code	Country	Language(s) of survey questionnaire
ARG	Argentina	Spanish	(LEB)	Lebanon	Arabic
AUL	Australia	English	(LYA)	Libya	Arabic
AUT	Austria	German	(MAL)	Malaysia	English
(BAH)	Bahamas	English	MEX	Mexico	Spanish
BEL	Belgium	Dutch/ French	(NAT)	Neth. Antilles	Dutch
			NET	Netherlands	Dutch
(BOL)	Bolivia	Spanish	(NIC)	Nicaragua	Spanish
BRA	Brazil	Portuguese	(NIG)	Nigeria	English
CAN	Canada	English	NOR	Norway	Norwegian
CHL	Chile	Spanish	NZL	New Zealand	English
COL	Colombia	Spanish	PAK	Pakistan	English
(COS)	Costa Rica	Spanish	(PAN)	Panama	Spanish
DEN	Denmark	Danish	PER	Peru	Spanish
(DOM)	Dominican Republic	Spanish	PHI	Philippines	English
(EGY)	Egypt	Arabic	POR	Portugal	Portuguese
(EQA)	Equador	Spanish	SAF	South Africa	English
FIN	Finland	Finnish	(SAL)	El Salvador	Spanish
FRA	France	French	SIN	Singapore	English
GBR	Great Britain	English	SPA	Spain	Spanish
GER	Germany (F.R.)	German	SWE	Sweden	Swedish
(GHA)	Ghana	English	SWI	Switzerland	French/ German
GRE	Greece	Greek			
(GUA)	Guatemala	Spanish	TAI	Taiwan	English
HOK	Hong Kong	English	THA	Thailand	Thai
(HOD)	Honduras	Spanish	(TRI)	Trinidad	English
(IDO)	Indonesia	English	TUR	Turkey	Turkish
IND	India	English	(URU)	Uruguay	Spanish
IRA	Iran	Farsi	USA	United States	English
IRE	Ireland	English	VEN	Venezuela	Spanish
(IRQ)	Iraq	Arabic	(VIE)	South-Vietnam	English
ISR	Israel	Hebrew	(ZAM)	Zambia	English
ITA	Italy	Italian			
(JAM)	Jamaica	English		Outside HERMES:	
JAP	Japan	Japanese			
(KEN)	Kenya	English	YUG	Yugoslavia	Serbo-Croatian Slovenian
(KOR)	South Korea	English			
(KUW)	Kuwait	Arabic			

APPENDIX (6)

Power Distance Index

FIGURE 3.1 Power Distance Index (PDI) Values by Country Based on the Scores on Three Attitude Survey Questions for a Stratified Sample of Seven Occupations at Two Points in Time

	PDI			PDI	
Country	*Actual*	*Predicted*	*Country*	*Actual*	*Predicted*
Philippines	94	73	South Africa	49	62
Mexico	81	70	Argentina	49	56
Venezuela	81	66	U.S.A.	40	42
India	77	78	Canada	39	36
Singapore	74	64	Netherlands	38	38
Brazil	69	72	Australia	36	44
Hong Kong	68	56	Germany (F.R.)	35	42
France	68	42	Great Britain	35	45
Colombia	67	75	Switzerland	34	32
Turkey	66	60	Finland	33	30
Belgium	65	36	Norway	31	27
Peru	64	69	Sweden	31	23
Thailand	64	74	Ireland	28	37
Chile	63	56	New Zealand	22	35
Portugal	63	53	Denmark	18	28
Greece	60	51	Israel	13	44
Iran	58	61	Austria	11	40
Taiwan	58	63			
Spain	57	56	Mean of 39 countries (HERMES)	51	52
Pakistan	55	74			
Japan	54	57			
Italy	50	53	Yugoslavia (same industry)	76	53

APPENDIX (7)

Individualism Index

FIGURE 5.1 Country Individualism Index (IDV) Values Based on the Factor Scores of the First Factor Found in a 14-Work Goals, 40-Country Matrix

	IDV			IDV	
Country	*actual*	*predicted*	*Country*	*actual*	*predicted*
U.S.A.	91	95	Argentina	46	47
Australia	90	62	Iran	41	34
Great Britain	89	74	Brazil	38	37
Canada	80	80	Turkey	37	35
Netherlands	80	71	Greece	35	41
New Zealand	79	58	Philippines	32	23
Italy	76	62	Mexico	30	33
Belgium	75	71	Portugal	27	42
Denmark	74	75	Hong Kong	25	29
Sweden	71	85	Chile	23	38
France	71	80	Singapore	20	15
Ireland	70	52	Thailand	20	19
Norway	69	73	Taiwan	17	27
Switzerland	68	73	Peru	16	22
Germany (F.R.)	67	81	Pakistan	14	22
South Africa	65	38	Colombia	13	18
Finland	63	68	Venezuela	12	28
Austria	55	61	Mean of 39 countries (HERMES)	51	50
Israel	54	47			
Spain	51	51	Yugoslavia (same industry)	27	44
India	48	34			
Japan	46	60			

Work goal scores were computed for a stratified sample of seven occupations at two points in time. Actual values and values predicted on the basis of multiple regression on wealth, latitude, and organization size.

APPENDIX (8)

Masculinity Index

FIGURE 6.3 Country Masculinity Index (MAS)

Country	MAS Actual	MAS Controlling for % Women[a]	Country	MAS Actual	MAS Controlling for % Women[a]
Japan	95	87	Brazil	49	44
Austria	79	75	Singapore	48	52
Venezuela	73	70	Israel	47	41
Italy	70	72	Turkey	45	53
Switzerland	70	67	Taiwan	45	38
Mexico	69	64	Iran	43	52
Ireland	68	74	France	43	41
Great Britain	66	66	Spain	42	35
Germany (F.R.)	66	59	Peru	42	32
Philippines	64	58	Thailand	34	45
Colombia	64	56	Portugal	31	32
South Africa	63	60	Chile	28	26
U.S.A.	62	—[b]	Finland	26	51
Australia	61	59	Denmark	16	22
New Zealand	58	55	Netherlands	14	—[c]
Greece	57	73	Norway	8	10
Hong Kong	57	61	Sweden	5	6
Argentina	56	50			
India	56	47	Mean of 39 countries (HERMES)	·51	51
Belgium	54	53			
Canada	52	53	Yugoslavia (same industry)	21	42
Pakistan	50	40			

[a]For % women see Appendix 2, question A1.

APPENDIX (9)

Uncertainty Avoidance Index

FIGURE 4.1 Country Uncertainty Avoidance Index (UAI)

Country	UAI		Country	UAI	
	Actual	Controlling for age [a]		Actual	Controlling for age [a]
Greece	112	98	Finland	59	54
Portugal	104	102	Switzerland	58	62
Belgium	94	80	Netherlands	53	45
Japan	92	112	Australia	51	47
Peru	87	91	Norway	50	38
France	86	73	South Africa	49	62
Chile	86	66	New Zealand	49	60
Spain	86	89	Canada	48	55
Argentina	86	74	U.S.A.	46	36
Turkey	85	61	Philippines	44	45
Mexico	82	86	India	40	48
Israel	81	73	Great Britain	35	43
Colombia	80	77	Ireland	35	54
Venezuela	76	78	Hong Kong	29	61
Brazil	76	74	Sweden	29	23
Italy	75	58	Denmark	23	32
Pakistar.	70	82	Singapore	8	31
Austria	70	77			
Taiwan	69	73	Mean of 39 countries (HERMES)	64	64
Germany (F.R.)	65	53			
Thailand	64	73			
Iran	59	59	Yugoslavia (same industry)	88	77

APPENDIX (10)

THE COVERING LETTER

The covering letter, which was sent to the businessmen, explained the purpose of the research. The letter also gave the name and the present work of the researcher and his university. As many businessmen felt that they did not wish to answer the questions because problems could arise, the letter explained that the study was for research purposes only and would not be revealed to other agencies, such as inland revenue. The letter also stated that all answers would be treated as private and confidential. It was explained that the visit would be arranged through some of the interviewers' friends or relatives, this made the procedure more acceptable to the businessmen. As a result, some businessmen spent more time on the questionnaire than originally requested and were consequently extremely helpful. It was found that some businessmen were interested in the study and would like to see the results of the final work; a commitment was made to provide them with a copy at a later date.

MBA Distance Learning
Direct Lines ***/ 091 / 374 2219***
091 / 374 2216

The Director of Business Administration
Department of Business Administration
King Abdul Aziz University
Saudi Arabia.

5 June, 1990 HCB/JN

Dear Sir,

Re: Mr. Nayef Ghamri

I am writing to inform you that it is necessary for the above student to undertake field work in Saudi Arabia for a period of three months. The purpose of the research is to collect data on the organisational behaviour of small business managers. This is essential for the completion of his studies for a Ph.D.

I hope it is possible for the necessary arrangements to be made.

Yours faithfully

Prof. H.C.Baker.

Durham University
Business School /

091 374 2211 / Fax 091 374 3748 / Telex 537351 DURLIBG

بسم الله الرحمن الرحيم

نايف صلاح الغمرى
تخصص إدارة أعمال
جامعة الملك عبدالعزيز بجده

السادة/ أصحاب المؤسسات التجاريه

الموضوع: **دراسة أسباب فشل ونجاح الشركات التجاريه**

تختص هذه الدراسة بدراسة أسباب فشل ونجاح الشركات التجاريه ، وهى جزء لايتجزأ من دراسة الدكتوراه التى أقوم بها فى إدارة الأعمال بجامعة درهام بإنجلترا. و يشكل هذا الإستطلاع الذى بين يديكم أداة هامة للتعرف على مشكلات وإهتمامات الشركات التجاريه والعوامل التى تؤثر إيجاباً أو سلباً على تطورها.

لهذا الغرض، أرجو من السادة أصحاب الشركات التعاون التام مع هذا الإستبيان بالإجابة على الأسئلة المطروحة فيه مما يساعد على تحقيق الأهداف المرجوة منه. وسوف تعامل المعلومات بسرية تامة وسوف تتم إفادتكم بنتائج البحث بعد إنتهاء الدراسة.

مع فائق التقدير لتعاونكم

نايف صلاح الغمرى

١٩٩٠-٦-١٠

APPENDIX (11)

THE QUESTIONNAIRE

PLEASE TICK IN APPROPRIATE BOX

A. CHARACTERISTICS OF THE BUSINESS

1. Type of Business

a) Trading ( )
b) Industry ( )
c) Service ( )
d) Other please specify ..... ( )

2. What is the Age of the Business?

a) 1 - 5 yrs ( )
b) 6 - 10 yrs ( )
c) 11 - 15 yrs ( )
d) 15 yrs + ( )

3. What is your amount of Paid-Up Capital?

a) £15,000 - £150,000 ( )
b) £151,000 - £300,000 ( )
c) £301,000 - £450,000 ( )
d) £450,000 + ( )

B. CHARACTERISTICS OF THE BUSINESSMAN

1. Age

a) <30 yrs ( )
b) 31 - 40 yrs ( )
c) 41 - 50 yrs ( )
d) 51 yrs + ( )

2. City of Origin .....

3. Where were you educated?

a) Saudi ( )
b) Abroad ( )

4. Did you Inherit the Business?

a) Yes ( )
b) No ( )

5. If you Inherited the Business, were you the Eldest Son?

a) Yes ( )
b) No ( )

6. How many hours each week do you work?

a) 1 - 51 hrs ( )
b) 51 - 100 hrs ( )

C. **MANAGEMENT PROCESSES**

1. How would you characterise your style of management

a) Directive ( )
b) Consultative ( )
c) Democratic ( )

2. Would you find it difficult or easy to delegate responsibility?

a) Difficult ( )
b) Easy ( )

3. Why do you find it difficult to delegate?

a) Your workers need supervision ( )
b) Your workers resist responsibility ( )
c) Other reasons? Please explain.

4. Do you treat long-serving employees differently?

a) Yes ( )
b) No ( )
If yes, in what way? Please explain.

5. If you have an unscheduled visitor, do you put your work to one side to talk with him?

a) Yes ( )
b) No ( )
Please explain your reasons.

6. In your relations with the community, do you feel that who you know rather than what you know helps your success in business?

a) Who you know ( )
b) What you know ( )
Please explain your reasons.

7. Do you feel that direction discourages your worker's initiative?

a) Yes ( )
b) No ( )
Please explain your reasons.

8. Do you feel it is necessary to change your management style in response to:

a) Level of education of workers ( )
b) Nationality of workers ( )
c) Performance of workers ( )
d) Poor economic conditions ( )
Please explain your reasons.

D. LOCUS OF CONTROL

1. If your business is experiencing poor sales, do you blame:

a) The customers ( )
b) The market ( )
c) Yourself ( )
Please explain your reasons.

2. If your business is successful, do you attribute this to:

a) Luck ( )
b) Hard work and experience ( )
c) Education ( )
Please explain your reasons.

3. Do you prefer to clear stock at a low price rather than wait and hope for greater gain?

a) Clear stock ( )
b) Hold stock ( )
Please explain your reasons.

4. In risk taking, do you prefer:

a) Certainty - with small return if successful ( )
b) Uncertainty - with high return if successful ( )
c) Risk taking regardless of return as a gamble ( )
Please explain your reasons.

5. How has the company grown in five years in terms of:

	Larger	Same	Smaller
a) No. of employees	( )	( )	( )
b) Profit	( )	( )	( )
c) Other factors	( )	( )	( )

Please explain.

6. Please select the five most important reasons for the failure of small businesses.

a) Personal problems ( )
b) Fraud ( )
c) Wasting of time by employees ( )
d) Unskilled workers ( )
e) Taking cash out of the business for personal use ( )
f) Large salaries ( )
g) Lack of sales ( )
h) Over-rapid growth ( )
i) Inadequate inventory control ( )
j) Lack of insurance cover ( )
k) Economic conditions ( )
l) Competitive weakness ( )

Please explain reasons.

7. What are your major:

a) Strengths .....
b) Weaknesses .....
c) Opportunities .....
d) Threats to success .....

Please explain.

APPENDIX (12)

THE QUESTIONNAIRE IN ARABIC

(١) الاسم :

(٢) ماهو نوع عملك :

تجارة ( ) صناعة ( )

خدمة ( )

غيره ماهو - أشرح فضلا :

.....

.....

(٣) العمـــــر :

أقل من ٢٠ ( ) ٢٠ - ٣٠ ( )

٣١ - ٤٠ ( ) ٤١ - ٥٠ ( )

٥١ - ٦٠ ( ) ٦٠ - وأكثر ( )

(٤) كم عمرك عندما تركت الدراسة

(٥) أين كان تعليمك :

في المملكة - داخل المملكـــــة ( )

خارج المملكـــــــة ( )

(٦) ماهي مدينتك التي تربيت فيها .. نشأت فيها ( )

(٨) فيحالة زيارة حديقة وكنت مشغولا ورغب التحدث في محال ليس له ملاقـــة بالعمل هـــل :

	نعم	لا
١ - تعتذر له	( )	( )
٢ - تترك عملك وتتحدث معه	( )	( )

(٩) هل قمت بادارة العمل بعد والديك :

نعـــــم ( ) لا ( )

(١٠) اذا كانت الاجابة بنعم هل أنت أكبر أخوانـــك :

نعـــــم ( ) لا ( )

(١١) كم عدد الساعات التي تعملها في الاسبـــــوع : ( )

(١٢) هل تعتقد أن العمال السعوديين يفضلون العمل ذو السمعة بصرف النظـر عن الراتـــــب :

نعـــــم ( ) لا ( )

(١٤) هل تعتقد أن العمال السعوديين يفضلون العمل بالقرب من أهلهم بصرف النظر عن الراتب :

نعـــــم ( ) لا ( )

(١٤) ماهى الحوافز التي تقدمها للعمال : ضع الرقم المناسب حسب الاهميـــة من أقل أهمية الى أكثر ١ الى ٦

١ ـ ماليـــــة ( )

٢ ـ كلمة ومعاملة طيبـــة ( )

٣ ـ مساعدتهم في مشاكلهـــم الخاصـــــــة ( )

٤ ـ معاقبتهم في حالة عدم أنجاز العمل ( )

(١٥) ماهى أهم العوامل التي أدت بك الى البدء في العمل الخـــاص :

ضع الرقم المناسب أمام الاجابة الصحيحة من أقل أهمية الى أكثـــــر أهمية من ١ ـ ٧

١ ـ ربح مالـــي ( )

٢ ـ تكون علاقة اجتماعية ( )

٣ ـ الحصول على مركز اجتماعي ( )

٤ ـ الاستقلال عن الاخرين ( )

٥ ـ أعمل من نفسي شيء مهم أو حتى أكون شخص مهم ( )

٦ ـ لم أكن مرتاح في عملي ( )

٧ ـ أستمرار في نفس العمل لانه والدى عمل في نفس العمل ( )

(١٦) كيف تصف العمال لديك ـ حسب الاهمية من أقل الى أكثر ١ ـ ٦

جادين ( )

غير جاديـــــن ( )

(١٧) هل تعتقد أن في حالة أتخاذ المدير للقرار بنفسه بدون أستشـــارة الاخرين يؤدى الى عدم وجـــود :

	نعم	لا
أفكار جديدة من أشخاص آخريـــن	( )	( )

(١٨) هل تعتقد بأن كل شيء بارادة الله وأن الانسان ليس له الاختيار كليا أو الارادة على السيطرة على الاشياء :

حسب الاهمية من أقل الى أكثر ١ ـ ٦ ( )

(١٩) في بعض الاحيان الاشياء قد لا تكون على مايـــرام :

حسب الاهمية من ١ ـ ٦

١ ـ السبب يرجع اليك ( )

٢ ـ السبب يرجع الى الاخرين ( )

(٣) السبب يرجع الى حظك ( )

(٢٠) أحيان في حدوث المشكلة مهما تعمل سوف تقع المشكلة ولا تستطيع أن تغير شئ .

نعم ( ) لا ( )

(٢١) عند مواجهتك لاى مشكلة هى تستشير :

١ - عائلتك ( ) ٢- أصدقائك ( )

٣ - عمالك ( ) ٤- نائبك في العمل ( )

٥ - البنك والاستشاريين ( )

٦ - تتخذ القرار بعد الاستفسار حسب الناحية الدينية ( )

(٢٢) هل تعتقد أن العلاقات الشخصية أكثر أهمية في تحقيق أى نجاح أكثر من المعرفة بنفس النظام :

نعم ( ) لا ( )

(٢٣) من الصعوبة التخطيط للمستقبل البعيد

.....

.....

(٢٤) في حالة الفشل هل تعتقد أن النجاح سوف يحصل اذا حاولت مرة أخرى

نعم ( ) لا ( )

(٢٥) في حالة الركود في التجارة أو العمل هل ذلك يسبب

	نعم	لا
- الذبائن	( )	( )
- السوق	( )	( )
- نفسك	( )	( )

(٢٦) هل تعتقد سبب نجاح أى عمل يرجـــــع

	نعم	لا
الحـــظ	( )	( )
العمل الجاد والخبرة	( )	( )
التعليـــم	( )	( )

(٢٧) هل تفضـــــــل :

١ ـ بيع البضائع بأسعار أقل ( )

٢ ـ الانتظار حتى ترتفع الأسعـــــار ( )

(٢٨) هل تفضـــــل :

١ ـ أتخاذ قراراتك مصطحب المخاطرة على أمل حصولك على أرباح كبيرة ( )

٢ ـ أتخاذ قرارك على بينة مع أرباح قليلة ( )

٣ ـ أتخاذ القرار مهما كانت النتائج ( )

٤ ـ الرجاء الشرح .....

.....

.....

(٢٩) هل نسبة العمال السعوديين لديك أختلفت خلال الخمس سنوات الماضية ؟

ـ أكثر ( ) نفس النسبـــة ( )

ـ أقـــل ( )

(٣٠) ماهى الدرجة العلمية للعماله السعوديـــة ؟

١ ـ حرفـــي ( ) ٢ـ أقل من الثانوية ( )

٣ ـ ثانوية ( ) ٤ـ جامعـــــة ( )

(٣١) ماهى الدرجة العلمية للعمالة غير السعودية :

١ ـ حرفي ( )

٢ ـ أقل من الثانوية ( )

٣ ـ ثانوية ( )

٤ ـ جامعية ( )

(٣٢) في حالة علاقتك مع العمال وهل تقوم بالتحدث معهم في أمور ليس لها علاقة بالعمل

(٣٣) ماهو نوع القرار الذى تتخذه في تقرير مصير الشركة :

١ ـ قرارك أنت فقط ( )

٢ ـ قرارك أنت فقط ثم تشير عمالك ( )

٣ ـ تشارك العمال ثم تقرر ( )

٤ ـ يكون اتخاذ القرار جماعيا

٥ ـ تجعل أتخاذ القرار بيدهم ( )

٦ ـ تستفيد من خبرة الاجانب ( )

(٣٤) هل تعتقد أن القرار يتأثر بالاتي :

١ ـ نسبة التعليم بالعمال ( )

٢ ـ الجنسية ( )

٣ ـ حالة العمال ( )

٤ ـ الاحوال الاقتصادية ( )

الرجاء الشرح :

.....

.....

(٣٥) هل تجد صعوبة في تفـــويض السلطـــة :

١ ـ عدم الاعتماد على قدرتهم الادارية ( )

٢ ـ رغبة العمال في عدم تقبل فكرة تفويض السلطة ( )

٣ ـ الرجاء الشرح :

.....

.....

(٣٦) في حالة أن تكون عامل له مدة طويلة هل تجد أنه يحتاج الى معاملـــة خاصـــــة .

الرجاء الشـــرح :

.....

.....

(٣٧) هل تعتقد أن المشترين والمراجيع يفضلون المعاملة مع الرئيـــــس مباشرا ولمـــاذ ا :

.....

.....

(٣٨) ماهى التغيرات التي حصل على الشركة في خلال الخمس السنوات الماضيـــة بالنسبة للأتـــــي :

	أكثر	نفس الشيء	أقل
١ ـ عدد العمال	( )	( )	( )
٢ ـ الربـــح	( )	( )	( )

	أفضل	نفس الشيء	أقل
٣ ـ السمعة	( )	( )	( )
٤ ـ حالة العمال	( )	( )	( )
٥ ـ أشياء أخرى			

(٣٩) ماهو عمر شركتـــــــك :

أقل من خمس سنـــــــوات ( )

٥ ـ ١٠ سنوات ( )

١١ـ ١٥ سنة ( )

١٦ ـ ٢٠ سنة ( )

٢١ وأكثـــر ( )

(٤٠) ماهي أهم خمس من الاتي تعتقد أنها سبب أفلاس الشركة حسب الاهميـــــــة من أقل الى أكثـــر :ـ

١ ـ المشاكل الشخصية بين الملاك والورثة ( )

٢ ـ السرقـــــــة ( )

٣ ـ أضاعة الوقـــــت ( )

٤ ـ وجود عمال غير فاهمين بالعمل ( )

٥ ـ سحب كميات كبيرة وأطراف المال ( )

٦ ـ رواتب عاليـة ( )

٧ ـ قلة البيـــــع ( )

٨ ـ توسع في الشركة بغير فهم وتخطيط ( )

٩ ـ عدم وجود نظام التحزين للبضائع ( )

١٠ ـ عدم وجود تأمين على الشركة ( )

١١ ـ الأحوال الاقتصادية ( )

١٢ ـ عدم المعرفة بأحوال المنافسين ـ الرجاء الشرح :

.....

.....

.....

.....

(٤١) ماهى الميزات التي تتميز بها عن غيرك : .....

١ ـ ماهى نقط الضعف التي تعاني منهـــا

.....

.....

٢ ـ ماهى المشاكل التي تواجهك :

.....

.....

٣ ـ ماهى الفرص المتوفرة في السوق التي يمكن أن تستفيد منها

.....

.....

(٤٢) ماهو رأس المـــال :

١٠٠ر٠٠٠	ـ	٥٠٠ر٠٠٠	( )
٥٠٠ر٠٠٠	ـ	١٠٠٠ر٠٠٠	( )
١٠٠٠ر٠٠٠	ـ	٢٠٠٠ر٠٠٠	( )
٣٠٠٠ر٠٠٠ فأكثـــــــــر			( )