Enhancing Leadership Skills within Arab Corporations

Wael S. Zaraket
zarakerwael@gmail.com

Prince Mohammad Bin Fahd University
College of Business Administration
P.O. Box 1664 Al Khobar 31952
Kingdom of Saudi Arabia
Tel: +966 53525942
Fax: +966 38494566

ABSTRACT

Leadership has undergone enormous development over the past thirty years. Effective leadership carries direct emphasis on productivity, loyalty, and talent management. This study depicts the notion of the current leadership practices in the Arab world, and what solutions should exist to such practices. This study will delineate the relation between Middle East culture and the leadership styles practices.

Keywords: Leadership, Transformational Leadership, Transitional Leadership, Authentic Leadership, Path-Goal Leadership.

INTRODUCTION

Despite the abundance of publications on leadership from the human and business perspectives, the understanding of leadership has undergone enormous development over the past thirty years. In turbulent economic and political environments accentuated by corporate scandals, economic recessions, and Arab national coup d’états, people feel apprehensive about and demanding for genuine political, social and business leadership.

In corporate environments, managers and employees have become captivated by the idea of leadership. Interest in leadership can be considered a framework of voluminous studies and research by scholars and practitioners. Therefore, corporations continually seek to recruit, hire and train new employees with leadership aptitudes because of their ability to enrich their organizations and help others in the organization attain their professional and personal goals.

Scholars and practitioners of the business environment now recognize the word ‘Leadership’ as jargon that can have different meanings for different people, and these meanings are interrelated to managerial theorists. Leadership is defined as a process whereby one person influences a group of
individuals to achieve a common goal (Northouse, 2007). This definition and many others covering the notion of leadership indicate that leadership is a process that seeks to influence others within a group for the sake of attaining a goal. Leadership is therefore described as a process whereby the leader affects and is affected by followers. Thus, the focal point of such a definition is that the reciprocal relation between leaders and followers can be either beneficial or detrimental.

As a result, leadership is concerned with the explicit perception of common goals in groups, and accentuates the idea that leaders and followers have a mutual purpose (Rost, 1991). Moreover, Jago (1982) has inferred that leadership is a process of interaction between leaders and followers and, therefore, can be learned.

**LITERATURE REVIEW**

*Leadership and Management*

Effective leadership and management are critical requirements for the prosperity of a corporation, where they have a combined influence on subordinates and on accomplishing corporate goals. According to Kotter (1990), the function of management is to impose order and consistency in the organization whereas the duty of leadership is to bring about change to achieve goals. The study of management emerged at the dawn of the 20th century with the materialization of our industrialized economy, and was intended to curtail chaos in organizations in order to make them more efficient and effective, while leadership produced constructive change.

Although there exist clear differences between management and leadership, the two terms are interrelated. When managers are playing their role in influencing subordinates to meet their goals, then they are also involved in leadership. On the other hand, when leaders use the functions of management, then they are involved in management. In any corporation, therefore, the two roles can collide under the same title, task, or duty (Zaleznik, 1977).

An organization imposing a pattern of management that excludes leadership collaboration will foster a classical bureaucracy, a situation that will lead to organizational decadence. Hence, the degree of innovation in an organization depends on the reciprocal blending of leadership, which is concerned with the process of developing mutual purposes and management, which is directed towards coordinating activities in order to get the job done (Rost, 1991).

*Leadership in the Arab World*

During the past thirty years, the corporate sector across the Arab World (Middle East & North Africa: MENA) has enjoyed enormous development. The large number of retailing conglomerates in the Arab world, such as Al-Futtaim Group in the United Arab Emirates and Al-Shaya Trading Co. in the State of Kuwait, in addition to the huge Saudi Aramco and Sabic in Saudi Arabia, have attained regional and global expansion, but few of them are ever interested in strategic human resource management and strong leadership. The reluctance to focus on managerial and leadership issues and the failure to affiliate the corporation’s strategic goals with the two burgeoning human resource and leadership majors is a dilemma to most Arab organizations.

This paper will focus on leadership approach and employee productivity for corporate Arab employees, and discuss how the duties of Arab CEOs and managers are so critical that they should implement their leadership skills to enhance their employees’ organizational commitment and devotion to their institution (Harshbarger, 1989). Over the past thirty years, the corporate sector in the Arab world has experienced massive growth and market penetration; nevertheless, a dilemma emerged on the surface: Are the employees sufficiently committed to productivity in the organizations
they work in?

Firms confirm that employees are their major asset and should be considered an endowment from the labor market to the firm. The prosperity of an organization depends on having a solid and secure talented workforce, which can add value to the organization’s operations and structure. To conquer these priorities, therefore, Western organizations have redefined the role of an effective human resource management strategy. Human resource management functions in the business operations have ebbed and flowed during the 1960’s and 1970’s, when the personnel departments in organizations were often viewed as the ‘health and happiness’ crews (Decenzo & Robbins, 2010) specialized in planning picnics, scheduling vacations, enrolling workers for health care coverage, and planning retirement parties. The human resource strategy today is to attract, train, develop, and retain employees who are suited to a business environment that aims to achieve productivity, labor proficiency, job satisfaction, and job commitment.

Western and Arab business sectors operating in different fields share common interests such as retail marketing, finance and accounting. Nevertheless, the Western practices in human resource have expanded and advanced while the Arab management practices are stagnant in their infant stages. To elaborate on this point, we will explore developments in the most powerful economies in the MENA region – the Gulf Council Countries. The population of the Gulf Council Countries (GCC) has increased more than nine-fold during the past 60 years – from 4 million in 1950 to 46 million in 2011 (GCC, 2011) – which constitutes one of the highest population growths in the world. This growth has been caused, not by natural escalation of the indigenous people of the Arab Gulf States, but by the influx of expatriates. More than 12 million foreign workers are found in the Gulf Council Countries (GCC), and in UAE alone, 90 percent of the workforce in 2006 was foreign (IMF, 2011). The difference between workforce management decisions in the Arab states and Western Europe is that in the Arab gulf states, foreign workers are hired both in high-status jobs as professional employees and in low-status jobs, while in Western Europe, foreign workers are acquired mainly for low-status jobs.

The Arab leaders working in the GCC should realize that this proliferation of expatriates in their countries can be used to competitive advantage for GCC economies. Treating expatriates as purely labor and enacting laws to minimize the number of expatriate employees such as Saudization and Emartiztion will lead to declining expatriate productivity and efficiency. The reason expatriates will lose interest and become inefficient workers is that they feel their job security is under threat and believe they will hit the glass ceiling and never hold leadership titles, which are reserved for nationals and protected by government legislation. Expatriates working in the Arab gulf will also feel demotivated by fear of losing their jobs and their pensions.
The Arab human resource operation’s threshold should be to mitigate the loss of human assets, whether the employees be nationals or expatriates. The goal of Arab business leaders is to sustain the employees’ commitment and loyalty to the organization, and to achieve this, they need to enrich their employees thorough motivation and career development plans.

Enhancing the Leadership Skills

Managers with viable prerogative do not always become the leader in a particular setting, and in fact, managers with limited knowledge preclude the success of strategic goals. Consequently, there is a demand for managers who promise emergent leadership and who urge others to believe in the organization’s strategic goals and trust the manager’s ability to achieve such goals (Fisher, 1974). What is missing in the Arab corporations, therefore, is the capacity of CEOs and human resource managers to disseminate the transformational leadership concept with their employees; such a process need to be preserved through applying interpersonal skills and creating cooperate relationships with others.

Organizational hierarchy shows that two prevalent forms of authority exist inside corporations: position power and personal power. The inevitable influence of having higher status than others is known as position power, which is widely practiced in Arab countries; it is explicit for the corporations’ employees low future orientation and uncertainty avoidance. Arab managers and employees have the same dilemma of preserving status and directive leadership style (Northouse, 2013).

Conversely, Kotter (1990) abridged the notion of personal power as the leader-influential capacity seen by followers as likable, knowledgeable, and a role model. Hence, the perception of personal power supporting the leadership style can foster organizational success. This type of organized leadership and managerial structure is not practiced in Arab corporations, because of the prevalence of family-owned businesses with few key decision-makers and limited opportunity for organizational transparency, global market penetration, and employee engagement. This is illustrated by Herfy, for example, the fast-food burger chain in Saudi Arabia. Established in 1981 (Herfy, 2010), the company employs more than two thousand employees in more than 190 locations across Saudi Arabia, and is supported by great consumer demand for fast food. However, Herfy’s assertiveness in repudiating the unassailable opportunity of the Arab region demand for fast food is strongly recommended by middle-level managers in order to expand and start operating regionally based on the managers’ market awareness and consumers’ taste. Moreover, Herfy’s lack of transparency in organizational strategic goals and the top decision process damages employees’ motivation and organizational commitment. Herfy is an example of an Arab corporation where only directive leadership is implemented and where managerial two-way communication process with followers is neglected.

A supportive leadership style does not work well with coercive leadership. Managers who influence others to act against their will and are interested in their own goals rather than in a common goal is the symptom of coercive leadership. Arab business leaders and executives should strive to build organizational goals and commitment doctrine inside the company; the new generation of corporate Arab leaders must foster charismatic leadership (Bass, 1990) and transformational leadership to avoid losing employees or being diverted from achieving organizational goals. The Arab corporate sector needs the aforementioned leadership styles so as to implement change and make employees believe in the organizational long-term and short-term strategic goals.

The aim of Arab organizations to enhance team leadership has not been fully realized. Quality teams and continuous improvement should foster a culture of learning and the sharing of knowledge. Arab companies should therefore embrace a learning culture of prevalent team leadership. This managerial process, urging Arab managers with prerogative duties, should be nurtured by top-management in order to ensure group effectiveness and the meeting of organizational goals. Hence, team leaders as the middle managers need to master effective communication skills and adapt a mental model of the
situation in which the managers can assess both the environmental surroundings of the company and the current contagious issue.

Arab executives and decision makers should encourage human resource managers and employees to act as agents of continual transformation. The role of the human resource professionals has evolved into developing organizational strategic plans. Arab human resource professionals and consultants should apply Western human resource policies to change many of their obsolete practices and policies so that they become more successful with the goals and challenges facing their organizations. Managers of Arab corporations should therefore adapt a strategy through which they can monitor group dynamics and take actions to ensure team effectiveness.

Arab companies must maintain a strategy to implement a transformational leadership plan rather than the classical transactional leadership strategy. The pervasive transactional leadership style focuses on a reciprocal exchange between the leader and the follower, such as incentives and promotion for outstanding performance. Nevertheless, Arab corporations should recognize the concept of transformational leadership, which emphasizes how followers reach their fullest potential affiliated with organizational strategic goals. In summary, MENA managers should delineate effective Strategic Human Resource Managers (SHRM) to allay obsolete leadership practices in order to initiate organizational development based on team leadership, learning, knowledgeable workers, and committed and motivated employees.

Taking Action

The focal point is to inaugurate, train, and find transformational leaders who can groom employees to understand the importance and value of organizational goals. Subordinates set their career goals from the early stages of joining a company. Thus, as transformational leaders, Arab managers should use their motivation and intellectual stimulation to synergize the employees’ own self-interest with organizational goals.

A study by the American Society for Training and Development of more than 500 U.S. based companies found that those that invested the most in training and development, such as in leadership, had a shareholder return that was 86 percent higher than that of companies in the bottom half (Noe, 2010). Arab firms must allay the fears of their expatriate and local middle-level managers, and strongly encourage their development. High managerial positions within a firm must realize that employees need to be actively engaged in order to achieve success Organizational Citizenship Behavior (OCB), and all activities should be influenced by human resource management practices. Hence, Arab human resource practitioners must attract, retain, develop and motivate their skilled mid-level managers, who can be groomed for leadership positions within the strategic decision hierarchy.

Mid-level managers and well-performing bottom-of-the-line employees are an indispensable source of information on market trends and consumers taste; therefore the performance of these employees must be merited by the top management through employee engagement. Leadership training for precedence positions can create a learning culture where the experience of these employees can be communicated to others.

There are many pitfalls on the road to success; theorists and books attest that in today’s business environment the only constant is change, which can be seen in products, organization development, and much more. Therefore, Arab companies should adapt to a changing environment where all bottom-line employees – such as sales representatives, middle line managers – as well as executives embrace a culture of learning, embarking on a pattern of a path-goal theory (House, 1996). With this imposed pattern, it is clear that Arab organizations can embrace a culture of lifelong learning, acquiring all employees to continually acquire and share knowledge through path-goal leadership (House, 1971).

The inevitable question is why Arab companies should disseminate a culture of learning in a labor
market where most of the employees are expatriates. To answer this question, we have to accentuate the concept of knowledge worker and talent management. Arab companies should place emphasis on attracting, developing, and retaining knowledge workers, to ensure that the company succeeds. Therefore, the business environment requires knowledge workers who can contribute to the company and their colleagues through their knowledge and work experience. Hence, the duty of management is to enhance the sharing of knowledge, with no place for an individual or team to hoard information and knowledge.

Both management and knowledge workers share responsibility in creating an environment where the company can be a place to develop managerial talent with leadership skills. The purpose of such managerial philosophy is to support the employees through training, continuous learning, talent management, and employee engagement. Consequently, the company can leverage intangible assets, as the company’s competitive advantage is hard to duplicate or imitate.

Arab corporations should be grooming leaders who can lead with integrity and invest their competency in the organization. The new era of Arab corporate leaders should motivate employees to offer superior customer service and ensure long-term value for stakeholders. Consequently, the previous discussion reflects the idiosyncrasies of an authentic leader (Avolio and Gardner, 2005), who nurture the enlargement of authentic qualities in their followers. In consequence, these national and expatriate followers’ authenticity will be reflected in their performance and in their commitment to organizational goals.

Leaders can play a critical role in sharing their life story and career path of success with their followers. To be recognized as an authentic leader with a symbolic figure takes shrewdness and versatility from the managers and leaders to sustain their image in the eyes of their followers and achieve their mutual goal (Shamir and Eilam, 2005).

*Middle East Globe’s Cluster*

House et al. delineate the strongest study in the area of culture and leadership. Published in 800 pages, the GLOBE study, named for the Global Leadership and Organizational Behavior Effectiveness and covering 63 societies, offers a direct description of the relation between culture and leader. The principal objective of the Globe project is to disseminate the influence of culture on leadership behavior, using quantitative methods of research covering 17,000 managers in more than 950 organizations around the world.

Globe output studies described nine cultural dimensions: power distance, institutional collectivism, in-group collectivism, uncertainty avoidance, assertiveness, future orientation, performance orientation, human orientation, and gender egalitarianism. The 62 countries studied by Globe researchers have been divided into 10 regional clusters based on geography, religion, and historical background (Figure 1); one of these clusters is the Middle East cluster, which will be discussed in this paper.
Through the Globe studies Table 1 sensitizes the characteristics of each regional cluster and how each cluster matches each of the 9 cultural dimensions. As we see from Table 1 that, the Middle East region consisting of Morocco, Qatar, Egypt, Turkey, and Kuwait scored high in group collectivism and low on future orientation, gender egalitarianism, and uncertainty avoidance. This indicates that people in these countries or regions tend to be family-oriented and are proud of their families, tribes and organizations. On the other hand, the Middle East culture considers women to be inferior to men, as is shown in the lack of managerial-level females in business fields and governmental agencies. It is clear that the people of the Middle East region are not consistence and like to stress current issues rather than to focus on future oriented objectives (House et al, 2004).
Hitherto, Arab corporations did not know how to cultivate the massive effort of their businesses’ local growth in order to build a real conglomerate sprawling regionally or around the globe. Arab corporations managed by the current leaders carry parochial management decisions for local and regional development only. With such a managerial perspective, it is clear that the management style of leading the business, from training, staffing, career development, and strategic planning, will fall into the same dilemma of limitation. Having a vision for where the company will stand twenty or thirty years from now should be carried by a future-oriented culture. Arab management that is a reflection of the society and the culture they exist in lack long-term oriented planning and will only preside over well-established corporations operating only to the local market, where there are limitations in lack of diversification and other external factor that might influence negatively the business locally.

**CONCLUSION**

To clarify the foregoing information, we need to express the nexus between the Middle East cluster and their leadership behavior. Figure 2, shows Middle East leadership practices in the business field: Arab leadership style emphasizes the safety and security of the leader and the group (Self-Protective...
Leadership), and in addition, Arab leaders should be passionate, generous, and sensitive towards their followers (Human-Oriented Leadership). Arab leaders also prefer to be independent, autonomous, and portrayed as a unique symbol (Autonomous Leadership). Conversely, they find the other three leadership behaviors as less influential for an effective leadership behavior (House et al, 2004).

![Figure 2: Middle East Leadership Behavior](image)

Source: Adapted from House et al. Culture, Leadership, and Organization: The Globe Study of 62 Societies

Protecting the manager’s position when it stems from the self-protective leadership may indicate a deficiency in a performance appraisal system. According to human resource strategy, recruitment, training, performance appraisal and other human resource activities should be synchronized to achieve the strategic goals stated by both the vision and the mission statement. Nevertheless, the detrimental factor arises, for example, when after being hired, the chosen candidate is working in the company according to the promised career development pathway, but the managers/leaders refuse to give up their positions. This interferes with the whole structured performance appraisal system, where employees must be groomed to hold higher managerial positions. If there exists a glass ceiling that precludes employees from their earned career path-way, then we see disenchanted employees who start neglecting their duty of aligning their effort with the organization’s goals.

Finally, we need to recognize the major steps top management and human resource practitioners can pursue in order to build a well-structured managerial structure and achieve long-term strategic goals. We need to reassess the training programs offered, which should entail innovative and leadership skill training programs rather than such barren training programs as time management and communication skills. Managers should also initiate employee career assessment and employee performance appraisals for every employee in each department, because evaluations are important for development and productivity.

In addition, Arab organizations should rejuvenate their organizational culture by eliminating the employees’ seclusion and reinventing employee engagement. Employee incentives are not the only motivator of satisfactory performance. Nevertheless, workplace incentives can ignite employees’ exuberance, examples of incentives being employee engagement, job rotation, and training programs. Companies must remain dedicated to recruiting, hiring, and training knowledgeable workers with special aptitudes that meet the organization’s culture of knowledge sharing and learning.
References


