

## Chapter 25

# Cultural Integration with Strategic Decision–Making Process in Determining Innovation Performance: Evidence from an Arab Country Setting

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### ABSTRACT

*This chapter presents an empirical study that examines the co-alignment between the Strategic Decision-Making Process (SDMP) and cultural contextual factors in developing a more completely specified model of innovation performance in a different setting from the Arab Middle East, namely Qatar. The key variables in this model consist of four strategic decision-making process dimensions (speed, degree of rationality, political behavior, and individual involvement), four culture attributes (locus of control, decision style, collectivistic orientation, and hierarchy), and innovation performance as an outcome variable in terms of process and product/service practice. The survey from 140 public and private organizations improves our understanding in three major issues: first, that SDM practices have a direct and more significant impact on process innovation performance than product/service innovation performance; second, that innovation performance is both process- and context-specific; and third, certain characteristics of the location support culture-specific awareness.*

### INTRODUCTION

As international interactions increase in frequency and importance, there is an enduring need to know how managers make decisions in different parts of the world, despite the recognized existence of different decision-making approaches (Nutt, 1984; Brouthers et al., 2000; Dean and Sharfman, 1993; Dean

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et al., 1993). This knowledge is critical since a distinctive prevailing decision style reflects differences in cultural values and the relative needs for achievement, affiliation, power and information (Abbas Ali 1989; M. Martinsons & R. Davison, 2007). Particularities of cultures give birth to respective management practices and decisions, personal motivation, and the ways in which information is interpreted (e.g. Laurent, 1983; Hickson and Pugh, 2001; Whitley, 2000; Hofstede, 2001; Hayat Kabasakal, et.c, 2012; House et al. 2004; Trompenaars 1998). Despite the fact that the influence of societal (or national) values on how decisions are made, research literature is lacking for determining the effect of cultural factors on the Arab strategic decision making process (J. Hammoud, 2011; A. Ali, 1995; A.J. Ali, 1995; Mellahi, 2003; Mellahi et al, 2010; Riddle et al, 2007; S. Elbanna & J. Child, 2007). Therefore, this bundle of evidence is significant because of the increasing interest of Western nations concerning the growing affluence of Arab countries, especially that of the Gulf States as a critical part of the world economy. Despite the profound interest in the theme, the influence of Arab business culture remains unclear (J. Hammoud, 2011; A. Ali, 1995; Mellahi, 2003; Mellahi & Budhwar, 2010). But, Arabs have not been static in the face of globalization and other changes that have challenged their world (Baraket, 1993; Hill et al., 1998).

This study aims at contributing to the body of knowledge regarding the role of culture in the SD making process in terms of determining performance. It extends traditional cultural studies to explore the within-nation cultural specificities of a particular country and enhance the development of cross-cultural theories and methodology. This procedure builds upon the significance of the executives' cultural values in shaping SDs, by exploring a number of specific national characteristics of the top level managers (e.g. locus of control, decision style, collectivistic orientation, hierarchy) as well as a number of dimensions characterizing the process of making SDs (e.g. degree of rationality, speed, political behavior, individual involvement).

Since Gulf countries are being transformed to a huge potential market and a critical part of the world economy, western companies are attracted in positioning themselves in the region. This paper brings up some useful observations to integrate knowledge of strategic management from a cross-cultural perspective by contrasting western and Arab viewpoints on the investigated issues of hypotheses. To the extent that a society's cultural values impact managerial decision making practices and organizational performance, this research adds to that understanding and introduces new findings when certain cultural value orientations are applied to other different cultural domains. Such knowledge of cultural differences is anticipated to advance mutual understanding and lead to a successful partnership with companies and organizations in an Arab culture.

It is fact that there is a need for a cultural insight before deciding if management concepts are able to be transferred to the Arab countries and how these concepts can be applied using the most effective way. This will cater to the practicing managers' needs to be better prepared for the challenges of being global managers. Furthermore, monumental changes are taking place in the gulf countries and that would enable them to gain a lot of attention for studying this region and its corporations (Zahra, 2011).

In view of these suggestions the State of Qatar is of particular importance taking into account its culture and extensive outlook on change and development. In recent years, Qatar has emerged as one of the better known and more highly regarded Gulf States, in part because of its immense natural gas reserves (the third largest in the world) but also, and more importantly, because of recent strategy of branding initiatives. These strategies seem to have been deliberately designed to put the State on the international map (Peterson, J E, 2006). Additionally, Qatar encompasses the constraints and challenges of small states. In addition, it is representative of the recently established, oil- producing Arab economies,

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