

4.4. Management in Arabic countries around the Gulf (Maha Al-Dalahmeh)

The Gulf Cooperation Council (GCC) countries—Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates (UAE)—represent a unique cluster within the broader Middle East and Arab world. These nations share cultural, linguistic, and religious ties, and have been deeply influenced by their vast oil wealth, which has significantly shaped their economic structures and management practices. However, despite these commonalities, each GCC country has developed distinct management practices, shaped by its own history, economic conditions, and cultural nuances. Understanding these management characteristics is crucial for anyone engaged in business within the region, as it requires navigating a complex interplay of traditional values, modern aspirations, and evolving socio-economic dynamics.

Despite these challenges, the GCC's economic trajectory is one of ambition and potential. As global trends shift towards sustainability, technology, and innovation, many of these countries are investing in renewable energy, smart cities, and knowledge-based industries in an effort to remain competitive in the post-oil era. Their future success will likely depend on how well they balance the need for economic diversification with the preservation of their unique cultural and social landscapes.

4.4.1. Geographical and economic context

The Middle East, a region extending from the eastern Mediterranean to the Arab Gulf, encompasses diverse nations with varied landscapes, economies, and cultures. The Arab world, defined by the common use of the Arabic language and predominantly Muslim populations, spans across North Africa and the Arabian Peninsula. Within this context, the GCC countries stand out due to their economic vitality driven by vast oil reserves, which have fuelled rapid infrastructure development and diversification into sectors like tourism, finance, and technology (Cleveland & Bunton, 2009; IMF, 2022).

The GCC's economic landscape is characterized by both dynamism and disparity. While oil wealth has led to significant economic growth, it has also resulted in challenges such as overreliance on oil revenues and economic inequality among member states. For instance, while countries like the UAE and Qatar have successfully diversified their economies, others remain more dependent on oil exports, leading to varying levels of economic development within the region (World Bank, 2020).

The disparities in economic development within the GCC stem from several factors, including the varying sizes of oil reserves, differing approaches to economic policy, and the extent of international integration. Wealthier states such as Qatar and the UAE, with smaller populations and vast energy resources, have been able to channel significant revenues into creating high-quality infrastructure, fostering business-friendly environments, and attracting foreign investments. Meanwhile, larger countries like Saudi Arabia face the dual challenge of maintaining social welfare systems while undertaking reforms to diversify their economies. This creates a complex economic tapestry in the region, where some countries have advanced into high-income status, while others still face considerable economic challenges related to unemployment, income inequality, and dependency on state subsidies.

4.4.2. Cultural influences on management

Cultural factors play a pivotal role in shaping management practices across the GCC, where the region's culture is deeply intertwined with Islamic traditions that influence both personal and professional behaviours. These traditions permeate daily life, guiding how individuals interact within families, communities, and the workplace. In the business environment, understanding the importance of concepts such as *wasta* and *majlis* is essential for navigating Gulf management practices. *Wasta*—a system of networking, influence, and personal connections—plays a key role in facilitating business transactions and decision-making processes. It reflects the importance of relationships, where trust and loyalty often determine access to opportunities and resources (Akhter et al., 2023).

The *majlis* (GCC), a traditional council for consultation and decision-making, is another cultural institution that exemplifies how community participation and collective deliberation are central to leadership in the Gulf. In both personal and business settings, these practices underscore the value placed on relational networks, respect for elders, and community cohesion, all of which are embedded in Islamic principles. This cultural backdrop significantly shapes the hierarchical and collectivist nature of management in the GCC (Abdulkadir & Müller, 2019).

One of the defining features of Gulf management styles is the region's high level of power distance, where authority and hierarchy are deeply ingrained in the social and organizational fabric. Power distance refers to the degree to which less powerful

members of society accept and expect power to be distributed unequally. In the GCC, this is not only accepted but often seen as a natural extension of both religious and cultural values that emphasize respect for authority figures. Within organizational structures, decision-making tends to be centralized, with top leaders holding significant influence and control over the direction of the business (Jackson, & Michie, 2017).

This is particularly true in family-owned businesses, which are common in the region, where senior family members often make the final decisions. For managers operating in this environment, understanding and navigating the nuances of hierarchical communication is crucial. Gaining favour with senior leaders, demonstrating deference to authority, and fostering strong personal relationships with key decision-makers are essential for career progression and effective management in the Gulf (Hofstede, 1984). This respect for hierarchy, however, does not necessarily translate into authoritarianism but rather reflects a paternalistic leadership style, where leaders are expected to provide for and protect their teams, mirroring the familial structures deeply rooted in the culture. In contrast to the individualistic management styles more prevalent in Western business practices, the GCC emphasizes a collectivist approach to management, like in Japan or, to some extent, China where the success of the group is prioritized over individual achievements (Koczkás, 2023; Vaszkun, 2013; Vaszkun et al., 2022; Vaszkun & Koczkás, 2018; Vaszkun & Saito, 2022). This collectivism is not merely a business strategy but a reflection of broader cultural and religious values that prioritize the welfare of the family, tribe, and community above personal gain. In the workplace, managers are expected to cultivate a sense of unity and shared purpose among their teams, reinforcing the idea that the success of the organization is a collective responsibility (Scott-Jackson & Michie, 2017).

This often translates into a more team-oriented leadership style, where collaboration, consensus-building, and the development of close-knit workgroups are emphasized. Managers are tasked with fostering a sense of loyalty and belonging among their staff, creating an environment where interpersonal relationships are just as important as professional competencies (Young, 2016). This collectivist mindset is further reinforced by Islamic teachings, which stress the importance of community solidarity, mutual support, and social responsibility. As such, management practices in the GCC are less likely to emphasize individual competition and more focused on maintaining harmony, trust, and cohesion within the team, which are essential for organizational success in the region.

4.4.3. Economic diversification and Its impact on management

The GCC's economic prosperity has historically been anchored in its vast oil reserves, which have provided the financial foundation for rapid infrastructure development, modernization, and social welfare programs. Over the past several decades, oil revenues have transformed these once predominantly desert economies into global players with state-of-the-art cities, modern industries, and world-class services. However, the inherent volatility of global oil prices has repeatedly exposed the vulnerability of economies dependent on a single resource.

Additionally, the global shift towards renewable energy, driven by concerns about climate change and sustainability (Csedő et al., 2023, 2024), has posed significant challenges to the long-term viability of oil-based economies. Recognizing these risks, the GCC countries have embarked on ambitious economic diversification strategies aimed at reducing their dependence on oil and fostering growth in sectors such as tourism, finance, technology, and renewable energy. Saudi Arabia's Vision 2030 and the UAE's Economic Vision as well stand as hallmark initiatives designed to transform these economies into more balanced and resilient systems. These visions not only aim to diversify income streams but also seek to create jobs, foster innovation, and encourage private sector growth, all while maintaining their global relevance in a rapidly evolving economic landscape (Nurunnabi, 2017)

The push for economic diversification has had a profound impact on management practices across the region. As industries such as tourism, technology, and renewable energy expand, managers are increasingly faced with the challenge of navigating new and unfamiliar business environments that are often more complex and competitive than the oil sector. The shift from resource-based economies to knowledge-based ones requires managers to develop new skill sets, including fostering innovation, managing change, and staying competitive in a globalized market. Moreover, the integration of advanced technologies such as artificial intelligence, blockchain, and the Internet of Things has become a critical aspect of the Gulf's management landscape (Al-Khour, 2010).

These technologies are being implemented to improve efficiency, enhance decision-making, and streamline operations, particularly in emerging sectors. As a result, managers are required to stay ahead of technological advancements and incorporate them into their strategic planning and day-to-day operations. The traditional management practices, often characterized by hierarchical decision-making, are

evolving to accommodate more agile, forward-thinking approaches that prioritize innovation and technological integration (Al-Qudsi, et al., 2022).

A prime example of the region's commitment to diversification and innovation is the NEOM project in Saudi Arabia, which represents one of the most ambitious development initiatives in the world. NEOM is envisioned as a futuristic, eco-friendly city designed to serve as a global hub for innovation, sustainability, and cutting-edge technology. Spanning multiple industries including renewable energy, biotechnology, and artificial intelligence, NEOM is set to redefine how cities operate, with the ultimate goal of attracting global talent, fostering economic growth, and serving as a model for sustainable urban living (Al-Tawil & Searcy, 2020). For managers, projects like NEOM signal a significant shift in the region's economic priorities and call for a new management paradigm that values adaptability, forward-thinking leadership, and openness to new ideas. Managing such large-scale, innovative projects requires leaders to embrace creativity and entrepreneurial thinking, while also ensuring that these projects align with long-term economic goals (Hassebo, & Tealab, 2023).

In doing so, management practices are being reshaped, with leaders now expected to be not only custodians of tradition but also pioneers of change in a dynamic and evolving market place. Through these diversification efforts, the GCC is positioning itself to be less reliant on fluctuating oil revenues and better equipped to thrive in a global economy increasingly focused on sustainability and technological innovation. These transformations are reshaping management practices across the region, requiring leaders to blend traditional values with modern approaches, fostering growth and ensuring long-term success.

4.4.4. Social dynamics and their influence on management

The social fabric of the GCC is a blend of traditional values and modern aspirations. It can be reflected in particular by the study of expatriate experiences (Primecz, 2023). The region is experiencing significant social changes, including increased focus on education, women's empowerment, and youth engagement. These changes are gradually influencing management practices, as businesses adapt to the evolving expectations of a younger, more educated workforce (Rahman & Al-Azm, 2023).

One of the most transformative social changes in the GCC is the expanding role of women in the workforce. Historically, gender roles in the region have been more rigid,

with women often confined to traditional domestic roles. However, driven by both government initiatives and shifting societal attitudes, women are increasingly entering the labour market and making significant contributions across various sectors (Elbanna, 2022).

Governments in countries like Saudi Arabia and the UAE have launched a series of reforms aimed at empowering women, including lifting restrictions on their participation in certain industries, encouraging female entrepreneurship, and promoting gender equality in the workplace. These initiatives are gradually breaking down long-standing barriers, and managers are now expected to create more inclusive work environments that promote gender diversity and provide equal opportunities for career advancement. The growing presence of women in the workforce is not only changing organisational cultures but also enhancing the overall competitiveness of businesses, as companies that embrace diversity tend to perform better in the long run (Young, 2016).

Youth engagement is another critical area influencing management in the GCC. With a young and tech-savvy population, there is a growing demand for jobs that offer opportunities for creativity, innovation, and personal growth. Managers need to be aware of these expectations and create work environments that foster innovation, provide opportunities for professional development, and align with the aspirations of the younger generation (UNDP, 2020).

4.4.5. The Influence of Islam on Management in GCC Countries

Islam's influence on management practices in GCC countries is most strongly evident in the financial sector, where Islamic principles deeply shape finance operations. Central to this is the prohibition of *riba* (interest), which has led to the development of a thriving Islamic banking system that adheres to Shariah law. These banks focus on risk-sharing, ethical investments, and profit-loss sharing models that align with Islamic teachings on justice and fairness (Iqbal & Molyneux, 2005). Additionally, Islamic finance emphasizes the importance of *zakat* (charitable giving) and *waqf* (endowments), which are integrated into corporate social responsibility (CSR) initiatives, ensuring that wealth is redistributed for the benefit of society (Dusuki & Abdullah, 2007). This approach fosters ethical stewardship and trust in financial management, as leaders are accountable not only to stakeholders but also to religious obligations. The integration of Islamic principles in decision-making promotes transparency and fairness in contracts and investments,

ensuring that financial practices are aligned with both ethical standards and long-term societal well-being (Chapra, 2008). Thus, Islamic teachings on finance not only shape the structure of the banking sector in the GCC but also influence broader management practices, fostering a culture of ethical leadership and social responsibility in the region.

4.4.6. Challenges and opportunities in the GCC management landscape

Operating within the GCC presents both significant challenges and vast opportunities for managers, especially as the region embarks on an ambitious journey of economic diversification. These efforts, while vital for ensuring long-term sustainability, also introduce a host of complexities, particularly as the GCC transitions from oil-dependent economies to more diversified sectors such as tourism, technology, and finance. For managers, this transition means adapting to a rapidly evolving business environment that requires balancing traditional practices with new, more dynamic approaches. As industries emerge, managers must be agile, continuously evolving their strategies to accommodate shifting market demands and the integration of new technologies. This balancing act can be difficult, as the need for modernization often comes up against established norms and methods, rooted in the region's conservative and hierarchical business culture (IMF, 2022).

One of the most pressing challenges facing managers in the GCC is the need to effectively lead a highly diverse workforce. The region has long been a destination for expatriates from all over the world, drawn to its booming economy and job opportunities. As a result, the workforce in the GCC is a mosaic of different cultures, languages, and professional backgrounds. This diversity can be both a strength and a challenge. Managers must develop cultural sensitivity, hone their cross-cultural communication skills, and adopt inclusive leadership strategies that respect the diversity of their teams while leveraging the unique perspectives and strengths that each group brings. For example, fostering an inclusive workplace where all employees feel valued and included can improve morale and increase productivity. However, this requires managers to be adaptable and to understand the cultural differences that might influence communication styles, decision-making processes, and team dynamics. It is critical to implement leadership practices that can bridge cultural divides and ensure smooth collaboration across diverse groups (Bealer & Bhanugopan, 2014).

Another challenge lies in the deeply ingrained hierarchical structures that characterize many organizations in the GCC. Respect for authority is a core cultural value in the region, often reflected in traditional top-down management styles, where decisions are made by senior leaders and passed down the chain of command. While this hierarchical approach aligns with cultural expectations, it can sometimes stifle innovation and slow down decision-making processes, particularly in fast-paced industries where responsiveness and agility are crucial. As the region continues its economic transformation, there is a growing need for more flexible and participative management styles that encourage creativity, initiative, and quick problem-solving. Empowering middle managers and employees to contribute to decision-making and innovation will be key to unlocking the full potential of the workforce.

While the GCC region undergoes economic transformation, adopting more flexible leadership styles and evolving organizational cultures are essential since leadership and culture play pivotal roles in fostering agility (Vaszkun & Sziráki, 2023). This shift may require cultural adjustments within organizations but could lead to significant improvements in productivity, innovation, and competitiveness (Jaeger & Adair, 2013). In their pursuit of economic growth, Gulf countries face significant sustainability and environmental challenges. Heavy reliance on fossil fuels, coupled with rapid urbanization and industrialization, presents environmental risks that require immediate attention (Csedő, 2023). Governments across the region are increasingly investing in sustainability initiatives, such as renewable energy projects, green building standards, and carbon pricing mechanisms, to reduce carbon emissions and transition toward a more sustainable energy landscape (Ibrahim & Al-Marzouqi, 2023).

Water scarcity and waste management are also critical issues. Sustainable water management practices, including advanced desalination technologies and wastewater treatment systems, are essential to ensure long-term water security, particularly as the region grapples with droughts and water shortages (Qureshi, 2020). Additionally, recycling and waste-to-energy initiatives play a key role in minimizing pollution and preserving natural resources. Achieving sustainable development will require a balance between economic growth and environmental preservation, with collaboration among governments, businesses, and civil society (Abdallah et al., 2021).

On the business side, Gulf companies are urged to prioritize investments in cutting-edge technologies like artificial intelligence, blockchain, and IoT. These innovations can enhance operational efficiency and global competitiveness, with initiatives such as Saudi Arabia's NEOM standing out as a leading example (Jaeger & Adair, 2013).

Additionally, fostering a strong entrepreneurial ecosystem, as seen in Dubai's Dubai Future Foundation and Bahrain's Startup Bahrain, is crucial for stimulating innovation and diversifying the economy (Al-Mousa et al., 2021). Gulf businesses are also encouraged to pursue diversification strategies to reduce reliance on oil revenues, a critical step toward long-term resilience given the volatility of global markets.

Addressing environmental challenges is not just a governmental concern; businesses must adopt sustainable practices such as renewable energy, efficient waste management, and water conservation to ensure their long-term viability and reduce the risks posed by climate change. Collaborating with government agencies, NGOs, and industry partners is vital to achieving sustainability goals and ensuring a more resilient future for the Gulf region (Akhter et al., 2023).

4.4.7. Conclusion

Management in the GCC is a multifaceted discipline, deeply influenced by the region's cultural, economic, and social dynamics. The interplay between traditional values and modern aspirations creates a unique management environment that requires a deep understanding of the local context. As the GCC continues to diversify its economy and embrace new technologies, managers must be adaptable, culturally sensitive, and forward-thinking to navigate the challenges and opportunities that lie ahead. By doing so, they can contribute to the sustainable development of the region and help shape its future in an increasingly globalized world.

Albeit the GCC's management landscape is not without its challenges—such as the complexities of workforce diversity and the need to modernize hierarchical business practices—the opportunities for growth, innovation, and leadership are vast. The region's shift towards economic diversification, paired with its commitment to embracing technology and sustainability, offers a fertile ground for managers who are adaptable, culturally aware, and capable of balancing tradition with innovation. As the GCC continues to evolve, those who rise to meet these challenges will be instrumental in shaping the future of business and management in the region.

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