APPLICABILITY OF CLASSICAL DECISION-MAKING STYLES IN MODERN SOCIETIES: FIVE LEADERS THEORY FROM PERSPECTIVE

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ABSTRACT

As the global society continues to move toward a knowledge-based economy, successful political economies are required to evolve and adapt not only to contemporary markets but also to the changing wants and needs of their citizens. Successful nations are those that the citizenry feel happy and peaceful in the current status quo while engaging in their day-to-day business. Successful economies do not rely on any external, predictable, natural or traditional events, but are rather seen as outcomes of strategic and consciously made decisions arousing from leadership thinking.

Leadership decision making is the foundation and the prerequisite for any intelligent action and accomplishment. Blass and Ferris (2007) have emphasized that the current focus on technical competence is outdated and leader potentials should be assessed by an individual’s interpersonal savvy and influence ability. Leadership charisma is often considered one potential source of influence, and is believed to relate to the construct of political skill (Ferris, Treadway, Perrewe, Brouer, Douglas, and Lux, 2007). Consequently, the rapid development and changes that have occurred in the United Arab Emirates (UAE) have been attributed to the qualities and charisma of leadership decision making (Davidson, 2005).
INTRODUCTION

The UAE was constituted as a country on December 2, 1971. The country is set up as a federation of seven emirates or states. Abu Dhabi is the capital. The others include Dubai, Sharjah, Ajman, Fujeirah, Umm Al Quwain, and Ras Al Khaimah. The UAE is a partial monarchy headed by His Highness Sheikh Khalifa bin Zayed Al-Nahyan who succeeded his father, the late Sheikh Zayed, in November 2004. The late Sheikh Zayd’s visionary characteristics and sound decision led to the assembling of the seven small independent states into a united country called The United Arab Emirates (UAE). The country was principally set up as a Sheikdom, with established positions of president, vice president, a Council of Ministers, a Supreme Council of Rulers, and a National Assembly. Under the constitution, each of the emirates holds substantial power to rule and make some decision independently from the other six, and each allocates a portion of its revenues to the country’s central budget. However, Sheikh Zayd and Sheikh Khalifa of Abu Dhabi and Sheikh Mohammed and Sheikh Maktoum of Dubai, considered exemplary and visionary leaders by not only the citizenry of the entire emirates, but globally have provided and changed the UAE economy with immense scope for diversification and expansion of the nonoil sectors into industries that are rapidly expanding in tourism and real estate development. A rational decision to create a global, liberal, and competitive business environment in 1995 led the UAE to join the World Trade Organization (WTO). The “WTO agreements have had a direct impact on domestic services such as insurance, banking, transport, tourism, property, brokerage, investment, construction, information and communications, all of which have impacted positively on the UAE to be a global competitive hub of business (Doing Business in the UAE, 2006). Establishing free trade zones has been a significant step taken by the government to diversify the economy (Moore, 2004). The no-tax policy and the relaxed rules for foreign ownership within these zones, combined with the strategic location of the UAE, have enabled the country to become a business hub for trade and export in today’s global world.

Moreover, the Abu Dhabi government initiated steps toward privatization in April 1997. Power and desalination projects now operate as Independent Power Projects (IPPs). Privatization has considerably widened the investment opportunities for domestic as well as for foreign investors even though, businesses outside the free trade zones still require 51% ownership by nationals. The intent of this system of privatization is to increase productivity levels as businesses move to operate at optimum levels, efficiently and effectively devoid of excessive bureaucracy. Thus, when a high ranking official a decision it is final and binding in all quarters, and preference given to family and friends to circumvent rules (Dobie, Grant, and Knudstrup, 2002). To encourage foreign ownership prospects, the Dubai International Financial Centre (DIFC) was established in 2004 to serve Dubai, the UAE, and the region. Hence, some of the world’s biggest investment firms and brokerage houses for example; JP Morgan and Credit Suisse have located branch offices in the DIFC free trade zone, which has added credibility to the strength of the UAE economy.
The rapid economic development of the UAE has been attributed to the rational thinking and sound decision taken by leadership of the Emirates. Charisma is often considered as the driving force of turning the vast desert land mass of the UAE into an oasis of a resilient economic hub of the world. Leadership has been identified as one of the key factors that determines the atmosphere that exists in most nation states and organizations. Therefore, the success stories of these nation states, organizations and societies can be linked to the role played by their leaders based on the strategic and sound decisions made. Consequently, the topic on leadership and decision making has become extremely significant in today’s highly complex and technologically based world since people need instructions to act in the way they do especially at work places. The simple fact that institutions are structured in such a way that authority diffuses from the top, using a top-down approach to the subordinates even makes the discussion of leadership and decision making more relevant.

In a spate of just thirty years, with seven tiny emirate states coming together as a nation state, and becoming the eye of global business justifies a study of the role of leadership and decision making strategy of the UAE. Through sound decision of leadership, the UAE has been able to combine different elements seen as essential for political legitimacy. Its leadership has been able to preserve the society’s heritage and Islamic character, grounding new trends and modernity in tradition and avoiding a complete rupture with the past. Leadership has succeeded in modernizing and radically improving the living standards of the citizenry; establishing the foundations of statehood where the UAE has become an active and respected international player (Davidson, 2005). Davidson (2005) presents the late Sheikh Zayed as an example of a charismatic figure who was able to lead the nation in challenging times. His legacy continues today through his successor, Sheikh Khalifa bin Zayed Al Nahyan, who has been president since 2004. Davidson (2005) argues that, contrary to predictions of the collapse of monarchical regimes following social transformation or coercive measures to maintain the status quo, the UAE has rather become more stable than before its modernization. He attributes this to leadership characteristics including the personal qualities of rulers such as: charisma, respect, ability to do along with public approval, patrimonial networks, cultural, religious and ideological resources, and the preservation of identity. In fact, in a conference convened by the Middle East Policy Council in April 20 1999, the then Minister of Economy and commerce of the UAE, FAHIM BIN SULTAN AL QASIMI strongly voiced out the following:

“Our nation has made remarkable progress in the span of three decades. The UAE of today bears little resemblance to the UAE of December 1971, when we achieved our independence. We have developed without undermining the social, cultural and political fabric of our society. This has been due in large part to leadership. Sheikh Zayed has served as president of the UAE since its inception in 1971. And his leadership is based on consensus among the seven emirates. In keeping with Islamic tradition, he is seen as first among equals, continuing to serve as president because he commands the respect of the nation’s other leaders and the reverence of the people”.

Therefore, enormous changes which are taking place in the Arab Middle East countries have attracted so much attention to study this region, its leadership, and organizations (Zahra, 2011). For example, researching this region and understanding its leadership decision-making philosophy and practices can help managers, investors, and academics to make sound decisions and navigate the culturally complex setting in which they operate. Consequently, this study seeks to appraise leadership and
decision-making strategies in the UAE and highlight the essential concepts underpinning its development since independence.

1.1. Leadership and Decision Making

The quality of a society or an organization’s top leaders continues to be critical to the organization’s existence, effectiveness, and ability to adapt to continuous changes in the economic environment. According to Gratton and Ghoshal (2005), leaders or managers have a vital role in creating innovative change within organizations and nation states. O’Regan and Gohbandian (2004) postulated that leadership decisions significantly contribute to the failure or success of any change initiative. A leader’s decision-making process plays a significant role; regardless of the method of decision-making he/she selects (Thierauf, 1988). Thus, every decision taken by a leader is the result of a strong process that is influenced by huge forces (Gibson, Donnelly, and Invancevich, 1997). Leadership decision making can be described as a chronological process involving several steps that enable leaders and decision makers to examine each element in a normal progression that leads to a decision taken. The leader or decision maker first establishes specific goals and objectives by measuring the results, and subsequently identifies the problem. Consequently, the decision maker develops alternatives or options, evaluates the alternatives, selects the best alternative and then proceeds to implement the decision. Finally the leader or decision maker engages in controlling and evaluating the outcome of the selected decision (Gibson et al., 1997).

According to Zaccaro (2001), there has been a recent increase in research on executive leadership, influenced by a growing interest in explaining organizational effectiveness through the actions of top executives. Several studies have equally offered convincing evidence showing how effective leadership on the path of executives enhances organizational performance and effectiveness. For instance, Weiner and Mahoney (1981) examined executive successor’s effect in companies over a 19-year period and reported that leadership accounted for approximately 44% of the variance in profit margins and 47% for the variance in stock prices. This presupposes that sound and strategic decision making by leaders have the propensity to turn around a country’s fortune.

Decision-making is the process of selecting an alternative from among choices that are accessible. It is the main element of a scheduled operation, and effective decision-making relies on rational selection by a leader’s good judgment. The effectiveness of a particular leader depends partly on his or her skills in handling the intellectual tasks involved in making decisions. These responsibilities are affected by the leader’s cognitive ability, time available for deliberation, and resources for gathering information. Imagination and critical thinking are a necessary requirement of great leaders; because solving most policy problems often requires a creative new alternative, and not just choosing among the givens (Janis, 1989). A leader therefore has to select the most effective decision within certain limits of a perfect range of choices. Simon (1996) referred to this type of decision as “satisfying”, meaning selecting the alternative by the leader as a satisfying or “good enough” alternative. Janis (1989) adds that the classical view of making a decision requires the leader to consider the costs and benefits of each alternative. Hence, a good leader is the one who adapts a strategic decision choice.

Decision-making strategies are the learned, habitual response pattern exhibited by a leader, when confronted by a decision situation (Scott and Bruce, 1995). They went
further to propose four different types of decision-making strategies or models. These include; (a) Rational decision-making strategy, which is characterized by a thorough research for and logical evaluation of alternatives, (b) Intuitive decision-making strategy, which is characterized by a reliance on hunches, (c) dependent decision-making strategy, which is characterized by a search for advice and direction from others, and (d) avoidant decision-making strategy, which is characterized by attempts to avoid making decisions (Bruce and Scott, 1995). Russ, McNeilly, and Comer (1996) offer an explanation of the decision-making typology developed by Scott and Bruce (1995). According to them, the rational decision-making strategy “is deliberate, analytical and logical. Hence, rational decision makers “assess the long-term effects of their decisions, and have a strong fact based task orientation to decision making” (Russ et al., 1996: p. 5). Similarly, Rotter (1966) argued that the rational decision making strategy or style is associated with the initiation of a structure and an internal control orientation, while Kohli (1989) posited that both initiation of a structure and a higher internal control orientation are linked to higher performance.

On the other hand, the use of the intuitive decision-making strategy or style involves feeling-orientation and is based on an internal ordering of the leaders’ information leading to gut feelings of the decision maker (Russ et al., 1996). These intuitive decisions are usually made in a hastily manner and with limited information, and are often changed immediately if the intuition was later detected as an error. Consequently, intuitive decision makers are “likely to be more error-prone and inconsistent, which may lead to uncertainty and loss of confidence in the manager by superiors and subordinates” (Russ et al., 1996, p. 5). Third, Russ et al. (1996) explained the third decision-making strategy of Scott and Bruce (1995) as “a dependent style of decision making is characterized by the use of advice and support from others in making decisions” (p. 5). Therefore, leaders who report high on this type of strategy in decision-making assign responsibility for their decisions on others (Russ et al. 1996). As a result, subordinates may view this behavior from several angles. In the first place, it can be seen as a way of integrating followers in decision making, thereby seen as a strength of the leader. Second, it may be viewed as a weakness if it is seen as something of a habit. Lastly, the avoidant style according to Russ et al. (1996) is characterized by “delay and denial, the opposite of decisiveness” (p. 5). Janis and Mann (1977) argued that leaders who try to reduce the anxiety associated with decision-making might end up using the avoidance of decision-making strategy. Leaders who do not want to take the risk of making a wrong decision may regularly defer making decisions that might raise opposition from subordinates and colleagues.

There are several many leadership decision making strategies identified in organizational behavior and Human resource literature (House 1971; Fiedler and Chemers 1974; Nahavandi 2003; Dessler 2001). This thesis will however focus on the strategic decisions adapted by leadership of the UAE in turning the country around within a short spate of time.

Strategic decision making focuses on the type of leadership and the task of the business. It includes ascertaining on whether business enterprises should partake in particular line of action, service provision, or expansion and the relationship between the business enterprises and the external environments. For example; government policies, competitors, fund providers, service market etc. (Murnighan, 2002). Strategic decision making process typically involves the input of a strong leadership and major stakeholders. The essential characteristics required in the decision-making
process reside in the presumed knowledge of the leader regarding a given outcome and the preferences toward a possible outcome (Gibson et al., 1997; Murnighan, 2002). The knowledge available for a given outcome may come from the computational analysis of the leader, which indicates that the decision maker seeks to maximize the outcome and the objective which fall within an attainable range (Murnighan, 2002). Hence, effective leaders are those who are capable of analyzing a situation correctly, identifying required behaviors, and matching their behaviors to the situation (Robbins, 2001). Similarly, an efficient and effective leader is one who provides guidance and clears the paths for his/her subordinates in exchange for satisfaction and productivity on the part of employees (Robbins, 2001).

1.2. Statement of the Problem

Decision-making process on governmental stage is a very complex practice. This complexity arises from the fact that government is the largest systematized organization in any country. It is responsible of handling all aspects of societies within country borders. These aspects range over political, social, health, education and economical domains. The wide spread of government responsibilities makes decision styles of government leaders one of the most critical issues in management research.

Most of published researches treat decision-making process as a static phenomenon. These works assumed that elements and factors which affect decision-making process have stationary relationships. Also, the collaborative impact of these relationships on how decisions are generated is based on well-defined laws. This assumption is not valid anymore after information revolution. The accelerated spread of technological solutions in recent decades turns societies into extremely dynamic entities. Perceptions, expectations and interactions of individuals within societies with the government have greatly transformed. As a result, governments have to adapt to these changes. One of the most important adaptations should be performed in decision-making process. There is an extreme need for a research effort which handles decision-making process as a dynamic phenomenon instead of a static one.

Another problematic dimension of decision-making process is due to the fact that most governments are relatively young. After the Second World War, the world witnessed the born of many countries which are based on the modern theory of governance. Most of these countries are just leaving the establishment phase and they are embarking into maturity phase. An example of such country is United Arab Emirates. It is reasonable to assume that decision making styles in establishment phase may not be suitable for the maturity phase. Leadership mentality in these two phases may differentiate. In establishment phase, leadership is advocating for rapid transformation of the society to a civilized and modern state. On the other hand, leadership in maturity phase is more concerned about sustainability and the stable incremental advancements of the country. It is evident that type of decisions, how decisions are made and who are involved in these decisions are totally different in these two phases. The literature lacks a thorough investigation regarding this issue with respect to rapidly developing countries such as UAE.

In Today’s Global competitive world, the only way nation states can become highly competitive and survive is to adapt to the needs of a rapidly changing global environment. Leaders of nation states are therefore required to be positive thinkers because they have a greater role to play in the formulation and implementation of organizational strategies (Abugre, 2014). As agents of national transformation, leaders
Ali Al Yabhouni Al Dhaheri, Tan Sri Prof Dr, Mohd Zulkifli Bin Mohd Ghazali and Mas Bambang Baroto

have the ability to construct the context to which they and their followers must respond to domestic responsibilities. As a result, leader decision making contributes to the determination of the direction of initiatives, and leader knowledge and interest in global development remains a contributory factor in the implementation of success or failure of a nation (Kreitner and Kinicki, 2004). Increased involvement of top-level leaders and forward-focused middle managers may increase the success of such innovative implementation (Bate and Johnston, 2005). Higgs (2003) suggest that a need exists to identify leader behavior conducive to successful knowledge implementation and sustained change. The role of leadership is to ultimately accomplish outcomes for organizations through influencing others (Chung and Lo, 2007). Consequently, Nations are strategizing and reshaping themselves so that they can change quickly to meet the needs of their subjects. For that matter, leadership must emphasize actions that go through changes as quickly and smoothly as possible.

Many writers for example (Marriner-Tomey, 2006; Adair 2007; Marquis and Huston 2009) have acknowledged that decision making is a core leadership behavior. Thus, in the UAE today, strong leadership style and effective decision-making is seen or identified as the driving force behind its rapid development. From a modest beginning and through sound decision of its leadership, the federation of the UAE has been able to amalgamate its different elements for a critical political legitimacy. Its leadership has succeeded in safeguarding the nation’s heritage and Islamic disposition based on development and modernization. The late Sheikh Zayed has been attributed with the management qualities which have succeeded in modernizing and radically improving the living standards of the Emiratis by establishing a strong foundation of statehood from which the UAE has become a respected global actor both politically and economically (Davidson, 2005). Davidson (2005) presents the late Sheikh Zayed as an embodiment of both charismatic and transformational leader who was able to lead the nation in challenging times. He attributes this to effective leadership decision-making as well as the personal qualities of an efficient ruler like charisma, respect, ability to act along with public approval, patronial networks, cultural, religious and ideological resources, and the preservation of identity.

Decision making is an essential feature of effective leadership, yet, according to (Heller 1992), the two areas have the inclination to be researched or treated separately. Nonetheless, many writers are beginning to address the separation between the two concepts in recent times (Marquis and Huston 2009; Marriner-Tomey, 2006) arguing that decision making is a core leadership and management activity. Similarly, Adair (2007) assert strongly that decision making is an essential characteristic of effective leadership, and went further to say that “any leader who aspires to excellence obviously has a vested interest in seeing that the best decisions are taken and that problems are solved in the optimum.” (P. viii). It is argued that effective leadership is the ability to make decisions confidently; therefore, indecisiveness is leadership incompetence (Muchinsky, 2007). Thus, leadership decision making indeed determines the success or failure of an organization or a nation state (Kreitner and Kinicki, 2004).

Clearly the subject matter of leadership and decision-making is very relevant, as an individual’s approach to decision making is likely to be informed by their personal leadership philosophy. Whilst the literature confirms that decision making is a critical part of effective leadership, national leadership programmes do not appear to overtly address this issue. Besides, leadership in the UAE context though has been cited as effective and successful by mouth, it has not been explicitly addressed as a core skill.
requiring professional development input through theoretical contribution. Hence, there are conceptual and theoretical gaps in understanding the nature of leadership and decision making in the UAE. This thesis will attempt to fill this gap. Besides, discussions on great leaders have been offered from mostly Western countries for example; Abraham Lincoln, Winston Churchill etc, have greatly contributed and transformed their respective nation states which have been studied and documented. Yet great leaders from particularly the Gulf regions have not been mentioned. This thesis will focus on aspects of the strategies adopted by the historical and current leaders of UAE in their decision making that made them great personalities in the eyes of their citizens.

Thus, the impetus for a study on leadership and decision making strategies in the UAE was borne out of the dearth and contradiction of research relating to leadership and decision making which have positively transformed a mass of desert areas into a modern and iconic nation state. To this end and in response to calls for further research in the area of leadership and decision making in the global arena, a more rigorous attempt on how and why leadership in the UAE have been touted so much is explored. This is performed through studying The UAE and its leadership from Sheikh Zayed as the achitech of modern UAE to present day leadership and decision making.

1.3. Research Questions of the Study

1. To what extent does leadership style of the UAE influence the country’s current performance?

2. To what extent does Sheik Zayd’s decision-making strategies associated with critical thinking of a good leader by the citizenry?

3. What is the relationship between the UAE’s current developmental pattern and the decision making strategies of Sheikh Zayd and Sheikh Khalifa of Abu Dhabi and Sheikh Mohammed and Sheikh Maktoum of Dubai as visionary leaders of the UAE?

4. To what extent do leadership decision making styles or strategies of the UAE influence the behaviors of the citizens?

5. What are some of the features of the decision-making strategies of leadership in the UAE?

6. What is the relationship between leadership style and decision making strategies in the UAE?

7. What are the differences in decision making styles during the different periods in UAE progress?

1.4. Objectives of the Study

The primary aim of this research is to study the difference of decision-making process of government leadership based on two dimensions. The first dimension tackles the experienced extreme dynamicity of societies in recent years. The second dimension handles the transformation of government leadership styles over different historical phases. The main objectives in this research are:

1. To perform a comparative analysis of government leadership styles in decision-making process over two different historical phases.

2. To define and identify different elements and factors which impact decision-making process over different periods of time.

3. To propose theoretical foundation based on complexity theory for describing how decision-making process evolves over time.
4. To propose a general framework of suggested best practices to be consulted by leadership during decision-making process.

In general, the main goal is to conduct a research that provides a deep knowledge and understanding regarding decision-making process. This knowledge should be utilized to provide practical implementations of this research finding.

1.5. Significance of the Study

In today’s global world, many countries are wishing to experience the emergent growth in effective leadership and decision-making styles. Due to the importance of decision making in the development of organizations and nation states, Singh (2001) argues that decision making is the total task of a manager or leader. Studies supporting the importance of leadership and decision making strategies as the basis of national or organizational effectiveness is clear and unambiguous; yet, research on leadership decision making strategies of the UAE and the causes of leadership success and outcomes is seriously absent. This knowledge gap has created a void of information to guide research and practice aimed at facilitating leadership and decision making strategies in the UAE. Hence, this research will add to the body of literature review surrounding the relationship between leadership style and decision-making and how the governance of UAE has been affected by this relationship. This knowledge will invariably lead to the effective use of leadership styles and decision-making strategies among academic enquirers and leaders or executives of other countries globally. In addition, this research would draw more insight into the individual leadership qualities and traits of the rulers of the UAE from its independence to date. Specifically, this study aims to:

1. Conduct research on the historical decision making strategies of leadership in the UAE
2. Assess the impact of the historical decision making strategies of leadership on the UAE governance and the business environment.
3. Explore the various strategies adopted by the different leaders from the birth of the country in 1972 to date.

1.6 Scope of study

The scope of this study hinges on leadership of the UAE from its independence in 1971 to present day. The basis of the study centers on the decision making strategies of the of the UAE governing body at the time of Sheikh Zayed Bin Sultan Al Nahyan, the founder of UAE and how that journey continues to the present time under the patronage of Sheikh Khalifa bin Zayed Al Nahyan. Similarly, the study will discuss the decision making strategy of Sheikh Mohammed Bin Rashid Al Maktoum and his focus in making Dubai the hub of business in world trade. The method of data collection will involve interviews and survey of the citizens of Abu Dhabi and Dubai including some the ruling Sheikhs who worked closely with Sheikh Zayed and the current rulers of Abu Dhabi and Dubai.

The results will be discussed in terms of five developmental eras, tracking UAE progress since its inception to the present times. The five eras are,

1. Pre union – the period before UAE was established in 1971.
2. 1970 – 1980 – The period which is marked by early development in UAE.
Applicability of Classical Decision-Making Styles in Modern Societies: Five Leaders Theory from Perspective


5. 2000 – present – The final phase is marked by transformation of power to new generation, with death of two founding leaders, Sheikh Zayeb Bin Sultan Al Nahyan in 2004 (May ALLAH bless him) and Sheikh Rashid bin Al Maktoum (May ALLAH bless him) in 2005.

REFERENCES


