Contents

List of Tables vii

List of Figures ix

Preface xi

Foreword xii

Part I Strategy and Strategic Thinking

Introduction to Part I **2**

1 A Conceptual and Operational Framework for Business Strategy **3**

2 Country Strategic Thinking **31**
- 2.1 Could capitalist strategies work in Syria? 31
- 2.2 Dubai and Singapore, enroute to a competitive collision? 40
- 2.3 The future strategic positioning of Libya in the international market 50

3 Corporate Strategic Thinking **59**
- 3.1 Emirates pursuing: Is it the right strategy? 59
- 3.2 Does SABIC have the right vision? 67
- 3.3 Misr Spinning and Weaving – Strategic control too little too late! 74

4 Strategic Behavior **83**
- 4.1 Is privatization the right strategy for SOEs in Egypt, Syria, and Saudi Arabia? 83

Part II Entrepreneurship

Introduction to Part II **98**

5 Conceptual and Operational Framework for Entrepreneurship **99**

6 Personality of the Arab Entrepreneur **117**
6.1 Entry, survival and death of the Arab entrepreneur 117
6.2 Bright and dark side of the Arab entrepreneur 129

7 Capital and Finance **138**
7.1 Would venture capital work in the GCC? 138
7.2 Venture capital: What can Arab institutions learn from the Chinese? 149

8 Strategic Behavior **155**
8.1 Family businesses in the Gulf States, a blessing or a challenge? 155
8.2 When should an "Arab" entrepreneur call it quits? 162

Annex 171

Bibliography 172

Index 177

Part I

Strategy and Strategic Thinking

Introduction to Part I

The purpose of this part of the book is to provide, first, an analysis of the generic foundations of strategy, strategic thinking and strategic management followed by an application to Arab countries and Arab companies. The question at the heart of the analysis is the extent to which the concept "lives" within Arab leaders and executives and whether their application is conceptually and operationally sound.

Three chapters will deal with strategy formulation in three Arab countries chosen for the success or failure of their attempts. Those countries include the emirate of Dubai, Libya and Syria. We consider the formulation of company strategy. and follow the strategic behavior of three Arab companies: Emirates Airlines (UAE), SABIC (Saudi Arabia), Misr Spinning and Weaving Company (Egypt). One last chapter was confined to a specific strategy pertinent to the economic strategies of many of the countries we are dealing with in the area, i.e. privatization.

Country analysis, all in all, explores the attempts and the potential; company analysis the strategic behavior and the success or failure of that. The privatization segment throws light on the practice and puts forward a novel approach for formulation of strategy in this area.

1
A Conceptual and Operational Framework for Business Strategy

The strategy wonderland

Roots and history

Strategy and strategic planning are children of the 1960s. Their fathers, Igor Ansoff and George Steiner, stressed the notion that strategy formulation is a top management function and that strategy making is a systems process where inputs lead to measured outputs. Strategy making, according to those early pioneers, was supposed to be a neat and orderly process. Porter and Hax, the following generation of strategy thinkers, introduced the notion of competition and strategic competitive behavior as dynamic forces within the strategy domain. Strategy became, then, the outcome of turbulence, creativity, competency, and the search for uniqueness within an ever-changing business arena. Others, whose writings appeared later, such as Prahalad and Mintzberg, stressed intent, core competency, sustainable competitive advantage, vision, all as underlying drivers of effective strategic behavior.

Early as well as late entrants into the strategy arena did not agree, however, on a single all-inclusive definition of the phenomenon. Definitions varied, and, as we will explain later, many of those definitions need refinement. The word itself is a derivative from the Greek word *strategos*. Ansoff, Mintzberg, Andrews, and Porter all gave it a connotation befitting an individual conceptual framework and interpretation. Ansoff's definition referred to strategy as "… the common thread among firm's activities" (Ansoff, 1965). Mintzberg's definition stated "… strategy is a pattern in a stream of actions over time" (Mintzberg, 1992). Andrews (Andrews, 1971) defines strategy as "… the pattern of major objectives, purposes or goals and essential policies and plans for achieving these goals, stated in such a way as to define what business the company is in

or is to be in and the kind of company it is or is to be". And Porter says that strategy is "the creation of a unique and valuable position, involving a different set of activities ... " (Porter, 1996).

Strategic management as a discipline, and regardless of the author, has four main teachings (Goldsmith, 1995). The first is to look to the future. Know what market or industry you are in and where you want to be. Second, pay ongoing attention to external factors whether technological, economic, political, and social – that affect the organization's ability to get where it wants to go. Third, establish and maintain a position among those external factors and internal organization variables – finances, employees, special skills, and so on. Fourth, strategic management is iterative. It is not something that can be done at the front end of an operation and then dropped; it entails feed back and learning. These principles may seem like common sense, but that does not make them easy to follow. Managing strategy is a process and not a single event. It demands action and follow-up. A successful strategist continuously searches for a point of dynamic balance between an organization's strengths and weaknesses and environmental threats and opportunities.

Though widely endorsed and applied across corporations and industries, strategy and strategic management have come under attack. A major work that challenged the premises and the applied dimensions of the concept is that of Minzberg (Minzberg, 1994): *The Rise and Fall of Strategic Planning*. Minzberg based his critique on three "fallacies" of the planning model:

- Predetermination: This is the concern with forecasting the future and/or attempting to adapt or control that predicted future;
- Detachment: The abstraction of planning from operations; a reliance on hard data to the exclusion of soft data;
- Formalization: The notion that strategy making can be institutionalized; that systems can be designed to detect discontinuities, consider all the stakeholders, and provide creativity.

The result, according to Mintzberg, has been a great failure at great cost to American business and other organizations.

It is the author's contention that Minzberg's critique, though factual, ignores many other positive aspects of both strategic planning and strategic management. A prime contribution of the field is the focus on environmental change and the impact of that change on an organization's fortunes. Also the introduction of an element of creativity into the

management process as well as the incorporation of an element of concern for the sense of direction an organization should demonstrate.

Conceptual model

Strategic behavior follows a very logical sequence. The starting point is an analysis of the environment, both distant and relevant, and the organization itself. This analysis should highlight maneuvering space that the organization has, the position that it could occupy within that environment, and the goals and objectives that should be set in order to reach that new position, in the longer term. This analysis should also lead to the process of search for a pattern of strategic behavior. Strategic behavior modes, once identified, should lead to a shift in gear towards action, and action should naturally lead to control (Figure 1.1).

What are strategy, strategic planning, strategic management and strategic thinking? As we said earlier, definitions within the entire strategy arena are not always coherent. The author has, therefore, opted to delineate four definition clusters. The first is the concept itself or the term strategy. The second is the time dimension of the concept or what we commonly call "strategic planning." The third is the management process dimension of the concept or what we label as "strategic management." And the fourth, and last, is the mental dimension or what goes into the mind of those who create strategies, i.e. strategic thinking. Those are four inter-related phenomena and their understanding is essential for any discussion of the issue.

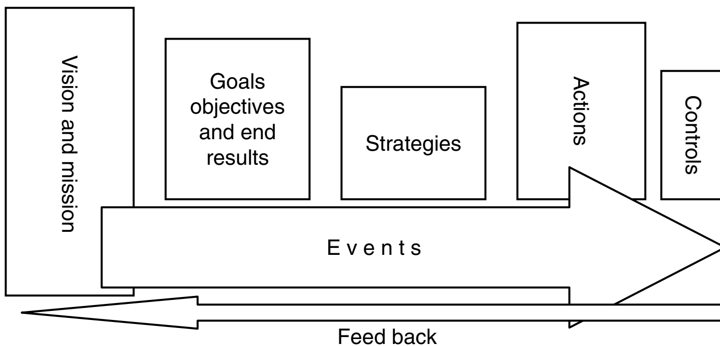

Figure 1.1 A generic conceptual framework for strategy formulation and strategy implementation

What is strategy?

Strategy is the science and art of identifying means for achieving an end.

Strategy is the bridge between goals on the one hand and tactics and actions on the other. Strategy and tactics together straddle the gap between ends and means. In short, strategy is a term that refers to a complex web of thoughts, ideas, insights, experiences, goals, expertise, memories, perceptions, and expectations that provides general guidance for specific actions in pursuit of particular ends. Strategy is at once the course we chart, the journey we imagine and, at the same time, it is the course we steer, the trip we actually make. Even when we are embarking on a voyage of discovery, with no particular destination in mind, the voyage has a purpose, an outcome, an end to be kept in view.

Derived from the Greek, *strategos*, strategy was seen as the "art of the general." Military strategy deals with the planning and conduct of campaigns, the movement and disposition of forces, and the deception of the enemy. The father of modern strategic study, Carl von Clausewitz, defined military strategy as "the employment of battles to gain the end of war." Hence, he gave the preeminence to political aims over military goals, ensuring civilian control of the military. Military strategy was one of a triumvirate of "arts" or "sciences" that govern the conduct of warfare; the others being tactics, the execution of plans and maneuvering of forces in battle, and logistics, the maintenance of an army.

Strategies could have many dimensions. There is a time dimension, a market dimension, a functional dimension, a product dimension, an industry dimension, a gap dimension, a life cycle dimension, etc. We will explore this issue later in this chapter; suffice it to say here, that the use of the term in isolation could mislead and confuse.

What is strategic planning?

Strategic planning is the notion of working within a time framework in order to achieve a stated end.

It is essentially the process of taking inputs (information), organizing and making sense of that information, and producing an output (the plan) that covers a long period of time, and maps out the strategies, goals, and objectives for that period of time. This output, the plan, is expected to keep the organization focused, unified, and likely to succeed in the future, and over a long period of time.

What is strategic management?

In its broadest sense, strategic management is about taking an integrated set of "strategic decisions" touching every managerial aspect of an organization.

It is the process of providing direction, possessing unique competencies, identifying goals, formulating strategies, mobilizing resources, developing actions and exercising control over a foreseeable time frame. It is based on the possession of a core competency and a strategic advantage that would make it possible for the organization to achieve the desired goals.

In other words, strategic management addresses the following questions:

- What business are we in and where do we want to go from here? (Direction, Environmental Scanning);
- What unique competencies do we have and how can we sustain and enhance those? (Sustainable Competitive Advantage or SCA)?
- What goals are driving this business? (Goals);
- What strategies are we following in order to reach our goals (Strategy formulation);
- What resources (skills, assets, finance, relationships, technical competence, and facilities) are required in order to be able to compete? (Resources);
- What actions are we undertaking in order to implement the strategies (Action programming);
- And what controls are we introducing in order to guarantee the congruence of the outcomes with the identified goals and the practiced strategies (Strategic Control).

Strategic management is, in reality, a solid foundation or framework within which all functions of management are bundled together. It is an organization-wide task that starts with scanning of the environment and ends with controlling achievements. It demands the ability to steer the organization as a whole through strategic change under conditions of complexity and uncertainty. It is the highest level of corporate integrative performance.

For strategic management to be successful it should fulfill certain conditions. Prime among those is a shared vision and an action orientation. Secondary but not less important is an element of accountability and control. Last but certainly not least is that it is integrated into the overall management process and supported through a system of participatory involvement.

What is strategic thinking?

Strategic thinking is about visioning and positioning. It is the process of placing a strategically advantaged organization within the right arena. It

is a mindset or a way of thinking about a business or an organization. It is vision triggered, innovation- and creativity-based, and system-oriented. It is also the prerogative of top management and falls within its ability to choose a route and set a direction. It is based on the assumption that existing decision making premises are changeable and should be challenged.

Liedkta (1998) takes analysis a step further and suggests the following five attributes of strategic thinking:

- It reflects a systems view that different parts of the organization influence and impinge on one another;
- It focuses on intent – the challenges to existing thinking and assumptions;
- It involves thinking in time. Strategic thinkers understand the interconnectivity of past, present, and future;
- It is hypothesis driven in that it generates ideas and tasks. The creative question "what if" followed by the critical question "If … then?"
- It is intelligently opportunistic in that it recognizes and takes advantage of emerging opportunities.

Strategic thinking could be looked at from a totally different point of view if one is go back to its roots in war. Strategies are looked at there as what you need when you are conducting one side of a conflict. Since the other side also has a brain, strategies interact in what we may call "a complex, dynamic interaction between two opposing minds."

> The object of strategy, again then, is to concentrate a preponderance of power at the decisive point while persuading the enemy to disperse, and thus to employ strength against weakness. This requires a particular way of thinking, a talent for deceit, surprise, maneuver, feints, and often unexpected or indirect approaches to the objective at hand. Napoleon's dispersed marches and concentrated battles made him a champion of the strategic art. (Crocker, 1998)

Strategic thinking could cease to exist if one perceives that there is

(a) no unifying challenge or threat;
(b) no self-evident basis for establishing priorities amongst objectives;
(c) no focus for mobilizing resources;
(d) no discipline for deciding on where and how to deploy them.

Competition and rivalry, then, are considered discretionary matters, and the challenges the organization prepares for are the ones the organization chooses.

Building blocks of the strategy making process

Strategy analysis

Strategy analysis is the process of identifying forces of external influence as well parameters of internal performance. External influences are exerted by an ever-changing environment, with hostile as much as supportive forces. Parameters of internal performance are reflections of an organization's strengths and weaknesses as well as vision, mission, goals, and objectives.

The seven drivers of strategic behavior

Forces of external influence blend with internal patterns of performance in order to produce what we may term drivers of strategic behavior. Those drivers are determinants of the scope, level, volume, and intensity of strategic behavior within an organization. They include:

- Vision and visionary zeal;
- Hyper-competition;
- Sustainable competitive advantage;
- Globalization;
- Organizational complexity;
- Corporate governance;
- Strategic control.

Let us examine those in some detail.

Vision and visionary zeal: A vision is a desired state of the future (El Namaki, 1992). It is neither a dream nor a vague notion of a future either. It is a tangible and reachable state of both environment and organization, a state that is the product of creativity, have a measurable outcome, emanate from a sense of direction, and be able to motivate others and get them to engage. An example is Dupont's vision. It states that it simply want to "… be the world's most dynamic science company, creating sustainable solutions essential to a better, safer, and healthier life for people everywhere."

Sustainable competitive advantage or SCA: An SCA is value creating processes and positions that cannot be duplicated or imitated by other firms, at least not in the medium term. One has to distinguish between distinctive capabilities and reproducible capabilities. Distinctive capabilities are those that can not be replicated by competitors, or can only be replicated with great difficulty. Examples are patents, exclusive licenses,

strong brands, effective leadership, teamwork, or tacit knowledge. Reproducible capabilities are those that can be bought or created by your competitors; examples are competencies related to technical, financial, open knowledge, marketing and operations functions.

An SCA could provide the backbone of an organization's strength.

Hyper-competition: Competition has never been as intensive as it is today. There is competition from peers but there is also competition from buyers, sellers, substitutes, and, above all, new entrants (Porter, 1980). The observed increase in intensity of competition could, however, be related to three prime factors: shrinking business cycles, the commoditization of products and services, and the provision of knowledge as a product or service

Organizational complexity: Organizations are getting more complex in terms of structure and management. This is the result of the shift to e-business, corporate integration, virtual organizations, and extended value chains. The strong drive towards merger and acquisition in the United States specifically has contributed, significantly, to this complexity.

Globalization: Globalization connotes movement of goods, services, skills, and capital across borders, organizations, cultures, and economic systems within a capitalist free trade system. The motive for corporations is a reduction in costs (labor, taxes, tariffs, etc.) an improvement in the efficiencies of the supply chain, new market entry, improved operations, and attracting new human resource talents.

Corporate governance: Corporate governance refers to the way the corporation is managed, its relationship with the shareholders as well as with the community. It usually explores the composition and performance of the board of directors; who are they and how good are they? The CEO's role, performance and ethics; the non- executive director's role and compensation. Whether there is an Audit committee and if so how well it performs, director's remuneration level, variation, benchmark and relationship to performance, company relationship with the community and assumption of a degree of social responsibility.

Strategic control: Strategic control means different things to different people. This author suggests a definition that connotes dynamic compatibility between the organization and the environment, over the foreseeable time horizon. This definition could lead to the concept of fitness. The prime building blocks of the organization should fit the

environment it is living within. This fitness could relate to the arena where the competitive fight is being conducted, the competencies the organization has or is developing, the resources the organization can muster, and the potential the organization is looking for. There should be a "test" or a measure for each of those elements of fitness.

SWOT analysis

The two dimensions, environment-induced opportunities, and threats as well as organization-rooted strengths and weaknesses, are integrated into what is referred to as SWOT analysis. SWOT is an abbreviation for Strengths, Weaknesses, Opportunities and Threats.

SWOT analysis is an important tool for auditing the overall strategic position of a business and its environment.

Strengths and weaknesses are internal factors. Strength could be a competency in physical distribution or specialist marketing expertise. A weakness could be the lack of a new product or reliance on only a few clients.

Opportunities and threats are external factors. For example, an opportunity could be a developing distribution channel such as the Internet, changing consumer lifestyles that potentially increase demand for a company's products, or the absorption capacity of an emerging market such as China. A threat could be a new competitor in an important existing market, or a technological change that makes existing products potentially obsolete.

SWOT analysis can be very subjective. Company beliefs, norms, and values could have significant impact on considering specific variables as strengths or weaknesses. Position within the managerial hierarchy has an impact too.

The following is an illustration of what could be constituted as strengths or weaknesses for a business organization:

Strengths

- R and D;
- Management team;
- Major client groups;
- Product that can evolve into a product system;
- Leadership qualities of top management;
- Links to centers of excellence.

Weaknesses

- High leverage;
- Low cash resources;
- Narrow composition of the board;
- Weak marketing performance;
- Urgent need for technological shift.

Opportunities

- An emerging market;
- Distribution channels seeking new products;
- Scope to diversify into related markets;
- A newly developed core competency;
- Unique market position.

Threats

- Supplier integrating forward;
- Buyers integrating forward;
- Economic slow down;
- Change in price elasticity;
- Change in cost economies;
- Change in industry scale;
- New entrants.

Drawing conclusions from a SWOT analysis requires prudence and insight. A firm may not necessarily pursue the more lucrative opportunities; rather it may have a better chance at developing competitive advantage by identifying a fit between strengths and upcoming opportunities. An organization may also prefer to overcome a weakness before proceeding with an opportunity exploration. The following matrix provides a projection of the positions an organization may find itself in as a result of one or more of the SWOT elements (Figure 1.2).

Choice of goals and end results

The prime goal of a firm is to achieve an acceptable rate of return on investment or ROI. The viability of a ROI depends on several variables including the cost of capital, the return to risk, and the opportunity cost of the investment.

One can distinguish between growth objectives or goals and efficient objectives or goals. Growth objectives aim at increasing the level of growth variables as sales, assets, market shares, etc. One can segment

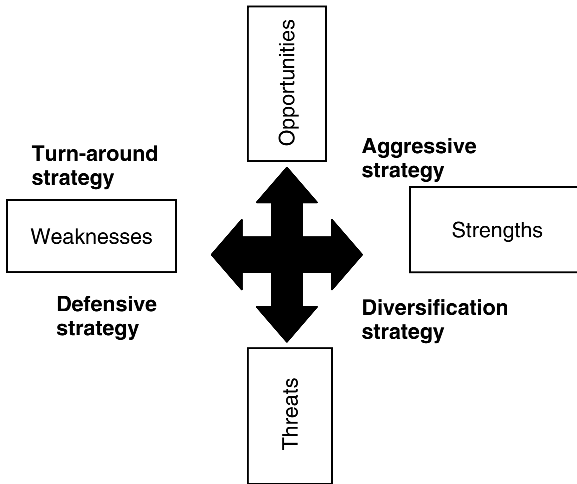

Figure 1.2 The SWOT analysis

those into finance-related growth objectives and market-related growth objectives. Efficiency objectives aim at improving the productivity of the different assets put to use in the course of the business function. Those could include inventories, cash, equipment, buildings; know how, human resources, etc. And one can segment those as Asset-related, Human Resource-related, and Technology-related.

Growth objectives

Finance-related growth objectives

Financial growth objectives focus on achieving acceptable profitability in a company's pursuit of its mission/vision, long-term health, and ultimate survival. Financial growth objectives signal commitment to such outcomes as good cash flow, creditworthiness, earnings growth, an acceptable return on investment, dividend growth, and stock price appreciation (Thomas Strickland, 1998).

The following are examples of financial objectives:

- Growth in revenues;
- Growth in earnings;

- Wider profit margins;
- Bigger cash flows;
- Higher returns on invested capital;
- Attractive economic value added (EVA) performance;
- Attractive and sustainable increases in market value added (MVA);
- A more diversified revenue base.

Market growth objectives

Market growth objectives focus on a company's intent to sustain and improve its competitive strength and long-term market position through creating customer value. They focus on winning additional market share, overtaking key competitors on product quality or customer service or product innovation, achieving lower overall costs than rivals, boosting the company's reputation with customers, winning a stronger foothold in international markets, exercising technological leadership, gaining a sustainable competitive advantage, and capturing attractive growth opportunities (Thomas Strickland, 1990).

Market growth objectives need to be competitor-focused and strengthen the company's long-term competitive position. A company exhibits strategic intent when it pursues ambitious strategic objectives and concentrates its competitive actions and energies on achieving that objective. The strategic intent of a small company may be to dominate a market niche. The strategic intent of an up-and-coming company may be to overtake the market leaders. The strategic intent of a technologically innovative company may be to create a new product. Small companies determined to achieve ambitious strategic objectives exceeding their present reach and resources, often prove to be a more formidable competitor than larger, cash-rich companies with modest strategic intents (Thomas Strickland, 1990).

The following are examples of market growth objectives:

- A bigger market share;
- Quicker design-to-market than rivals;
- Higher product quality than rivals;
- Lower costs relative to key competitors;
- Broader or more attractive product line than rivals;
- A stronger reputation with customers than rivals;
- Superior customer service;
- Recognition as a leader in technology and/or product innovation;
- Wider geographic coverage than rivals;
- Higher levels of customer satisfaction than rivals.

Efficiency objectives

Productivity objectives

Productivity objective are objectives focusing on the improvement of the overall output per man hour levels of the firm. They relate to the productivity of specific inputs as working capital, including inventories, as well as other forms of current assets. The productivity element here refers, mostly, to the speed of the turnover of asset and the improvement of the specific rate of return related to that asset at every turn of the turnover cycle.

Learning objectives

Learning objectives relate to the process of learning that the firm goes through and the impact of that process on productivity and output. Learning could lead to an overall reduction in costs as well as an enhancement of productivity. This is usually reachable through labor efficiency, standardization, and specialization, and methods improvements, technology-enhancement. Better use of equipment, changes in the resource mix, product redesign, value chain effects, network-building, shared experience effects. The learning objectives themselves identify the overall improvement in output as an end result and relate that to one or more of the above mentioned learning triggers.

Return on investment (ROI)

Return on investment is the ultimate goal of the corporation and the goal that should explain the risk element involved in the business venture. Return on investment is the outcome of both growth and efficiency goals outlined above. Measuring a return on an investment requires dividing returns from that investment by the inputs into that investment; the result is expressed as a percentage or a ratio. It is a very popular metric because of its versatility and simplicity at all life cycle stages of a firm or a corporation. It could also lead to important strategic consequences. If an investment does not have a positive ROI, or if there are other opportunities with a higher ROI, then the investment should be reconsidered. This reconsideration is a strategic choice.

The method of calculation of a return on investment can be modified to suit the situation and a lot depends on what one includes in what is considered a return and what is considered an investment. The term

in the broadest sense just attempts to measure the profitability of an investment.

Final note

Let us stress, at the end of this part, that strategic behavior connotes resort to a wide range of concepts and that one should delineate the one concept from the other.

- Vision is the prime guiding spirit of the organization;
- Mission statement is an expression of the reason d'être or the reason of existence of the corporation;
- Goals and objectives are desired end results;
- Strategies are media for goal reach;
- Actions are translations of strategies into programs and activities.

Strategic choice or strategy formulation

This process of expressing a strategic choice or formulating a strategy involves understanding the nature of stakeholder expectations, market and competitive conditions and an organization's vision and goals. Strategy choice or strategy formulation could involve either of four approaches or a combination of two or more. The first approach is the mental one: we think and we develop a state of mind. The second is proactive where we express wishes or intent (Hamel 1994). The third involves analysis; we analyze issues and depend on the analytical outcome. And last but not least, we take temporary decisions and let those evolve, over time, into a strategic pattern. Whether to go for thinking, analysis or any of the other alternatives depends on a number of factors. These include the position the organization is in, the resources the organization possesses (financial, human and competencies), current strategy, degree of external dependence, risk tolerance, internal disputes, timing, and anticipated competitive reaction.

Analysis is the most observed pattern. Analysis has its roots in two models that were developed in the early stages of strategy evolution. The first is Ansoff's growth matrix and the second is BCG's portfolio. Ansoff's growth matrix traces two decision variables, product and market, over time and could be regarded as a time-based tool. BCG's portfolio analysis embodies the dynamics of capitalist or free market thinking and the way business is viewed as a series of transactions aiming at return

maximization. The SBU is a medium of transaction and SBU possession or dispossession is a function of factors that rise above a preference for a product or an industry or a passion for a technology.

Ansoff's growth matrix

Ansoff's product/market growth matrix (Figure 1.3) suggests that a business' attempts to grow depend on whether it markets new or existing products in new or existing markets. New products and markets could relate to the existing products and markets or could be distant and unrelated.

The output from the Ansoff product/market matrix is a series of suggested growth strategies that set the direction for the business strategy. These are described below:

Market penetration: Market penetration is a growth strategy where the business focuses on selling existing products into existing markets. Market penetration seeks to achieve four main objectives:

1. Maintain or increase the market share of current products,
2. Secure dominance of growth markets.
3. Restructure a mature market by driving out competitors.
4. Increase usage by existing customers.

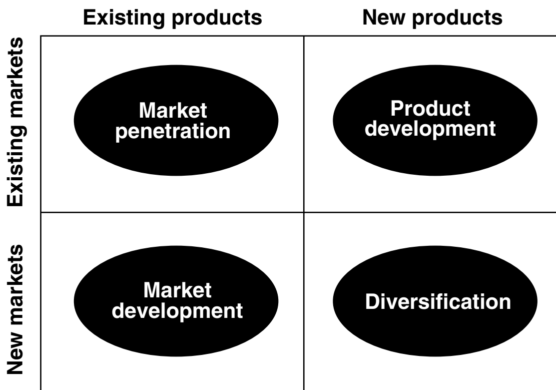

Figure 1.3 Ansoff's growth matrix

Market development: Market development is a growth strategy where the business seeks to sell its existing products into new markets. There are many possible ways of approaching this strategy, including entry into new geographical markets; new product dimensions or packaging, new distribution channels, different pricing policies to attract different customers or create new market segments

Product development: Product development implies the introduction of new products into existing markets. This strategy may require the development of new competencies and requires the business to develop modified products which can appeal to existing markets.

Diversification: Diversification is a growth strategy where a business markets new products in new markets. This is an inherently more risk strategy because the business is moving into markets in which it has little or no experience.

BCG portfolio analysis

The BCG matrix is a strategy formulation tool that creates a close association between a strategy and two prime variables: the relative market share and the rate of industry growth. The purpose of the analysis is to determine the best strategy for each attribute or combination of attributes. The result is the identification of four areas of those combined attributes: the High Growth Rate, High Market Share area or Star, the Low Growth Rate, High Market Share area or Cash Cow, the Low Growth Rate, Low Market Share or Dog, and the High Growth Rate, Low Market Share area or question mark.

Stars are usually the promising SBUs and the relevant ones for the longer term. Their high growth rate requires heavy investment, but it is highly likely that they will reward the attention by producing high margins and strong cash flow. Cash cows should attract attention only to the extent that investment there should protect market share and cash flows. Because of their maturity, cash cows typically do not require much development capital anyway. Cash cows are an extremely valuable asset to the business. Without them, the firm would need to rely far more heavily on external capital for funding the growth of stars, or troubleshooting question marks. Innovation in cash cows is typically aimed at increasing cash flow, for instance by reducing transactional costs so as to increase margins.

Dogs are symbols of poor growth. Strategic behavior there is most likely to be of the divestment and or end gap type. This implies

withholding further investment, milk for any cash that can be generated and then divest, selling the business to another firm or closing it down, or if a part of the business is promising enough, focusing on growing that niche practice only.

Question marks have uncompetitive cost structures because of low market share, and could develop one of two ways. If market share can be grown, then they may become stars and later, cash cows. If not, then as maturity sets in, growth slows as price competition heats up and they turn to dogs. Careful analysis is required to determine whether to invest in growing market share. The BCG model suggests that if a question mark has worthwhile prospects, investment should be made to grow market share (Figure 1.4). If not, then that brutal reality needs to be faced and no further investment made.

As we said earlier, the BCG is a dynamic strategy formulation tool that lends itself to broad application.

Strategy implementation

Often the hardest part. When a strategy has been analyzed and selected, the task is then to translate it into organizational action. The following chart provides a view of the outcome of strategy implementation under different conditions of execution. A combination of sound strategy and sound execution provides a high probability of successful reach of the identified objectives. A flawed strategy combined with a flawed execution could result into a doom scenario. Marrying a sound strategy to a flawed execution could only lead to murky performance and the opposite could spell disaster!

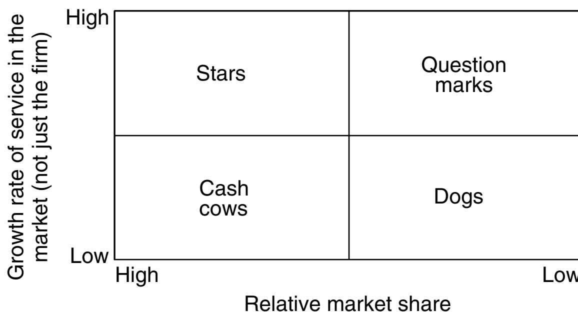

Figure 1.4 The BCG portfolio matrix

Strategic change is implemented through a series of steps that an executive must follow if the change process is to succeed. The first step in the change process is determining the need for change. The second step is identifying the obstacles to change that may prevent a company from reaching its desired future state. Obstacles to change are found at the corporate, divisional, functional, and individual levels. Important obstacles include the inertia produced by an organization's present strategy, structure, culture and differences in divisional and functional goals and interests. The third step is to search of ways and means of overcoming resistance including the use of power to introduce relevant measure including culture change.

Degree of strategic shift

Success or failure at strategy implementation could depend, to a very large extent, on the degrees of strategic change and whether the suggested strategy or strategies represent a major or a minor strategic shift. Major environmental change may dictate a far reaching adjustment in the premises of the business model and a major strategic shift becomes a necessity. The state of the competitive environment may also point into that direction. A major strategic shift connotes the following:

- Major repositioning;
- Unrelated product development;
- Unrelated market development;
- Technology shift;
- Major portfolio adjustment;
- Major cultural shift;
- Major succession (CEO and Board);
- Minor M&A.

Minor strategic shifts could imply:

- Minor repositioning;
- Related product development;
- Related market development;
- Technology adaptation;
- Minor portfolio adjustment;
- Continuation of current top management;
- Major M&A.

Major strategic shifts are more compelling and far reaching in impact than minor ones. Their implications could touch every aspect of structure, manning, performance, and even technology. Major strategic shifts could require change in:

- CEO profile and orientation;
- Some top and middle management executives;
- Organization Culture;
- Organization structure;
- Resources, financial, human-related, or technology-based.

Top management succession and corporate culture adjustment are probably the most serious implications of a major strategy shift.

Possible CEO and top management succession

Change in CEOs is usually the most dramatic implication of a major strategy shift. The rule is that a CEO should both fulfill the fundamental requirements of a CEO, and match the strategic requirements of the new strategic outlook. As to the basic requirements, a CEO should certainly during a phase of strategic shift, be able to take unpleasant decisions and demonstrate exceptional communication skills. He should also know how to manage power, be able to demonstrate situational leadership, and also be able to manage cultural change. As to his "strategy fit", all depends on the industry, the competitive environment within that industry, the core competencies of the corporation itself, and its strengths and weaknesses.

Strategy-based CEO succession is a treacherous process. Some key questions have to be answered before a fitting CEO may be identified. These may include:

- Has the candidate performed activities and set and achieved goals comparable to those outlined in the firm's strategy map?
- What kinds of results has the candidate had?
- Will the candidate's skills transfer well to the new firm?
- Did the candidate engage and inspire other managers by participating in the implementation of key activities and initiatives?
- Did she/he set and achieve realistic goals, overcoming hurdles along the way?
- What are the potential risks that the candidate will not achieve success in the new firm, even though successful at the former one?

Role of organization culture

Organizational culture or corporate culture is the set of values, attitudes, experiences, and beliefs an organization adopts. Put differently, an organization's culture is the set of norms that create powerful precedents for acceptable behavior within the firm. These unwritten "rules of the road" create expectations around acceptable risk, change orientation, creativity, and innovation, group versus individual effort, customer orientation, extra effort, and more. Culture is a powerful force and can provide an engine to achieve market success or an anchor pulling the firm toward failure.

One of the several methods of examining organization culture and identifying its element's is Charles Handy's. Handy (1985) popularized a method of looking at culture which some scholars have used to link organizational structure to organizational culture.

He classified corporate culture as either:

- Power culture which concentrates power among a few. Control radiates from the center with few rules and little bureaucracy.
- Role culture in which people have clearly delegated authorities within a highly defined structure.
- Task culture where teams are formed to solve particular problems. Power derives from expertise as long as a team requires it. Such cultures often feature the multiple reporting lines of a matrix structure.
- A person culture exists where all individuals believe themselves superior to the organization. Survival can become difficult for such organizations, since the concept of an organization suggests that a group of like-minded individuals pursue the organizational goals.

Corporate culture's of whatever kind could be strong or weak. A strong culture is clear and explicit, allows time for communication, contains a value statement or statements, has everybody sharing values and norms, and implies careful screening of newcomers and encouragement of new culture bearers. This type of culture is of paramount importance to strategy implementation; it could contribute to success or failure of strategy through the provision of a strong support set of norms and values, the provision of system information, motivation of people, creation of a company identity and, finally, creating peer pressure.

It may interesting here to refer to the fact that a lack of culture fit may require a change and this is not a simple feat. Change requires time and a strategy of its own. It generally resorts to three methods: crisis, succession,

and rewards. A crisis situation may allow a restructuring of operations and the assignment of new roles and responsibilities. Succession could provide a swift method for replacing old culture endorsers with new culture believers. Rewards may encourage peer desire for equity and recognition. The problem, however, is that those methods are time consuming. A period of three to seven years may be required in an average organization depending on the state of the culture; organizations could die before reaching the desired culture change. Finally, culture change to accommodate strategy shifts may prove to be fatal to the organization itself!

Corporate culture change is a controversial issue and should be approached with great care.

Action programming

Action programming is the medium for strategy conversion into decisions and activities. Action programs are logical sequences of actions that must be undertaken to implement endorsed strategies. They include a step-by-step listing of:

- The goals;
- The strategies to be pursued in order to fulfill the goals;
- Actions to be taken to make the strategies realities;
- Resources to be allocated to the actions;
- People responsible for action taking;
- Operational and managerial control measures for action taking and goal fulfillment.

Control

Strategic control

Strategy analysis formulation and implementation is a waste if there is no strategic control (El Namaki, 2006). Massive energies put into environmental scanning, SWOT, the search for strategic moves, and the management of change is all wasted if there is no strategic control. Yet this is exactly what many companies do today. They confine considerable resources to "where we plan to be" instead of "where we ought to be".

The problem, however, is that strategic control means different things to different people. Definitions, and at times understandings, given by key authors from Anthony to Kaplan, endorse this conclusion. Some definitions resort to the popular and others seek safety into the familiar.

Some place the issue within the management control framework (Anthony and Govindarajan, 1998). Others position it within a "balanced score card" framework implying that the balanced score card provides "strategic control systems that measure efficiency, quality, innovation and customer response" (Kaplan and Norton, 1992). Some others make it even simpler by stating that strategic control is "the process by which managers monitor the ongoing activities of an organization and its members and take corrective action to improve performance when needed" (Hill and Jones, 2004). None of these tackles the core issue of dynamic change and organization fitness within a new set of realities.

The balanced score card

The balanced score card is a control tool that, presumably, provides a measure of strategic control. It focuses on two perspectives: an internal perspective and an external perspective. The internal perspective focuses on employee perspective (how do we look to individual employees and to employee groups), a business process perspective (what must we excel at?), innovation and learning perspective (where are our new products and processes coming from?). The external perspectives focus on customers, shareholders, other primary stakeholders, and secondary stakeholders.

Levels of strategy making

Strategy at different levels of a business

Strategies exist at several levels in any organization – ranging from the corporate or the uppermost level of the business (or group of businesses) to the Strategic Business Unit (SBU), or the "strategic molecule" of the organization.

Corporate strategies focus on the overall purpose and scope of the business to meet stakeholder expectations. This is a crucial level since it is heavily influenced by investors in the business and acts to guide strategic decision making throughout the business.

Business Unit Strategies relate to how a business competes successfully in a particular market. It concerns strategic decisions about choice of products, meeting needs of customers, gaining advantage over competitors, exploiting or creating new opportunities.

Functional strategies are concerned with how each part of the business is organized to deliver the corporate and business-unit level strategic direction. Operational strategy therefore focuses on issues of resources, processes, people (see Figure 1.5).

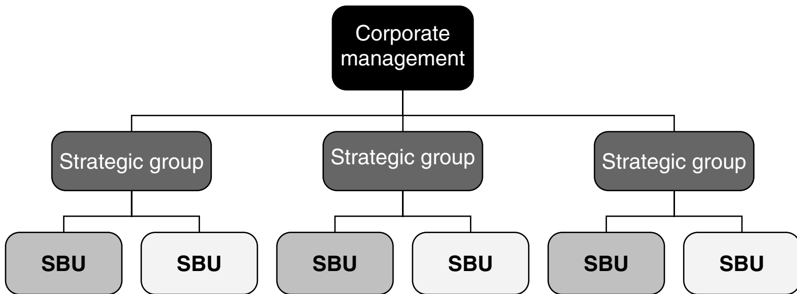

Figure 1.5 Corporate levels of strategy formulation

An SBU is a business unit within the overall corporate identity which is distinguishable from other business because it serves a defined external market where management can perform strategic choices. An SBU could be a division, a product line, or a brand that has an objective and mission different from other company business and that can be marketed independently.

An SBU could also be regarded as a cluster of activities within the organization that represents:

- A financially independent operation, i.e. a business with its own revenues, costs, and results.
- An independent organization with its own building blocks of an organization.
- A clearly delineated market segment.
- A specific technological competency.

The acid test with an SBU or the way to judge whether an SBU is an SBU is simply the ability to divorce or separate this unit from the rest of the organization without adverse repercussions.

Strategy at different levels of the environment

Strategies are formulated at different levels within the environment. There are strategies that are formulated at supranational or global level, there are strategies that are formulated at national levels and there are strategies that are formulated at corporate level. Conventional analysis featuring in a sizable portion of strategy literature focuses on strategy formulation at the corporate level. What an organization, mostly looked at as corporation, does in terms of strategy formulation is the prime

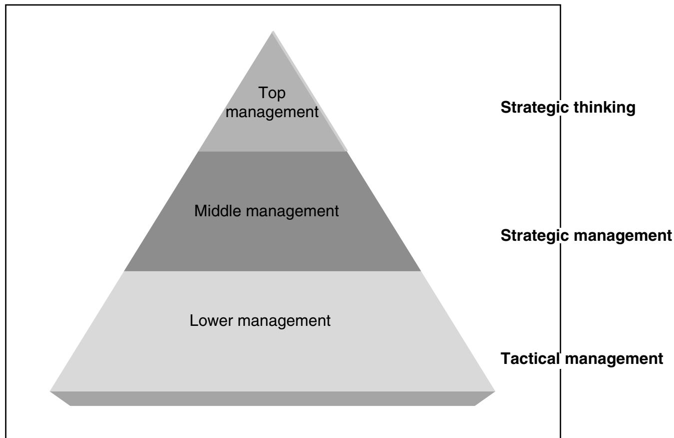

Figure 1.6 The three levels of strategic behavior

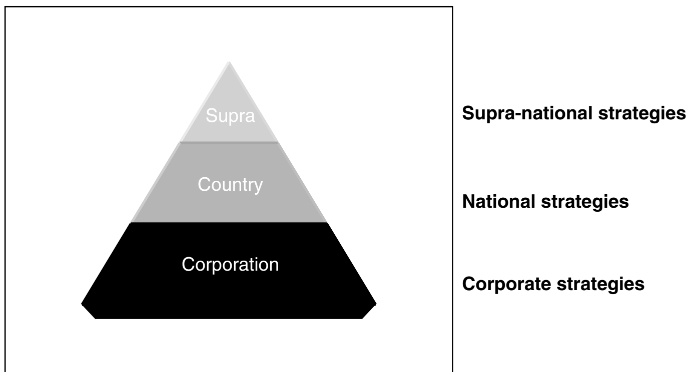

Figure 1.7 "Macro" levels of strategy formulation

concern of the majority of these writings. Strategy formulation at country level or what countries do in terms of strategies is seldom addressed within the main stream strategy literature. What supranational organizations as well as country alliances do in terms of strategy formulation received attention only to the extent that it touched a corporate concern, i.e. within multinational and transnational corporations?

What the author suggests is the existence of three layers or levels of strategy formulation, each with players, system flows, and own environmental forces (Figure 1.7).

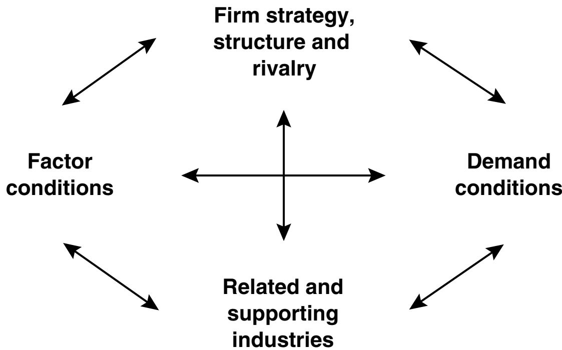

Figure 1.8 Porter's four determinants of national competitive profile

Strategy formulation follows, at all three levels, the basic conceptual framework described above. Work done by Porter in identifying the competitive forces surrounding a nation and how they shape the strategic behavior of that nation is illustrative of this approach. Porter's "Diamond Analysis" (Porter, 1980) rests on an analysis of four forces that combine in order to produce the ultimate competitive positioning of a nation. These are factor conditions, demand conditions, firm strategy and rivalry and, last but not least, related and supporting industries (Figure 1.8).

The fluctuating fortunes of strategy as a discipline

Mintzberg's rise and fall of strategic planning

Strategic planning as conceived by Mintzberg has had heydays and dog days and an analysis of both led him to conclude that the trend was downwards. He put this conclusion in a book, *The rise and falls of strategic planning* (1994) that gained quick fame and considerable response. The book conveys a set of "fundamental fallacies of strategic planning."

Mintzberg came to his conclusion through analysis. First, he established a definition of planning: "A formalized procedure to produce an articulated result, in the form of an integrated system of decision". He further said that formalization means: 1) decomposition; 2) articulation, and 3) rationalizing the process. Second, Mintzberg focused on the planning school that is represented by models developed by Igor Ansoff and George Steiner. There is a review of the increasingly formal, detailed

steps, checklists, and techniques of the planning school. Mintzberg argues that under this school's model, strategy formulation is lost, creativity is squeezed out while implementation is greatly elaborated and provides great powers of control.

The result, according to Mintzberg, has been a great failure at great cost to American business and other organizations. The failures are documented with the use of survey results, case histories, and further analysis of the literature. One of the cases discussed is that of General Electric, described by some as having the most effective strategic planning system in existence in the 1970s. This system was dismantled by the one time CEO, Jack Welch.

Mintzberg then argues that the cause of these failures is implicit in the "fallacies" of the planning model, which he describes as the fallacies of:

- Predetermination: This is the concern with forecasting the future and/or attempting to adapt or control that predicted future;
- Detachment: The abstraction of planning from operations; a reliance on hard data to the exclusion of soft data;
- Formalization: The notion that strategy making can be institutionalized; that systems can be designed that can detect discontinuities, consider all the stakeholders and provide creativity.

Each of these fallacies is shown to contribute to the grand fallacy stated earlier.

Mintzberg suggests, as an alternative, that strategy formation should be the province of the decision makers: "In effect, the strategy-making process … must be seen as an impenetrable 'black box' for planning as well as for planners, around which, rather than inside of which, they work" (p. 331). Thus, says Mintzberg, what is now called strategic planning should be called strategic programming. The key to effectively implementing all the foregoing is to combine analysis and intuition and to recognize planning as the handmaiden of decision making.

Mintzberg's conclusion, regardless of the underlined areas of weakness, has been borne out by the facts of the late 1990s and the early 2000s. The practice of strategy today is more the result of intuitive creativity than rigid system flows. Those early models he has been referring to were, let us remember, the product of a different environment and different market forces. Today's fast environmental change and different market texture make creativity in strategy formulation almost mandatory! And puts strategy formulation within the hands of a different group of individuals from those envisaged in the 1970s and the 1980s, the years Mintzberg is referring to!

Summary and conclusions

Strategy and strategic planning are children of the 1960s. Their fathers, Igor Ansoff and George Steiner, stressed the notion that strategy formulation is a top management function and that strategy making is a systems process where inputs lead to measured outputs. Porter and Hax, the following generation of strategy thinkers, introduced the notion of competition and strategic competitive behavior as dynamic forces within the strategy domain. Others, whose writings appeared later, as Prahalad and Mintzberg, and others, stressed intent, core competency, sustainable competitive advantage, vision, all as underlying drivers of effective strategic behavior.

Strategic management as a discipline, and regardless of the author, has four main teachings (Goldsmith, 1995). The first is to look to the future. Know what market or industry you are in and where you want to be. Second, pay ongoing attention to external factors whether technological, economic, political, and social – that affect the organization's ability to get where it wants to go. Third, establish and keep in touch with those external factors and internal organization variables – finances, employees, special skills, and so on. Fourth, strategic management is iterative.

A few definitions would be in place here:

- Strategy is the science and art of identifying means for achieving an end.
- Strategic planning is the notion of working within a time framework in order to achieve a stated end.
- In its broadest sense, strategic management is about taking an integrated set of "strategic decisions" touching every managerial aspect of an organization.
- Strategic thinking is about visioning and positioning.
- Strategic behavior starts with analysis and ends with control. In between lay the processes of strategy formulation and strategy implementation.

Strategy analysis is the process of identifying forces of external influence as well parameters of internal performance. External influences are exerted by an ever-changing environment, or an environment with hostile as much as supportive forces. Parameters of internal performance are reflections of the organizations strengths and weakness as well as the organization's vision, mission, goals, and objectives.

The seven drivers of strategic behavior are:

1. Vision and visionary zeal;
2. Hyper competition;
3. Sustainable competitive advantage;
4. Globalization;
5. Organizational complexity;
6. Corporate governance;
7. Strategic control.

The two dimensions, environment-induced opportunities and threats as well as organization-rooted strengths and weaknesses, are integrated into what is referred to as SWOT analysis. SWOT is an abbreviation for Strengths, Weaknesses, Opportunities, and Threats.

SWOT analysis is an important tool for auditing the overall strategic position of a business and its environment. Strengths and weaknesses are internal factors. Strength could be a competency. Opportunities and threats are external factors. Drawing conclusions from a SWOT analysis requires prudence and insight.

The prime goal of a firm is to achieve a viable rate of return on investment or ROI. ROI is achieved through growth and efficiency objectives. Growth objectives aim at increasing the level of growth variables as sales, assets, market shares. We can segment those into finance-related growth objectives and market-related growth objectives. Efficiency objectives aim at improving the productivity of the different assets put to use in the course of the business function.

Index

Abu Dhabi, 65, 159
achievement motivation, 130, 131–2
  characteristics and attitudes, 114
action program, 23
actualization, 101, 102
Africa, 51, 60, 81
Air France, 60
Al Habtoor Group, 159–60
Al Tomooh and Sheik Moh Ben Rashid Foundation, 145
Albert, M., 109
Algeria, 83
American venture capital firm, 144
Anglo-Saxon model, 109
Ansoff, I., 3, 27, 29
Ansoff's growth matrix, 16, 17–18
Anthony, R., 24, 75
Arab entrepreneur, 117
  bright side, 129–30: achievement motivation, 131–2; locus of control, 132–3
  call it quits, 162–3: performance-related sign of trouble, 164; personal goal, 163–4; person-related sign of trouble, 165; re-entry, 168; seriousness of issue, 165–6; situation, 168–9
  dark side, 129, 130: distrust of environment, 133–4; propensity to enterprise, 134–5
  entry barriers: biased business choice, 124; conditions for exit, 125; finance, 125; lack of identity, 124; minority status, 124; motivation, 123; non-guided entry, 124–5; non-guided project choice, 124; regulation, 123–4; understanding and choosing technology, 125
  exit barriers: cost, 127; lack of alternatives, 127; restart, 127; social stigma, 127
  propensity to enterprise, 119–21
  self-employment, 118–19
  small business sickness, 121–2: source, 122; types, 127–8
  survival barriers: administrative and regulatory requirement, 125; daily conduct, 125; finance, 126; market information, 126; technology shifts, 126; unfair competition, 126
Asia, 60, 79, 109
Asian entrepreneur, 143
Asian model, 109
Australia, 60, 131

Bahrain, 69, 155
Bahrain Monetary Agency, 144
balanced score card, 24, 75
BCG portfolio analysis, 18–19
Boulding, K., 32, 105
Brazil, 72
British Airways, 60
Buckman, R., 150
business performance-related problems, 166, 167

capital
  in Dubai, 43
  in Singapore, 45
capital market, 35
capitalism, 32
  quasi-European type, 38–9
capitalist thinking system
  entrepreneurial behavior root, 105: breeds, 108–9; inputs, 105–7; outputs, 108; transformation mechanism, 108
  in Syria, 32: breed, 38–9; disabling conditions, 37–8; enabling conditions, 37; feedback, 37; GDP growth, 37; input, 35; output, 33, 37; system-specific quantitative parameters, 34;

capitalist thinking system – *continued*
transformation mechanism, 33, 36–7
Chief Executive Officer (CEO)
of family firms, 159–60
succession, 21
China, 52, 70, 72, 149
venture capital: corporate VC fund, 152; government as enabler, 151; managed intervention, 153; provincial government VC fund, 152–3; structure, 150–1; unique products, 151–2; university VC fund, 152
China New Technology Start-up Investment Company, 150
Clausewitz, Carl von, 6
competitive rivalry, 63
contemporary, 91, 101
core competency fitness test, 77
corporate culture, 22–3
corporate governance, 10
created value added, 110
creative destruction, 32, 99
culture's consequences and dimensions, 130, 133, 134, 168, 169

detachment, 4, 28
distrust of environment, 133–4
diversification, 18, 63, 64
Drucker, P., 99–100, 101, 109, 110
Dubai, 40, 160
analytical framework, 41–2
capital, 43
demand condition, 43
firm strategy, 44
government, 43, 60
infrastructure, 42
investment climate, 43
labor, 42
labor market, 42, 43
learn form Singapore's mistakes, 49–50
relatedness and supporting industry, 43–4
and Singapore, comparative view, 47–9
Dubai Chamber of Commerce, 155
Dubai Islamic Bank, 145
Dutch petrochemical corporation (DSM), 69

economically active population, 111, 120
efficiency objectives, 13, 30
learning objectives, 15
productivity objective, 15
Egypt, 57, 83, 86–7, 121, 130, 131, 132–3
external orientation parameters, 87–8
government, 88–9
public enterprises, competitiveness, 88
strategic choice, 88–9
El Namaki, M., 9, 23, 52, 53, 111, 119–20, 121, 123, 131, 134, 135
Emirates Airlines, 59–60
business model, 61–2
competitive profile, 60–1
strategic behavior, 63
strategy, 62–4; effectiveness, 64–7
employer, 111, 119
entrepreneur, 99, 100–101
function, 101–3
see also Arab entrepreneur
entrepreneurial behavior root
capitalist thinking system, 105: breed, 108–9; input, 105–7; output, 108; transformation mechanism, 108
entrepreneurial traits, 103–5
entrepreneurship, 99–100
capitalist thinking, implication, 109–10
demand-side perspective, 113
free market thinking, implication, 109–10
measurement, 111–12
supply-side perspective, 112–13
Etihad Airways, 65
Europe, 60, 79, 109, 156
European model, 109

family business, 155
in GCC state: case studies, 158–60; conglomeration, 161; divergence areas, 157–8; explicit SCA, absence, 162; exploiting opportunities made by national development strategy, 160–1; innovation or R&D, 161; manufacturing or processing, connection with, 161; respect scale, 161–2; response to government strategy, 161; share and management, 156–7
Far East, 60, 90
financial growth objectives, 13–14
Flanagan, M., 64–5
Ford, 74–5, 78, 79
Foreign Direct Investment (FDI), 45, 46, 149, 151
formalization, 4, 28
France, 156

Gao, J., 151
Geleen, 69
Gelsenkirchen, 69
GEM (Global Entrepreneurship Monitor) report, 112, 139, 142
Germany, 156
Global Emerging Markets Group, 144
globalization, 10
Goldsmith, A., 4, 29
Goodman, J. B., 84
Govindarajan, V., 24, 75
growth objectives, 12–13, 30
financial growth objectives, 13–14
market growth objectives, 14
Gulf Air, 60
Gulf Cooperation Council (GCC) state, 138–9
family business, 155: case studies, 158–60; conglomeration, 161; divergence areas, 157–8; explicit SCA, absence, 162; exploiting opportunities made by national development strategy, 160–1; innovation or R&D, 161; manufacturing or processing, connection with, 161; respect scale, 161–2; response to government strategy, 161; share and management, 156–7
venture capital in, 139–40: case studies, 144–5; experience, 142–3; growth, 147–8; investor, 140–2; small business finance, 139, 145–6; types, 143–4
Gulf Finance House (GFH), 144

Handy, C. B., 22
Harvey, V., 46
Hill, Charles W. L., 24, 75
Hofstede, G., 130–1, 133, 168
HSBC fund, 145
hyper-competition, 10

ILO (International Labor Organization), 111, 118, 119
India, 70, 72
individualism, 130, 169
industry fitness test, 76–7
infrastructure, 57
in Dubai, 42
in Saudi Arabia, 71
in Singapore, 45
Injazat Technology Fund, 144–5
instability in Middle East, 71
international market
Libya's strategic position, 50–1: SBAs, 51–3, 54–7; starting position, 53–5
International Monetary Fund (IMF), 83, 85
intrapreneurship, 100
investment climate
in Dubai, 43
in Singapore, 45–6
Iran Foreign Investment Corporation (IFIC), 145
Iraq, 59
Ireland, 117
Irish Development Authority (IDA), 117
Islamic Corporation for the Development of the Private Sector (ICD), 144

Islamic Development Bank (IDB), 144

Japan, 117
Jayid, A. Ahmed, 83
Jones, G. R., 24, 75
Jubail United Petrochemical Co., 69

Kaplan, R. S., 24, 75
Ketz de Vries, M., 100, 129, 136
Khalaf Al Habtoor, 159
KLM, 60
Kodak, 74, 78
Korea, 177
Kuwait, 155

labor
  in Dubai, 42
labor market
  in Dubai, 42, 43
learning objectives, 15
Lebanon, 59, 160
Libya, 50–1, 155
  government, 51
  SBAs, 54–7: energy, 56–7; global positioning, 51–3; tourism, 57
  starting position, 53–5
Liedkta, J., 8
locus of control, 132–3
logistics, 71
long-term orientation, 130
Loveman, G. W., 84
Lufthansa, 60

Malaysia, 117, 126, 138
management, 101, 122, 152
managerial role, of entrepreneur, 102–3
Mandel J., 107
market development, 18, 63
market growth objectives, 14
market penetration, 17, 63
masculinity, 130
McClelland, D., 100, 113, 114, 130, 131
Mexico, 72
Middle East, 59, 60, 63, 67, 69, 71, 81, 90
military strategy, 6
Mintzberg, H., 3, 4, 27–8, 100, 102
Misr Spinning and Weaving, 79–81, 88
Mohammed Al Habtoor, 160
Mohieddin, Mahmoud, 81
Morocco, 121, 155
motivational need
  types, 113–14

the Netherlands, 38, 41, 73, 75, 163
Nordhaus, D., 107
Norton, D. P., 24, 75

Omar Effendi, 83
open skies policy, 60–1
organization culture, *see* corporate culture
organizational complexity, 10
own account worker, 111, 119

paid employment, 110, 121
Palestine, 59
person-related problems, 166, 167
petrochemical industry, 68, 69–70, 72–3
Pettijohn, T. F., 132
Phang, Sock-Yong, 44
planning model
  fallacy, 4, 28
Polaroid, 74, 78–9
Porter, M. E., 4, 10, 27, 41, 62, 70
Porters "Diamond Analysis", 27, 41, 42
potential fitness test, 76
power distance, 130, 169
power of buyers, 63
power of suppliers, 62
predetermination, 4, 28
private equity finance, *see* venture capital
privatization, 83, 84
  in Egypt, 86–7: external orientation parameters, 87–8; public enterprises, competitiveness, 88; strategic choice, 88–9
  in Saudi Arabia, 92: external orientation parameters, 92–3; public enterprises, competitiveness, 93–4; strategic choice, 94–5

privatization – *continued*
 strategic options matrix, 85–6
 in Syria, 89–90: external orientation parameters, 90; public enterprises, competitiveness, 91; strategic choice, 91–2
product development, 18, 63
productivity objective, 15
propensity to enterprise (PTE), 111, 119–21, 131, 134–5

Qantas, 60

raw material supply, 71
Ray, J. J., 131
"Reach" program, 70
resource fitness test, 77
return on investment (ROI), 12, 15–16, 30
The rise and fall of strategic planning, 4, 27–8
Russia, 72

Samuelson, P., 107
Saudi Arabia, 67, 73, 90, 92, 121, 131, 132–3
 competitive advantage, 70–1
 external orientation parameters, 92–3
 government, 68, 94
 public enterprises, competitiveness, 93–4
 strategic choice, 94–5
Saudi Basic Industries Corporation (SABIC), 67–70, 93–4
 base chemical, 73
 competitive advantage real, 73
 down stream, 73
 issue of size, 74
 vision and strategy, 71–3
Saudi Economic and Development Company (SEDCO), 145
Saudi Telecommunication Co (STC), 83, 92
Schumpeter, J., 32, 99, 100, 115
self-employment, 111, 118–19
shared services organization, 69, 72
Sheikh Ahmed bin Saeed Al Maktoum, 64–5, 159
Shirley, M., 83, 86
sickness, 121–2
 source, 123
 types, 127–8, 165
Singapore, 38, 40, 41, 44
 analytical framework, 41–2
 demand condition, 46
 and Dubai, comparative view, 47–9
 firm strategy, structure and rivalry, 46–7
 foreign direct investment, 45
 government, 46
 infrastructure, 45
 investment climate, 45–6
 relatedness and supporting industry, 46
 strong workforce, 45
 venture capital, 45
small business, 117, 141, 146
 sickness, 121–2: source, 123; types, 127–8
small business finance, 139, 147–8
 needs, 145–6
South Korea, 52
Spreng, D., 143
Steiner, G., 3, 27, 29
strategic behavior, 5, 18
 drivers, 9–11, 30
 levels, 26
Strategic Business Arenas (SBAs)
 energy, 56–7
 global positioning, 51–3
 tourism, 57
Strategic Business Unit (SBU), 17, 24–5, 52, 69, 159
strategic choice, 16–17
 for Egypt's textile industry, 88–9
 for Saudi Arabia's SABIC, 94–5
 for Syria's telecommunication industry, 91
Strategic Competitive Advantage (SCA), 162
strategic control, 10–11, 23–4, 74, 75
 Arab illustration, 79–81
 core competency fitness test, 77
 industry fitness test, 76–7
 versus management control, 76
 non-Arab case illustration, 78–9
 potential fitness test, 76
 resource fitness test, 77

strategic management, 4, 6–7
strategic planning, 3, 6, 27–8
strategic shift
  major strategic shift, 20, 21
  minor strategic shift, 20
strategic thinking, 7–8
  attribute, 8
strategy, 6
  definition, 3–4
strategy analysis, 9, 29
strategy formulation, 16–17, 27, 28
  corporate level, 25
  macro level, 26
strategy implementation, 19, 20, 22
strategy making, 3
  business level, 24–5
  environment level, 25–7
  strategic behavior, 5, 18: drivers, 9–11, 30; levels, 26
  strategy analysis, 9, 29
Structural Adjustment Policies (SAPs), 85
substitution effect, 62
sustainable competitive advantage, 9–10
SWOT analysis, 11–12, 13, 30
Syria, 89–90, 121
  capitalist thinking system in, 31: breed, 38–9; disabling conditions, 37–8; enabling conditions, 37; feedback, 37; GDP growth, 37; input, 35; output, 33, 37; system-specific quantitative parameters, 34; transformation mechanism, 33, 36–7
  external orientation parameters, 90
  public enterprises, competitiveness, 91
  strategic choice, 91–2
Syrian Korean Company (SKC), 91
Syrian Telecommunications Establishment (STE), 91

Taiwan, 52, 117
Tan, Kim-Song, 44
Thailand, 38, 90, 117, 121, 138
threat of entrants, 62
Total Entrepreneurial Activity, 111–12
Tunisia, 57, 83

UAE, 41, 130, 131, 132–3, 140, 160
uncertainty avoidance, 130, 169
United Kingdom, 41, 131, 156, 160
United States, 38, 70, 73, 109, 123, 135, 139, 142–3, 147, 156

venture capital, 45, 139–40
  in China, 149: corporate VC fund, 152; government as enabler, 151; managed intervention, 153; provincial government VC fund, 152–3; structure, 150–1; unique products, 151–2; university VC fund, 152
  in GCC, 138–9: case studies, 144–5; experience, 142–3; growth, 147–8; investor, 140–2; small business finance, 139, 145–6; types, 143–4
venture capital Bank of Bahrain, 144
Villeroy & Bosch, 157
vision and visionary zeal, 9

Welch, J., 28
White, S., 151
Wilken, P., 100, 114–15
William Clarke & Sons, 157
World Bank, 53, 83, 85, 134
World Economic Forum, 47
  Global Competitiveness Index, 41
World Trade Organization (WTO), 49–50, 51, 92

Yemen, 121

Zhang, W., 151