

STRATEGIC CORPORATE GOVERNANCE STAKEHOLDER COMPLEXITIES IN STRATEGIC DECISION IMPLEMENTATION: THE SHIPBUILDING INDUSTRY IN ABU DHABI

*M. Al Zaabi**

Abu Dhabi University, United Arab Emirates

R. Pech

Khalifa University of Science, Technology and Research

Abu Dhabi, United Arab Emirates

M. Katsiolouides

Qatar University, Qatar

ABSTRACT

This paper explores the complexity of strategic decision implementation and the roles of government as the main client, partner and stakeholder in the naval shipbuilding industry in two main shipyards in United Arab Emirates capital, Abu Dhabi. This industry is recently established and constructs naval vessels under the auspices of the Abu Dhabi government. But strategic decisions taken by government led to many challenges in strategy implementation within the industry itself due to a lack of communication and coordination between the two. Hence, to gain an in-depth understanding of the complexities, an explorative qualitative research with a case-study approach was carried out. To provide specific focus, this article focuses exclusively on the impact of government salaries and policies on ship-building strategy and implementation within two shipyards.

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Corresponding Authors' Email Address: mba2phd@hotmail.com, robert.pech@kustar.ac.ae,
mariosk@qu.edu.qa

INTRODUCTION

Researchers often underestimate the difficulties involved in investigating strategy implementation, (Atkinson, 2006). Despite its importance, it still “suffers from a general lack of academic attention,” (Gottschalk & Gudmundsen, 2009, p.55). Even in business organizations, a growing number of chief executive officers (CEOs) have concerns about implementation failure, (Kargar & Blumenthal, 1994). Is “formulation” the glamorous sibling and “implementation” the Cinderella? Therefore, scholars, executive officers and their management share a common interest in developing a fuller understanding of the ways in which strategies might be better implemented. Without ideas, there is no context for strategy formulation and implementation (Chaharbaghi, and Willis, 1998).

The business sector in the city of Abu Dhabi, the capital of the United Arab Emirates (UAE), is eager not to face into obstacles or barriers that might interfere with their ambitions in applying successful strategic implementation practices. Due to its newly established maritime companies in the capital city, executive officers and top management strive for the successful bridging of the gap between strategic decision-making and strategic implementation. Like all strategists, they expect to be confronted by challenges, especially if they are newcomers. They are also responsible for aligning their strategy with the “Abu Dhabi Local Government 2030 Economic Vision.” Thus, in the first instance, the Abu Dhabi government has a strategy that focuses on diversification (Nnamdi, 2011) that is derived from its 2030 economic-vision. The ship-building industry was created to be a part of that vision. The government’s strategy was to shift towards a more industrialized economy rather than focusing exclusively on the oil industry, is the industry on which the country’s modern economy was initially founded. This was one of many initiatives derived from the visionary decision-cluster made by H.H. Sheikh Mohammed Bin Zayed Al Nahayan, the Crown Prince of the government of Abu Dhabi, and the Chairman of Abu Dhabi Executive Council, the highest local executive authority.

BACKGROUND

One of these decisions was to announce the establishment of the first Shipbuilding Company in Abu Dhabi so as to be the first naval shipbuilding and a premier commercial ship builder in Abu Dhabi and the UAE. The Emirate’s local government started to plan a strategy for the emergence of this new industry. After the oil discovery, many small long-established industries in the UAE were abandoned either totally or partially -- the pearl diving industry in Dubai was arguably the most important casualty. Due to the stretched coastline across the Gulf region, the shipbuilding industry was a participant in the economic development of the region. It contributed to the survival of the indigenous population in many ways. Fishery, the construction of wooden “dhows” (or indigenous sail boats), pearl diving, travel-provisions, and trade of goods were formerly included. In 1995, the Abu Dhabi government decided to re-establish the shipbuilding industry in the Emirate along the lines of contemporary technologies and materials. Abu Dhabi’s vision was to encapsulate former skills not as part of a long-cherished tradition, but to make it a vital industry and one of the Emirate’s strong and robust economic developments. Even more, the Gulf region could minimize its dependence on overseas ship-construction by creating it locally. Organization B was established on that date to be recognized as the first of its kind to contribute to Abu Dhabi’s 2030 Vision and to initiate a significant industry in the Gulf region.

PURPOSE OF THE RESEARCH: THE IMPLEMENTATION CHALLENGE

The main purpose of this paper is to examine strategic decisions and their implementation challenges in order to understand their complexity using the naval ship building industry in Abu Dhabi comprising two companies using a case study approach.

Strategic decisions are confronted and therefore delayed by impositions and interventions. They may even become distorted from their original intention (Mintzberg and Waters, 1985). In order to overcome such a dilemma, top management requires a better understanding on how they can penetrate into these barriers by identifying the success factors in implementing their strategic decisions. With the new economic-vision of the local government, the shipbuilding industry carries the burden to achieve the local government goals of 2030 economic-vision. The expectation is not only to sustain the new industry, but also to prosper in the time set by the government plan. They are responsible for formulating their strategy, deciding to execute, and implement it successfully. They must be prepared to comprehend the strategy management long enough for the sake of the industry survivability in this new contextual environment. This is the beginning of new industrial sector in Abu Dhabi. Its success will impact the long-term presence of the industry. *“Context, complexity, and connectedness are core competencies that future leaders must acquire”* (Ashridge Business School, 2008).

LITERATURE REVIEW

In the past, strategy implementation has been observed as a process that comprises monitoring and controlling events through to completion (Koontz & O'Donnell, 1959; Ansoff, 1965; Steiner, 1969; Cohen & Cyert, 1973). Later, Wernham (1985) has assumed implementation to be unproblematic and is always capable of achievement; it is simply a matter of monitoring and controlling events through completion. He then discovered that *“implementation was found to be highly complex and interactive processes with many variables impinging upon it,”* (Wernham, 1985, p. 641). Wheelan and Hunger (1991) suggested that good strategy implementation will not only ensure the success of the strategy, but also will expose a less appropriate strategy.

Still, strategy management literature: *‘tend(s) to assume too simple a link between the development of strategic direction and its actual implementation’* and more recently, our understanding of strategy implementation has been observed to *‘face a considerable challenge due to the lack of existing research,’* (Noble, 1999, p. 119), and to have a *‘significant need for more detailed and comprehensive models of strategy implementation,’* (Thorpe & Morgan, 2007, p. 660). It is therefore not surprising then that more than half of the strategies devised by organizations are never actually implemented, (Atkinson, 2006). Various studies have focused on the difficulty in implementing strategies, (Booz, 1989; Alexander, 1985; Ansoff & McDonnell, 1990; Dandira, 2011). As a consequence, discussions of whether managers *‘walk their talk’*, *‘show word-deed alignment’* or *‘adhere to their plans’* have emerged. Vroom (2003) noted in his work a study performed by Nutt, (2002) concerning some 400 decisions that had been made by managers in medium to large size organizations within the United States of America, Canada, and Europe. He interviewed key participants, who are decision makers, over a two-year period after the decision was made. Surprisingly, over fifty percent of the decisions

taken by them failed. “*The decisions were never implemented or subsequently unraveled during the observation period*” (Vroom, 2003 p.1). Both Nutt and Vroom’s studies discussed decisions from the aspect of success or failure. Though Nutt argued that decision makers’ failure is due to the following three reasons: rush to judgment, misuse their resources, and repeatedly use failure-prone tactics to make decisions, he concluded that the best predictor of success or failure of a decision lies in the social process rather than the cognitive. Therefore, he arrived at the conclusion that the use of participation in strategy to foster implementation yields to more than 80% of their success rate, (Nutt, 2002). Moreover, Vroom's study compliments Nutt’s by the emergence of leadership issues into decision-making for effective decision implementation (Vroom, 2003).

STRATEGIC DECISION IMPLEMENTATION FACTORS

A knowledge gap still exists in the area of strategic decision implementation because implementation still suffers from a general lack of academic attention (Gottschalk and Gudmundsen, 2009). Despite the importance of strategic decision implementation to strategy execution process, much more attention is paid to formulation than implementation, and this is being balanced academically: one approach is to study strategy implementation consistency, i.e., the alignment of an organization’s resource allocation decisions with its articulated strategy over time (Brauer & Schmidt, 2006). Studies have identified factors affecting strategy implementation internally and externally. One major internal factor is leadership dynamics (Schaap, 2012). The reason is that leadership role, strategy formulation, and strategy implementation are inseparable (Nicholls, 1994). Motivations (Sandt *et al.*, 2001), emotions, (Weth and Starker, 2009), flexibility (Steinhouse, 2012) and communication (Galbraith and Nathanson, 1978; Lorange, 1982; Mathieu & Zajac, 1990; Guffy, 1992, Kanter *et al.*, 1992; Forman, Argenti, 2005) have been identified as internal factors.. The state of an economy, industry characteristics, and the choice(s) of strategy (ies) themselves (Lenz, 1981) were identified as external factors. Successful strategic decision-making enables an organization to maintain competitive postures, align internal operations with external environments and survive threats and challenges, while conversely, because of their magnitude, a single, poorly made strategic decision can lead to the demise of an organization and result in corporate embarrassment, steep economic losses for stakeholders or bankruptcy (Mueller, 2007).

IMPLEMENTATION COMPLEXITY

Complexity is defined to be the state or quality of being intricate because of multiple inter-related components. (Wernham, 1985). It usually is a factor involved in a complicated process, or situation, (New Oxford American Dictionary). This complexity in implementing strategic decisions has been challenged by many scholars. Alexander, (1991) concluded that “*people overlook it because of a belief that anyone can do it, people are not exactly sure what it includes and where it begins and ends.*” (Aaltonen & Ikavalko, 2002, p. 415).

Mintzberg and Waters (1985) made a significant contribution to the discussion. In recognition of the difficulties entailed in implementation, they designed a dynamic model in which complexity, flexibility and interference of various kinds take a central role towards moulding the final strategy. According to this, strategy can be conceived in four stages: the “deliberate”, the “emergent”, the “imposed” and finally, the “realized.” (Cited in Haberberg and Rieple, 2008). It means that this model initiates strategy as a planned response by upper

management, and is affected by factors which interfere with that by lower management. This leads to an unplanned combination of strategic moves, and finally results in the realization of a strategy that is an outcome of so many variations that it barely resembles what senior management initially intended. Was the final outcome more the product of initial strategy or emergent strategy? (Pp. 50-51). It now evolves by what Wheelen and Hunger, (2012) have identified implementation to be “as the process by which strategies and policies are put into action through the development of programs, budgets and procedures,” (p.15). In the case of the two Abu Dhabi ship construction companies, the investigation leans strongly in favor of emergent strategy, as the results will demonstrate.

In examining the reasons, a considerable weighting must be given to the interconnectivity between leaders' decisions and their organizational strategy formulation and implementation. “*Our leaders really understood how to connect their operations to the bigger company strategy,*” according to Anne Schwartz, VP of Global learning and Development, UPS, USA, (Schwartz, 2011). This connection between top management's understanding and company strategy ensures decisions made in favor of their company operations. In all types of organizations, managers face a need to cope with difficult and complex situations in which they must make strategic decisions, such as entering new markets, developing new products, or acquiring or divesting businesses, so that an organization can function, adapt progress, take advantage of opportunities and overcome threats, (Elbanna and Child, 2007).

CHARACTERISTICS OF STRATEGY IMPLEMENTATION

Various strategy management empirical studies of organizations have highlighted the vital importance of strategy formulation (Robinson 1980; Sexton & Van Auken; 1982 Robinson & Pearce 1983; Orpen 1985; Bahae 1987; Bracker et al, 1988). This is because of the glamour associated with the studies of strategy formulation rather than implementation (Atkinson, 2006).

Time (Schaap, 2012) also affects successful strategic decision implementation. Implementing a strategy requires more time than formulating one (David, 1989; Jauch & Glueck, 1988). One empirical study suggested that the time required to implement a strategy is around five to ten times more than formulating it, (Thompson & Strickland, 1987). According to Schoonhoven, (2003) “speed of implementation” refers to persistence and focus from top management to maintain the momentum until the strategic goals are achieved through implementation successfully and in a competitive time.

One of the rare points on which most observers of implementation agree on is the need for top management support (Ginzberg, 1978; Lucas, 1976). To some extent, organization top management is seen as a supporting factor to strategy implementation, Wernham's, (1985) study supported this view. On the other hand, there are various reasons which lead to implementation failure. Those reasons for failure may be outside managerial control, but partially they may well fall under management's responsibility due to entirely poor planning and implementation (Jocumsen, 1998).

METHODOLOGY

The research questions require an in-depth examination of the Shipbuilding industry's current situation in Abu Dhabi in order to identify the challenges and factors affecting strategic decision implementation. In this thesis, both primary and secondary data were collected. The secondary data has been reviewed and collected from the relevant literature. The primary data was collected by semi-structured qualitative interviews with top and middle managers from two shipbuilding companies in Abu Dhabi. Due to the difficulties in obtaining permission to interview participants, and numerous rescheduling interview appointments, nine months of field work has been taking place in Abu Dhabi from December 2013 to September 2014. This period has been used for interviews recording in order to gather relevant data, transcripts writing, and participants' transcripts review and validation. A more detailed description of the chosen methodology is provided in the following chapter.

The methodology used in the research will be an explorative qualitative method; a business case study method (Leatherman *et al.*, 2003). Business case study is an accepted method and this is the first paper to investigate the Abu Dhabi shipbuilding industry addressing the challenges and factors in implementing strategic decisions while Flyvbjerg, (2004) concurs the use of case study approach when the general problem is related to strategic importance.

QUALITATIVE RESEARCH

Qualitative interviewing has been chosen as the primary source of data because it is much less structured (Bryman and Bell, 2007). The interview questions were of a semi-structured nature to allow the respondent to answer as desired, yet still guiding the interviewee to a series of questions that the researcher focused on during the interview session.

The organizations selected for the research are the results of direct contacts with organizations' CEOs' offices so as to gain access and obtain permission to interview. Three organizations were contacted; two of which agreed to participate. They are the two "cases" for investigation in this study. They allowed top and mid-level managers to be interviewed. Such a level is associated with organizational strategy, strategic decisions made, and implementation of such decisions. It was important to choose relevant positions and titles with both organizations to minimize the risk of misrepresentation due to a lack of knowledge on the research subject in order to increase accuracy and validity to their gathered data during the interview session. Interview questions were emailed to participants prior to the interview session to ensure rich answers to eliminate the surprise factor once asked, and to gain as much data as possible.

Although the interviews were conducted in English, it is a second language to the interviewer, as well as the majority of interviewees. However, to increase the reliability of the respondents' collected data, all interview sessions were digitally recorded, transcribed and sent to the interviewees for final checking, clarification, additions or deletions, and amending along with the contrast questions from the interview sessions to further uncover meanings. Then, transcripts were generated for data analysis. Each interview lasted approximately 80 minutes. All interview sessions were conducted within the participants' organizations.

Due to confidentiality the names of organizations and names of participants will not be revealed and disguised names will be used. Moreover, both organizations were presented with consent forms in order to give an assurance that no identity information shall be published, in compliance with the Ethics Committee at the University. Both organizations have agreed to participate under the condition of keeping all data confidential. Hence, these organizations shall be named hereafter Organization Alpha, and Organization Beta. This is due to the sensitivity and the nature of their business. Participants were chosen by the organization yet the researcher requested that such participants should be from top and middle level management. Organization Alpha agreed for four participants. As for Organization Beta, it agreed to provide six participants. All participants were presented with consent forms for reassurance of confidentiality.

ORGANIZATION ALPHA

Four participants; CEO (Jay), Advance Programs Director (Lee), Fleet Operation Manager (Joe), and Head of Design department (Guy).

ORGANIZATION BETA

Six participants; CEO (Mike), vice president materials and IT (Sam), Programs Director (Moe), senior program manager (Dr. Jeff), strategy and corporate planning Senior Manager (Sue), and Purchasing Senior Manager (Frank).

Furthermore, the reason that strategic decision implementation has been an interesting field for many years as observed in the literature until today it is still complex as also noted earlier. Yin (2003) defined the scope of the case study as an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident. This approach was also supported by Baxter and Jack, (2008) who claim in their research that case study approach can provide relevant knowledge about complex phenomena within its real life context. It was also to gain an in-depth understanding of a case(s) and the interaction between the phenomenon and the case (Randolph, 2007).

In addition, Cassell & Symon (2005) stated that the case study strategy is ideally suitable to explore the issues in depth and following in a new area. Also, the aim of using case study methodology is to explore and deeply analyze the interconnectivity nature of strategy elements namely; strategy formulation, implementation to strategic decision implementation in a new context as well.

THE ABDUCTIVE APPROACH

To understand the attitudes, opinions and actions of the individuals involved in each case, the “abductive research strategy” was adopted to generate new theory from a “low stance” position, (Blaikie, 2000, p.241). This involves the “interpretivist” approach because it constructs new perspectives out of the interviewees’ everyday experiences, in their own language and according to their own social and organizational realities as they understand or interpret them. Pech commented that such perspectives can be re-combined to create a new

overall understanding or “social meaning” and that these are bound to lead to variability which points to “a constant state of change.” (2010, p.73). In this case, employees lend their views of the implementation of strategy and so they contribute to the investigation’s findings on the complexity of strategy implementation. Their involvement in ship building strategy as well as actual construction means that they are the most relevant actors on that particular stage, and their considered opinions are worth harvesting. This provides data from which new theory can be produced (See Yin, 1993).

As such, social phenomena “cannot reflect the empirical world with complete accuracy” (Pech, 2010 p.75). A number of employees are therefore required because they will interpret their worlds of work through different experiences as well as from the view point of different cultures and habits. “We cannot set out with just a single view of the role of concepts in social research” (Blaikie, 2000, p.130). To which Yin added, “Inquiry is value-bound, not value-free” (Yin, 1993, p.61). In actuality, this means that the researcher has had to have extensive contact with the employees in order to attempt to obtain perspectives on their world of work, particularly with regard to their strategies.

DATA ANALYSIS METHOD

In practice, case studies are analyses of persons, events, decisions, periods, projects, policies, institutions, or other systems studies holistically one, or more methods, (Thomas, 2011). The data collected from the two interview phases in resulted in obtaining the transcripts. The transcripts shall be examined and analyzed by using the inductive approach. According to Morse, (2001), data analysis requires such interpretation that takes data to a level of abstraction that differ from the original data. It also leads to a distinctive feature of qualitative research understanding from the data emergence as analysis proceeds (Morse & Richards, 2002).

Data collected are analyzed separately and then cross-checked for patterns, categories, themes, and thematic linkages. Data collected from interviews are explored and cross checked for reoccurrences. Themes and meanings emerging during the process of data comparison could be generated in the development of the theory.

Following the recommendation of Germain, (2001), data are analyzed into four steps.

- The first step is coding the data. “Codes are labels assigned to units of meaning”, Germain, 2001, p.296). Data are examined for codes identification and categorizing the data that is relevant to answer the research questions. The process of coding requires breaking the transcribed interview data text into segments, tabulating them into codes, and then labeling these segments by assigning units of meaning. The process of coding is so essential in order to provide a direct link with the original data.
- Step two is to group, or cluster codes that are close in meaning into categories.
- Step three is the development of conceptual categories. It is an important step in the process of analysis (Hammersley & Atkinson, 2005).
- Step four is the emergence of patterns and themes that could be generation of the theory.

Emerging themes are considered fundamental for the analysis of qualitative data and its contribution to theory development is crucial (DeSantis & Ugarriza, 2000). It is what Morse & Field, (1995, p.139)

described as thematic analysis involvement such as is "*the search for and the identification of common threads that extend throughout the entire interview, or set of interviews*".

According to Germain, (2001), the final analysis of the relevant data and the conclusions reached are the researcher's theoretical perspectives. It is the understanding and the interpretation of the researcher with an inductive approach.

CASE STUDIES

Organization Alpha

Alpha was founded in 1999 as the second shipbuilding company in Abu Dhabi. Alpha builds both naval vessels, and leisure mega yachts. It constructs ships from different kinds of material: steel, aluminum, and composite materials like alloys. Alpha is private organization that employs around 800 employees. Mr. Jay is the CEO since its establishment in 1999. Mr. Jay, who grew up literally in a shipyard since childhood, youth, and until today, was a very hard worker CEO and therefore, stated that he knew every single job in a shipyard. He has gained an overwhelming experience from three different continents: Europe, North America, and Asia, and all are in the ship building industry.

Organization Beta

Beta was founded in 1995, the first full scale shipbuilding company in Abu Dhabi. Beta constructs vessels of all kinds: naval, commercial, leisure and special purpose boats and also with different kinds of building materials. Beta is a semi-government company that employs around 1400 employees. Mr. Mike is the third CEO since Beta was established. Interviewees were chosen to be top and mid-level managers in order to accomplish a better understanding of the challenges in strategic decision implementation and associated factors affecting such implementation.

It should be noted that both the “private” and “semi-government” companies were equally aware of the significant roles of the government in strategic implementation.

RESULTS

The empirical findings regarding strategic decision implementation reveal that the complexity lies not only in external or internal variables. In both organizations, three main dimensions were discovered:

1. roles of government,
2. roles of strategic decision implementation factors,
3. and leadership decision implementation challenges.

These three dimensions integrate dynamically. The overlap areas are constantly changing over time. Mintzberg and Waters (1985) had previously provided an initial insight into the nature of strategic decision implementation from multi-dimensional perspectives. The discussion shall focus on the roles of government to progress that insight.

THE ROLES OF GOVERNMENT

In both organizations, the local government plays major roles. The data collected revealed three main roles;

1. government salary issue and national policies;
2. initiative impositions;
3. and the shipbuilding-industry dependence on overall government strategy to survive.

Government salary increases had a strong impact on strategic decision implementation on various levels such as human resources, organization overhead cost of salary packages, and organizational behavior in employees. Although Alpha is privately owned, the government's role in policies and initiatives impact both organizations' strategic decision implementation, for example, salary policy bifurcated payments to Emirati employees and non-Emiratis. " ... *the reason is the government [...] and for me a job is worth a certain amount of money and I cannot pay an Emirati twice [the] amount of money that I pay to either [a] westener or I can pay an Asian [...]*Five years ago, suddenly every government employee got 70% salary raise [so] it put everything out of whack!" (Alpha CEO).

The strategy and corporate planning senior manager of Beta, Sue, said, "*employees have not had salary raises for the past two to three years, at least have not had a bonus for the past two years, the inflation throughout the country has gone crazy and yet everyone is behind and you see in fairness in terms of one [employee]escalat[ing] five grades, the other has not gone up one, so this lack of HR fundamentals means that the company is quite unstable in this area.*"

GOVERNMENT NATIONAL POLICIES

Initiative impositions have an impact on both organizations' strategic implementation. Fifteen years ago, the government announced an Emiratisation initiative (government initiative for the private sector to favor appointing and promoting UAE citizens as their future employees). This initiative affects both organizations in strategic decision implementation on a human resources level in which its attributes fall on strategic decision implementation.

"*[Beta] has a social obligation with Emiratisation and to provide its [Beta] service [...] regardless of whether it makes a profit or not.*" Beta CEO. Such an obligation complicates the main role of any organization and that is to create wealth to the stakeholders.

When asked about the strategic goal of the government to initiate Emiratisation, the Beta CEO's reply was "*[Beta] strategic requirement was that by 2017 we would have 32% of our employees would be Emiratis. Now that is one hell of a task.....it is a very complex process...*" He also added, "*One view was and certainly from the chairman and the board was, that [Beta] didn't want to rely on expatriates.*"

Furthermore, the time required to implement strategic decision in this study explored a new dimension -- the timing of intervention and not the timing of implementation. The timing of the government to introduce such an initiative complicated the naval shipbuilding industry and its own strategic decisions that were being implemented. This is consistent with the findings of David, 1989; and Jauch & Glueck, 1988.

Skilled Emiratis as employees in such industry has its own complexity. This is due to lack of national/local educational institution to provide a decent and constant flow of potential employees to enroll in naval shipbuilding industry. "*In the UAE there's currently round about 9 million people. There are about 1 million local people. Between 95 percent and 98 percent of Emiratis work in government positions..... So you only have the remaining two percent or three percent for private industry.*"

This view was also shared by Alpha CEO: *"Well, Emiratization has been a challenge, except we haven't done anything about it, okay, to be very honest."*

GOVERNMENT STRATEGY

Naval shipbuilding in Abu Dhabi was a strategic choice the local government decided to establish for geopolitical reasons. In that sense, the government is committed to the survivability of such an industry. Both companies consider the local government to be their strategic partner. For example, the Beta CEO said:

[.....primarily the customer in the UAE is going to be the [government], now depending on what your future strategy is, and how many ships are going to be built will depend on the longevity and [...] that's the only reason the business has been there. That is the way it continues at the moment until someone says something different. The reality is whether I like it or not, [Beta] at this point in time exists to support its primary and strategic partner, the [UAE Government]. If all of a sudden Beta said, we're going to go out now and try and build ships for other new clients in the world, what do you think the government would say to that? I think that would only happen if all of a sudden we were servicing our primary customer and everything to the extent where there was never any problems at all. There is no room for doing that at the moment."

Another finding was that the government has not yet approved a consultative body for the naval shipbuilding industry in Abu Dhabi. Moe commented, *"....In fact you hit the main core point really. In some developed countries we have all shipyards combined together into association of the shipyards so it becomes a consortium or association which will look after their interest. They have their charters. They have their governing bodies and they address these problems on a forum and go to the government in an organized structure way. We do not have such a representation."*

Moe's tone on the original recording in retrospect provides insight into his frustration, an important aspect of qualitative assessment of a situation as reported by a key industry player.

DISCUSSION

In both companies, an unexpected salary increase mandated by the government for the public sector workforce created an impact which complicated an important overhead cost within the strategic implementation. This was an unexpected imposition that required strategic modification. Evidently there was a lack of communication between industry and government departments. Communications, such as timely forewarning, have significant importance and which could have been managed through a shipbuilding representative body so that implications of change could be discussed and evaluated. Only then can they be successfully implemented without causing disruption and managerial anxiety.

It is evident that Beta employees were also impacted by unacceptable compensation in comparison to not only what government employees' wages but also that this contradicted Beta's internal salary policy as well. When an intervention like this occurs, implementation will be disrupted and parity between national sector groups of employees will lose parity.

It is also evident that the Beta CEO was aware of the industrial obligation imposed by Emiratisation and its likely impact on his organization. Unless Beta's strategy has a buffer to comply with it and finds ways of absorbing it, it will, once more, affect its progress towards implementation.

Timing was one aspect of Schaap's (2012) findings as a factor towards successful strategic implementation. Although David (1989), Jauch & Glueck (1988), Thompson & Strickland (1987), and Schoonhoven, (2003) arrived at the conclusion that time required to implement a strategy is greater than formulating one. Clearly any disruption, such as a new compensation and labour policies, adds time to the completion of a project as management seeks solutions.

Expatriates completely comprise Alpha's organization labor force. The cultural behavior in Abu Dhabi, in the view of the CEO, does not support the Emiratisation initiative for his company. He believes his strategic implementation is affected by the Emiratis' general lifestyle: people appreciate money over jobs and are selective in choosing jobs. It would be inaccurate to accept this as a stereotype however. In addition, due to its geographical location, the UAE tends to have high temperatures all year around, making shipbuilding jobs less appealing because it comprises mostly outdoor activities. In contrast, government jobs are mostly in door. The government however endorses Emiratisation as its own initiative, and yet acts as a competitor to the private sector in attracting Emiratis for government jobs. There is an inherent contradiction in this which does not only cause labor problems in the ship-building industry; it is more wide-spread than that throughout the UAE as a whole.

This is the reason why the Beta CEO questions the timing of such initiatives in which the great pool of Emiratis as potential employees apply mainly for government jobs due to lucrative salary packages and comfortable working conditions compared to his organization. It appears to be a win-lose situation in need of a "re-set."

Therefore, such a strategic industry indeed requires a channel to convey its necessities to government officials so that they might better understand the consequences of government strategic decisions and implementation towards naval shipbuilding industry future. The existing divergence between government strategy in the shipbuilding industry and the companies themselves create a state of complexity that intrudes in the strategic flow towards meeting initial objectives.

Figure 1:

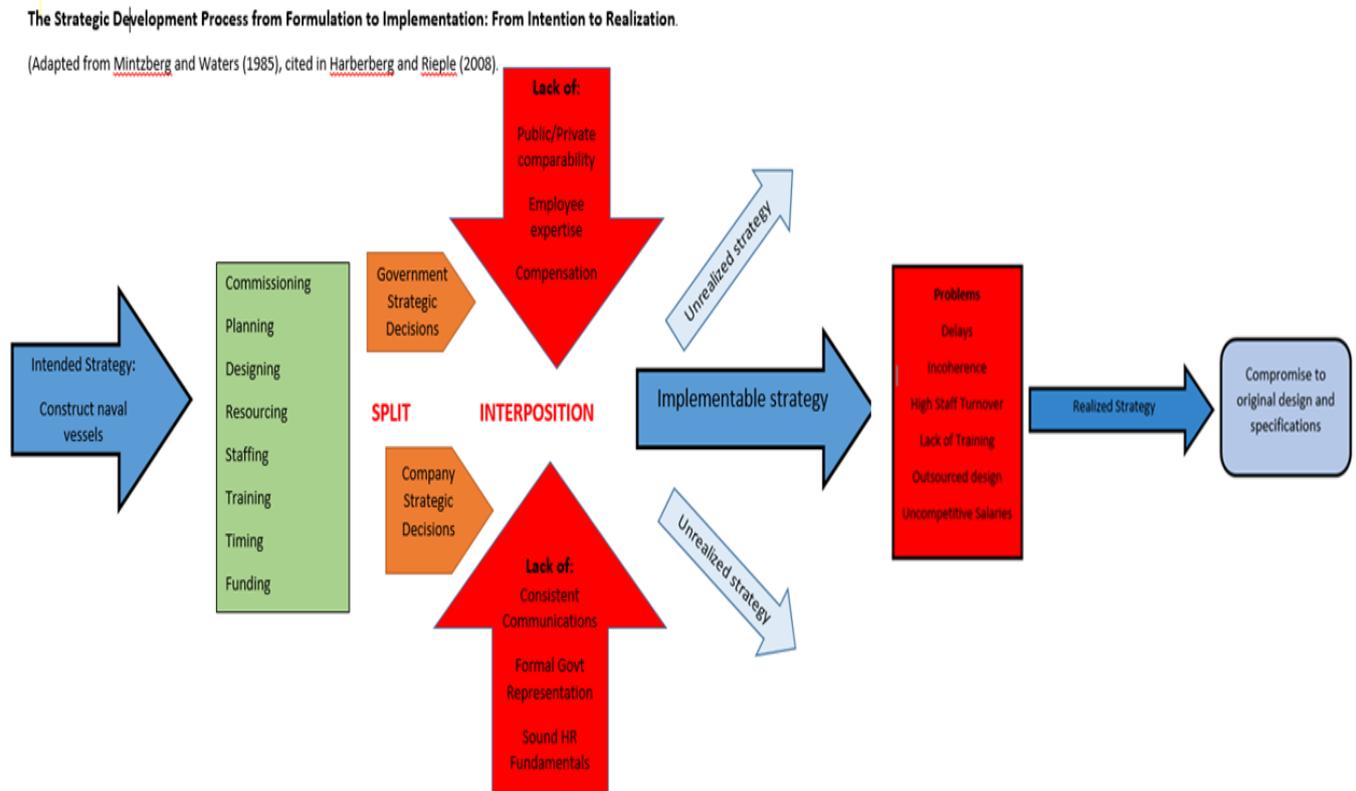


Figure 1 demonstrates the strategic decision flow process and the points at which the interventions occur to weaken implementation, resulting in a compromise at the end of the process in comparison to the intentions at the beginning.

CONCLUSION AND SUMMARY

Considering most of the academic studies mentioned before were conducted in Western economies there was a need to explore the complexity of strategic implementation in the Middle East to see if the same applied in a different geo-political environment. (Gottschalk & Gudmundsen, 2009). This study is the first to ever investigate the strategic decision implementation complexity in relation to the roles of government in Abu Dhabi.

This study concludes that two naval shipbuilding organizations studies in Abu Dhabi expressed a similar set of complications in both companies in implementing strategic decisions due to the roles of its partner. Both organizations were detrimentally affected by sudden salary increases underpinned by governmental policy. The level of impact was expressed by both organizations' CEO's. Lack of effective communication (Galbraith and Nathanson, 1978; Lorange, 1982; Mathieu & Zajac, 1990; Guffy, 1992, Kanter *et al.*, 1992; Forman, Argenti, 2005) among government officials and both organizations were identified by the Alpha CEO. When

asked about such policy, Jay, Alpha CEO said "*employees must appreciate their profession and love it, and not to dwell on money and love that*".

Also, government national policy impositions such as Emiratization aimed at rectifying local unemployment was a demanding policy that led further to complications in implementing decisions. Task functions required in the naval shipbuilding industry tend to be specialized – it is not a matter of putting to task untrained labor. Skills need to be acquired and developed over time and through experience. An aspect of complexity arises in implementing strategic decisions in shipbuilding due to the inability of government strategy to customize companies' needs into their strategy. Finally then, this is highlighted in government initiatives such as Emiratization, and sudden salary increases. Compromises and negotiations between companies and government would lead to greater stability, as well as a larger measure of predictability for the future.

The naval ship building industry is an actor of two roles: an implementer of government strategic decisions in one dimension, and a strategic decision maker in its own right in which arbitrary intrusions can be detrimental. It is vital that the industry comes into alignment with governmental strategy in order to sustain a flow of production; however, according to the comments from within the industry, it is equally vital for government strategy to align itself with the industry. The industry then must convey to its prime stakeholder on time the challenges it faces in order to implement government initiatives, policies, and the overall strategy.

This investigation therefore, upholds the view by means of this case-study, that interruptions and intrusions can be detrimental to strategic implementation. By extension, it may be possible to infer that such impediments can increase the time it takes for the implementation of strategic decisions in other companies and industries as well, and reduce the effectiveness of the original strategic intentions. Therefore, stakeholders and industries must closely collaborate for strategic formulation to be successfully implemented.

RECOMMENDATIONS

1. The Abu Dhabi shipbuilding industry must align itself with governmental policy; and the government must take into consideration that industry has constraints on the way in which it can comply with policy.
2. A consultative body must be created comprising representatives of the industry and government to improve communications and enhance consultation.
3. The industry must be able to communicate its strengths and weaknesses in order to solicit government assistance to build further on its nascent growth.
4. The government must provide funding to implement Emiratization through training and developing its citizens so that they can take a constructive part in industry by being appropriately trained.
5. The government must pre-announce salary increases or otherwise subsidize salaries for Emiratis in this industry until it matures and becomes profitable enough to comply with salary decrees.
6. Appropriate time must be allowed for as time is a key factor contributing to successful development of all the component parts of the industry.
7. Stakeholders and industries must collaborate closely to successfully implement strategies.

LIMITATIONS, IMPLICATIONS, AND FUTURE RECOMMENDATIONS

The aim of this study was to investigate the complex nature of strategic implementation affected by the roles of government in the cases of two naval shipbuilders in Abu Dhabi, UAE. Qualitative methods were used to collect the data in this research. Methods included interviews, observations, and documents. Due to a measure of confidentiality in such organizations, the qualitative method was the preferred choice to investigate them not only to capture information but also the “mood” or attitudes of the players involved. In addition, the control over the number of participants of both organizations by their senior officials limited the number of interviewees to ten. Many appointments had to be re-scheduled due to interviewees’ time limitations. Nevertheless, future research could adopt questionnaires and expand the methodology to a mixed-method approach, consequently strengthening the validity of findings.

The study was applied to two organizations out of three in the naval shipbuilding in Abu Dhabi to enlarge the perspective and assist in generalizing the results. Although the results of this research provide valuable insights into the roles of government and how they complicate strategic decision implementation in naval shipbuilding organizations, it is preferable to conduct more research in other industrial sectors in Abu Dhabi to investigate the extent to which complexity can impede desired outcomes in industrial collaborations.

ENDNOTES

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