

Cultural Behavior And Its Effect On Economic Freedom In UAE

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Abstract-This paper is aimed to evaluate the cultural behavior and its effect on economic freedom of UAE, this paper covers different segments of defining economy stability on basis on cultural effects. Here we analyze a further objective of economic policy and economy growing of UAE. An average target the long term which is to promote the potential growth production (measured as the increase in real GDP and real GDP per capita). Increase in aggregate demand is not sufficient to ensure high growth for a number of years, need a parallel output growth potential without which the growth in actual production is destined to end.

Index Terms- Cultural Behavior, GDP, Economic Freedom, National Product, Economic Growth, Economic Theories, Decision Making

1. INTRODUCTION

The goal of this research paper is to investigate the current writing on the subject, both hypothetical and risk taking. Points examined in society, risk taking and decision making, alongside distinguishing the extent to which they are connected with one another will highlight holes in existing learning and lead to the advancement of the exploration question. The three significant segments of this proposal will be:

- i. Culture
- ii. Risk Taking
- iii. Decision making

There are various effects on how people see and respond to risks. A couple of individuals noticed those individuals' qualities, feelings, and attitude, and moreover, the more broad social or social values or pairs immovably affect how perils are seen or recognized. An excellent comprehension of hazards, along these lines, won't incite a uniform response to them. As an expert in peril correspondence noted, information alone does not resolve the dispute. Awesome peril correspondence depends on after seeing more than significant risks and benefits; establishment experiences and values similarly affect the system. A valid example, people who have a general inquiry of government or huge business may be less disposed to recognize the immunizer risk evaluations appropriated by government wellbeing organizations or inoculation makers ¹.

The growth of the national product should not be confused with the concept of development. The two concepts are quite similar, but contain substantial differences. The first is fully quantitative, while the second includes qualitative elements. For economic

freedom we mean the increase in per capita real time income, and for the theory of economic freedom refers to the growth of potential output; whereas for economic development we refer to economic phenomena, social and cultural rights that accompany the growth of income per capita, in addition to capital income, for indicators such as the distribution of education which gives literacy rate, etc. The economic freedom of UAE is therefore an element of economic development; it brings many benefits, but also some costs that may be relevant to future possibilities, such as the depletion of natural resources and pollution of the environment. The economic analysis has addressed this problem by proposing as a solution new model of development compatible with the environment or the sustainable economic development, that is, a development that will meet the needs of the present and future, a development based not only on the criterion of efficiency, but also equity distribution. In the literature they are also found terms such as, for example, the green economy (green growth). The terms are used to indicate new models of economic development in accordance with cultural behavior, compatible with the environment and should not be considered in opposition or alternative to sustainable development but one element, they emphasize the environmental aspects of sustainable development².

Decisions about wellbeing perils were depicted by one speaker as being made on a target preface and energetic, mental, religious, significant, philosophical, and natural bases. This "social insight" sees a wealthier extent of effects on decision making than does the smaller idea of soundness customarily used by experts as a piece of the field, according to a speaker who

¹ Pettigrew, S. (2000). Ethnography and grounded theory: a happy marriage? *Advances in Consumer Research*, Vol. 27, pp. 256-60.

² Hsu, F.L. (1981) Psychosocial homeostasis and jen: Conceptual tools for advancing psychological anthropology. *American Anthropology*, Vol. 73, pp.23-44.

studies peril correspondence. Studies show that stiff-necked, trademark, and controllable hazards are more recognized than risks that are constrained, not inside a solitary's control, or as a result of human-made reasons. Chances that are unmistakable are similar, by and large, more recognized than those that are new or theoretical³.

1.1 UAE Culture and Economic Freedom

Monetary opportunity prompts numerous global associations to extend their business through, among different means, building their notoriety internationally. With the coming of globalization, another arrangement of communication among the nations has grown as multinational associations. Since the Second World War, the changing structure of global exchange and creation has altogether molded international relations. Numerous can see the growing part of global partnerships (MNCs) in molding states' behavior in the global stadium. Numerous are notwithstanding guaranteeing that MNCs are lessening the force of the country state. As it would turn out, few can prevent the essentialness from securing multinational organizations in the current world economy, with their generation and exchange exercises making up a significant rate of the world's yield and world exchange. Be that as it may, the structure of global trade or the universal exchange exercises of states can't be recognized from the arrangements and hobbies of states. This exploration contends that the structure of global trade, or the practices of the MNCs specifically According to Auer (2000), the 21st Century saw more firms endeavoring to resemble a "stateless organization", and to a degree, this was accomplished. Global exchange exercises of states were progressively portrayed by local enterprises extending their regular activities past importing and sending out, into getting to be multinational organizations⁴. Multinational firms began to exploit abroad auxiliaries, joint endeavors, permitting assertions and vital cooperation to expect strange characters when essential, for example, when they have to dodge levy

hindrances, secure employments or win largest pieces of the overall industry⁵.

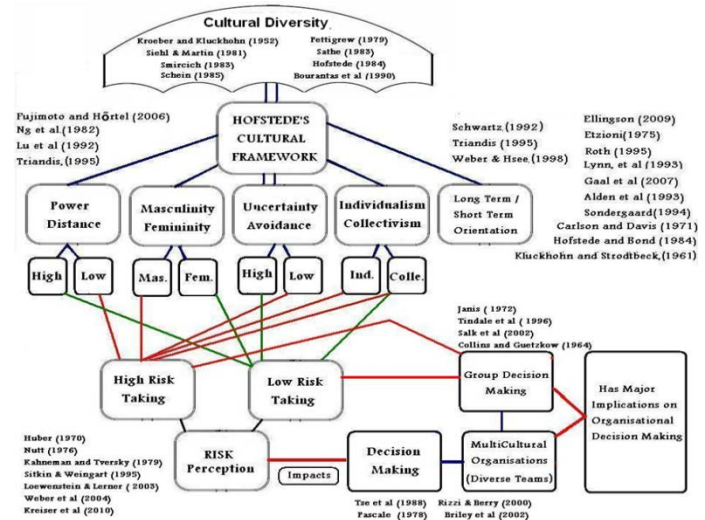


Figure 1: Literature Diagram (Source: Developed for this research)

The writing graph created for this exploration introduced as Figure 1 above is a push to present the fundamental ideas produced for this examination. The principal subject of this investigation is that culture is widely inclusive, and it shapes an individual's convictions and values and influences their conduct. This study is directed in the multicultural reliable connection and spotlights on the culturally diverse contrasts that assume significant parts in how outstanding individuals in a decision-making gathering see danger and afterward decide. The importance of the environmental curve lies in its implications: economic growth is a tool through which you can achieve environmental protection. In fact, in the curve is not able to interpret all situations. First, while giving a description of the economic growth effects on reduction of certain forms of pollution, it seems inadequate to explain other. In particular, there is no evidence to believe that it applies to energy use; to the size of the impacts due to energy they seem to grow linearly with the per capita income⁶.

³ Atkinson, P., Coffey, A. and Delamont, S. (2003). Key Themes in Qualitative Research: Continuities and Change. Walnut Creek, California: AltaMira Press.

⁴ Auer-Rizzi, W., and Berry, M. (2000). Business vs. Cultural Frames of Reference in Group Decision Making Interactions Among Austrian, Finnish, and Swedish Business Students. The Journal of Business Communication. Vol 37, pp.264-288.

⁵ Lamm, H., Schande, E., & Trommsdorff, G. (1971). Risky shift as a function of group members' value of risk and need for approval. Journal of Personality and Social Psychology, 20, 430-435.

⁶ Triandis, H.C. (1960). Cognitive similarity and communication in a dyed. Human Relations

There are various models of economic growth that are significant to the traditional neoclassical model attributed to Robert Solow; it allows to demonstrate the capital stock growth and the growth of the workforce in accordance with the technological progress and cultural behavior of the economy affecting the growth of aggregate production of goods and services. To analyze the contribution of these factors in the growth process uses an aggregate production function, which relates the product with the stock of capital and labor. The production function has diminishing returns: higher amount of capital, added to a fixed labor supply, causing an increase gradually lower the GDP. In the model stresses the need to increase over time the amount of capital per worker, and that is its intensity (capital increases faster than the labor force). In the long run the capital / labor ratio will cease to raise: the economy will enter a steady state condition in which the increase in the intensity of the capital's blockers. In fact, result does not seem to be true and effective, especially in light of the significant increases in productivity that have registered in the twentieth century⁷. Considering the intensity of the capital increase should take into account that technological progress or which resulted in an increase in output per worker and the resulting increase in wages; not only that, but remember that innovation boosts the productivity of capital and offset the declining trend in profit rates.

Beginning with the focal subject of this exploration, social assorted qualities, the chart records the key creators who have made critical commitments in this field and improved our comprehension of society.

The graph highlights the acknowledged and connected social structure. The system proposed by Hofstede comprises of five key measurements, for example, force separation, instability evasion, independence and socialism, manliness and gentility and transient and long haul introduction. These five measurements give a sign of an individual's social cosmetics and how he or she may act. Research by Triandis (1960) have discovered that cross-national contrasts in danger inclinations are established in social worth contrasts among countries. National society is found to have a significant impact on hierarchical society found that individual behavioral contrasts in authoritative gathering individuals are coming about

because they could call their social foundations scatter decently fast in the vicinity of a solid, scholarly society.

Hofstede, the Dutch anthropologist, and authoritative social scientist built up a system that is acknowledged. His way of life measurements (PDI-force separation list, IDV- independence, MAS- The Americas, and Spain, UAI-United Arab Emirates, & LTO- Long-Term Orientation) have been seen as dynamic variables for advertising examination. At the point when seeing IT selection as a situation item issue, it was adequate to ask about the social way of the objective client of the issue. Hofstede's structure has picked up the best consideration for business researchers as of late⁸.

2. DISSCUSSION

Hofstede has been subjected to extensive feedback. A few analysts showed that for measuring social dissimilarity, a study may not be the best instrument, particularly when the variables utilized as a part of the overview are socially touchy and subjective. Different analysts reprimanded the way that the association's household populaces in Hofstede's study had all the earmarks of being homogenous wholes, with little of the varieties found in genuine populaces. Albeit most countries are made out of diverse ethnic gatherings Hofstede is reprimanded for probably overlooking the varieties in groups. In spite of the fact that expressed that somebody's national character is a significant device to recognize and measure his or her social qualities and convictions, a few analysts demonstrated that countries may not be the most productive units of examination on the grounds that societies are not generally limited to geographic fringes and most communities are shared inside of numerous countries.

Another significant feedback Hofstede's work got was the "One organization approach" in which a few scientists expressed that the study was done by IBM representatives who may not be great delegates of their national societies. To protect his study, Hofstede specified that using his IBM study he was aging contrasts in the middle of societies and looking at results gathered from the same kind of experts from distinctive societies. He additionally specified that utilizing one and only multinational organization can emphatically affect the outcomes by dispensing with the impact of diverse corporate arrangements and administration practices of distinctive groups.

With all the feedback Hofstede's work got, he additionally got support from different analysts. Very

⁷ Arnould, E.J. (1998). Daring consumer-oriented ethnography, in Stern, B. (Ed.), *Representing Consumers: Voices, Views and Visions*, Routledge, London.

⁸ Madaras, G.R & Bem, D.J. (1967). Risk and conservatism in group decision-making.

few studies were done on society contrasts when Hofstede's IBM results were initially distributed in 1980. Around then numerous organizations were directly entering the worldwide business sector, and they required a direction. Hofstede's examination was considered for some groups at the time. Sondergaard dissected the outcomes from 61 replications of Hofstede's studies and found that most of the replications' outcomes coordinated Hofstede's outcomes. Hofstede's perceptions and investigations gave researchers and experts profitable bits of knowledge into the flow of various connections. Countless have concentrated on applying Hofstede's social measurements to IT reception and usage in distinctive societies around the world. Study polls were disseminated to members utilized by extensive well-known bookkeeping firms in Tokyo, Osaka, and Nagoya. The outcomes were contrasted and the aftereffects of a study that was done in 1985. The study demonstrated that the Individualism (IDV) scores for Japan expanded from 1985 to 2002 while the Masculinity (MAS) scores diminished. Concerning rest of the five measurements, scores did not change⁹.

The effect of each of the five social measurements on the appropriation of ERP (Enterprise Resource Planning) frameworks in ten European nations. The motivation behind their study was to research why Nordic countries (Denmark, Finland, Iceland, Norway and Sweden) have higher selection rates than the UK, Spain, and other southern nations. Van Everdingen and Waarts found that three of the five measurements (Uncertainty Avoidance, Masculinity, and Power Distance) have a negative impact on ERP appropriation while Long-Term Orientation ways ERP selection decidedly. The study likewise demonstrated that Individualism influences the budget to prepare decidedly at the early stages, yet this impact decreases over the long run. While the above studies have taken a quantitative methodology, there are some that have picked a subjective method. For instance, an essential approach to a piece of an examination of IT move in the Arab world. They found that particular sections of Arab society and culture had an effect on how IT is seen and the extent to which it is utilized. In an ethnographic study, The understanding the method for the impact of Thai society on essentials for planning systems can promise that develop dissatisfaction in light of poor comprehension of the necessities for a system would be decreased. It was a parallel investigation of the

relationship in the middle of society and the reception of IT in two distinctive creating locales: West Africa and the Middle East. Utilizing two social elements, they investigated discoveries with the aftereffects of the same study in a third created locale, Australia, which is the nation of the home of the scientists. The methodology utilized for the study included the accumulation of personal information through inside and out meetings⁴.

The process by which the economies continue to grow despite the diminishing returns is exogenous, it is given by the creation of new technologies (technological progress) that allow you to produce more with fewer resources. In fact, empirical analysis they put in and that pension fund GDP growth could not be attributed exclusively to the increase of labor and capital, but there was an unexplained part, called Solow residual, which is hypothesized to be caused by technological progress resulting from innovation. The technological progress causes an increase of the marginal productivity: the same amount of labor and capital produces a greater amount of GDP. One of the limitations affecting significantly the possibilities of development of the scarcity of resources and the production of pollutants. The continuing growth of production involves the degradation of increasing amounts of matter / energy, in addition to the diffusion of pollutants in the ecosystem.

The pressure of economic activities depends on three factors¹⁰:

- i. From the growth of the scale of economic activity that increases due to the growth in population and the growth of output per capita;
- ii. From the production structure;
- iii. From the development of technology that defines the environmental impact of economic activities.

3. CONCLUSION

Consequently, when individuals from different social foundations work together in an association, there are assorted legal issues experienced in the organization. The dissimilarities in the mindset, the method for taking a gander at the dangers, the method for tolerating hazards, and the decision-making procedures are all the foundations for clashes in a worldwide association. The representatives who have a place with the American,

⁹ Ariely, D., Huber, J. & Wertenbroch, K. (2005). "When do losses loom larger than gains?" *Journal of Marketing Research*, 42 (2), 134-38.

¹⁰ Anfara, V. A., & Mertz, N. T. (2006). *Theoretical frameworks in qualitative research*. Thousand Oaks, CA: Sage.

Japanese and Korean inceptions appear to be independent of nature amid the procedure of decision making. Despite the fact that the representatives from the Japanese and Korean birthplace are seen to choose in view of the advantages of the strong association, their usefulness is seen to be not quite the same as that of the multicultural organizations in UAE. The report, in spite of the forecast errors and variable construction, had the advantage to spark deep discussion on the compatibility between economic development and environment, and to put this issue to the attention of the political world. More precisely, it has questioned the market's ability to efficiently allocate resources and ensure adequate economic development for the future¹¹.

The reduction of the environmental impact in terms of lower pollutant emissions and reduced consumption of resources would occur thus for three reasons:

- i. Technological improvements that become more efficient and allow us to produce more goods and services with lower consumption of natural resources;
- ii. Structural changes in the economy, with the emergence of industries more technologically advanced with less environmental impact;
- iii. Increased demand for environmental quality resulting from the increase in income¹².

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¹¹ Arrow, Kenneth (1965). *Aspects of the Theory of Risk Bearing*, Helsinki: YrjöJahnssonisSaatio, 1965.

¹² Anderson, John R. (1993). *Rules of the Mind*, Hillsdale, NJ: Erlbaum.