

The Impact of National Culture on Managerial Practices: An Analysis of Algerian SMEs

تأثير الثقافة الوطنية على الممارسات الإدارية: تحليل للمؤسسات الصغيرة والمتوسطة الجزائرية

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Abstract:

This study examines the impact of cultural dimensions, power distance and uncertainty avoidance on the management practices of small and medium-sized enterprises (SMEs) in the Algerian construction sector. A standardized questionnaire was administered to these SMEs to assess cultural dimensions and management practices. Data were analyzed using structural equation modelling (SEM) to test the research hypotheses. The findings reveal that national culture significantly influences management practices. The implications highlight the importance of incorporating cultural nuances to enhance organizational performance. The study confirms the relevance of Hofstede's cultural dimensions in this context and encourages further research to extend the findings beyond the construction sector with larger sample sizes.

Keywords: Managerial Practices, Power Distance, SMEs, Uncertainty Avoidance, National Culture.

JEL Classification Codes : M14, M12.

ملخص:

تستكشف هذه الدراسة تأثير الأبعاد الثقافية، وبالتحديد بُعد المسافة الهرمية وتجنب عدم اليقين، على الممارسات الإدارية للمؤسسات الصغيرة والمتوسطة (SMEs) في قطاع البناء الجزائري. تم إجراء استقصاء لهذه المؤسسات باستخدام استبيان موحد لتقييم الأبعاد الثقافية والممارسات الإدارية. تم تحليل البيانات باستخدام نمذجة المعادلات الهيكلية (SEM) لفحص فرضيات البحث. تشير النتائج إلى أن الثقافة الوطنية تلعب دوراً كبيراً في تشكيل الممارسات الإدارية. تؤكد هذه النتائج على أهمية دمج الفروق الثقافية لتعزيز الأداء التنظيمي. وتثبت الدراسة صلاحية أبعاد الثقافة لهوفستيد في هذا السياق وتحث على إجراء مزيد من الأبحاث لتوسيع النتائج لتشمل قطاعات أخرى بحجم عينات أكبر.

كلمات مفتاحية: الممارسات الإدارية، المسافة الهرمية، المؤسسات الصغيرة والمتوسطة، تجنب عدم اليقين، الثقافة الوطنية.

تصنيفات JEL: M12، M14

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Introduction

Research on the impact of national culture on managerial practices has proliferated in recent decades, highlighting the importance of cultural dimensions in organizational management (Song et al., 2018). In Algeria, a country characterized by rich cultural diversity and significant economic transition (Ballouche et al., 2019), studying the links between national culture and managerial practices in companies becomes essential for understanding and improving organizational performance. These studies reveal that high power distance in Algerian SMEs tends to centralize decisions, slowing innovation and communication processes (Yahia-Berrouiguet, 2015). Moreover, uncertainty avoidance can negatively influence companies' ability to adopt innovative practices and react quickly to market changes (Pacheco et al., 2017). Proactively managing uncertainty and adapting hierarchical distance to the cultural context can improve performance in strategic planning and competitive intelligence (Kaminsky, 2018).

The influence of power distance and uncertainty avoidance on companies' organizational performance and risk management is significant (Frijns et al., 2013). In contrast, high hierarchical distance can lead to rigid structures and limited employee autonomy, which may impede innovation and flexibility. SMEs with low hierarchical distance foster a culture of openness and collaboration, enhancing decision-making processes (Đuretić & Krasulja, 2020). Effectively managing uncertainty avoidance is essential for creating stable and predictable business environments. Integrating cultural dimensions into managerial practices can significantly boost overall business performance, particularly in SMEs (Lu & Lin, 2014). However, despite the importance of power distance and uncertainty avoidance, there is a significant gap in the literature regarding their specific impact on managerial practices in the Algerian context. Few studies have explored how hierarchical distance and uncertainty avoidance influence planning, strategic intelligence, innovation, communication, and customer orientation in Algerian SMEs in the construction sector. This study aims to fill this gap by comprehensively analyzing the links between these cultural aspects and specific managerial practices. This research is paramount, providing enlightening perspectives for managers and decision-makers of Algerian SMEs. By better understanding the influence of national culture on managerial practices, companies can adapt their strategies to improve organizational performance and gain a competitive advantage.

Furthermore, this study makes a unique contribution to the academic literature by providing empirical data on a largely understudied context, thereby enriching the global knowledge of the interactions between national culture and business management. This study seeks to answer the following research question: **How does national culture influence planning, strategic intelligence, innovation, communication, and customer orientation in Algerian SMEs in the construction sector?** In this regard, we advance the following research hypotheses:

Main Hypothesis (HP): National culture has a significant impact on managerial practices, notably planning, strategic intelligence, innovation, communication, and dynamic customer satisfaction.

Ha: Power distance has a significant impact on managerial practices, notably planning, strategic intelligence, innovation, communication, and dynamic customer satisfaction.

Hb: Uncertainty avoidance has a significant impact on managerial practices, notably planning, strategic intelligence, innovation, communication, and dynamic customer satisfaction.

We will employ a research methodology based on PLS (Partial Least Squares) programming to address the research question. This approach is particularly suited to our study as it comprehensively explores the relationship between national culture and managerial practices. PLS programming is a statistical method that allows us to analyze complex relationships between multiple variables. We will apply this methodology through a questionnaire targeted at a specific sample of Algerian companies operating in the construction and project realization sector, ensuring the relevance and specificity of our findings to this context.

This study contributes to both managerial practice and academic research. Practically, it offers concrete recommendations for Algerian SME managers better to align their managerial practices with local cultural components. Academically, it enriches the literature on intercultural management by providing a detailed analysis of the effects of power distance and uncertainty avoidance in the Algerian context. The key findings of this research reveal that power distance and uncertainty avoidance have significant but distinct impacts on the various managerial practices studied. For example, high hierarchical distance tends to centralize planning and limit innovation, while high uncertainty avoidance favours formal communication but can hinder strategic intelligence and customer orientation.

This introduction is followed by several sections: literature review, methodology, results, discussion, and conclusion. The literature review will examine existing approaches and studies on national culture and managerial practices. The methodology will describe the research methods used to collect and analyze data. The results section will present and analyze the empirical data collected. The discussion will interpret the results in line with the research objectives and questions posed. Finally, the conclusion will synthesize the main findings, practical implications, study limitations, and suggestions for future research.

1- Literature Review

1-1-National Culture

National culture is a complex and ever-changing concept that includes a range of historical, ethnic, social, and human elements that continuously interact (Skovgaard-Smith & Poulsen, 2017). It forms an essential part of a country's collective identity, shaping its members' mindsets, behaviors, and interactions within their surroundings (Langone, A., 2016; Perreault, S. et al., 2019). The formation of national identity is influenced by factors such as implicit cultural memory, explicit cultural learning, communication, and the value placed on heritage (Zhang et al., 2021; Thomas, 2017; Regibeau, 2017; Proulx, 2005). Geert Hofstede introduced the idea of national culture as mental programming in 1980, which has since been a crucial theoretical framework for understanding how culture impacts perceptions, attitudes, and behaviors within a society (Keith, 2013). According to Hofstede (1980), culture refers to "the collective programming of the mind that differentiates the members of one human group from

another." This widely accepted definition has been incorporated into numerous academic studies. Since the publication of his influential work, "Culture's Consequences: International Differences in Work-Related Values," in 1980, researchers have integrated Hofstede's cultural values framework into various empirical studies (Kirkman et al., 2006). Hofstede's cultural dimensions model has significantly impacted sociology, international business, and psychology. For instance, the GLOBE research project, which began in 1993, expanded Hofstede's original five dimensions to eighteen, demonstrating his work's enduring relevance and impact (Hofstede, 2006). Indeed, by examining national cultural dimensions, Hofstede has provided crucial insights into cultural differences between nations. He initially identified four main dimensions of national culture: "individualism/collectivism, power distance, uncertainty avoidance, and masculinity/femininity." Later, Hofstede added a fifth dimension, long-term orientation, to enhance the comprehension of cultural disparities. These dimensions are essential as they reflect the values, beliefs, and norms that influence individuals' behaviors in their daily lives (Taras et al., 2012). Hofstede's classification of cultural values has demonstrated its relevance and stability through numerous studies. Various research has verified their existence and significance (Beugelsdijk et al., 2015). These dimensions have been extensively applied in different fields, such as international marketing, corporate social responsibility, and tourism research (Ho et al., 2011; Reisinger & Crotts, 2009; Thanetsunthorn, 2015). They have even been utilized to analyze behavior on social networks, organizational stress, and illicit trade, underscoring their versatility and applicability in diverse contexts (DiRienzo & Das, 2020; Guftométros & Guerreiro, 2021; Yaşar & Sağsan, 2020). Similarly, other research has demonstrated how national culture, assessed through Hofstede's cultural values, affects various aspects of behavior at the national level, such as performance management in different countries (Paredes & Wheatley, 2017), and perceptions of environmental reporting practices in accounting (Yusoff et al., 2013). Hofstede's framework has been essential for understanding cultural distinctions and their consequences, particularly in cross-cultural communication in international business (Shaw, 2015), evaluating university services from a cross-cultural perspective (Sanchis et al., 2014), and exploring the transformation of national cultures over time (Girlando et al., 2004). Hofstede's cultural dimensions have also been linked to communication practices, highlighting the role of cultural values in interactions, particularly in the context of information and communication technologies (Sánchez-Franco & López, 2009). In conclusion, Hofstede's framework of national cultural dimensions has significantly contributed to understanding cultural variances and their influence on various aspects of society and business.

1-2- National Culture and Managerial Practices

1-2-1- Uncertainty Avoidance and Managerial Practices

According to Geert Hofstede, uncertainty avoidance is a cultural dimension that measures how much a society's members feel threatened by uncertainty and ambiguity and how they try to avoid them through strict beliefs and formal institutions (Hofstede, 2001).

1-2-1-1- Uncertainty Avoidance and Strategic Planning

This dimension has diverse effects on companies' planning, decision-making, and strategy formulation. H. Zhang (2023) found that managers, regardless of their culture and level of uncertainty avoidance, tend to adopt similar approaches to strategic planning, suggesting a minimal impact of this dimension. Uncertainty is a significant moderator of environmental characteristics and industry groupings, but it does not consistently affect strategic planning activities (Menke, 1979; Money & Crotts, 2003). On the other hand, Butzen et al. (2002) emphasize that the perception of environmental uncertainty strongly influences companies' strategic responses, particularly in small entrepreneurial structures with limited resources. Additionally, Wen and Huang (2012) demonstrate that integrating uncertainty into energy planning is crucial for ensuring robust and stable decisions. In summary, uncertainty avoidance has varying impacts on planning, ranging from minimal to crucial, depending on the contexts and specific domains.

1-2-1-2- Uncertainty Avoidance and Strategic Intelligence

Haarhaus & Liening (2020) demonstrate that the level of uncertainty avoidance directly impacts collaboration in supply chains and also affects the relationship between open inter-organizational systems and collaboration. Moreover, Oboreh and Umukoro (2011) suggest that environmental uncertainty indirectly influences how companies utilize information systems strategically, affecting company performance. Fu (2022) adds that cultural uncertainty influences a company's ESG performance, with risk-tolerant companies showing better ESG performance. Additionally, Alandejani & Al-Shaer (2023) and Collis (1992) explain that uncertainty moderates the link between strategy and performance, with prospecting strategies being more suitable in uncertain environments. They also suggest that political and economic uncertainty moderates the relationship between corporate strategy and tax evasion. Puyo & al. (2022) propose that companies can manage uncertainty by adopting various strategic approaches, that balance resource commitments to minimize risks and maximize opportunities.

Furthermore, Lyons and Ghetti (2013) argue that under certain conditions, controlled uncertainty can improve decision-making and security, with applications in various fields, including finance, project management, and public policy. In conclusion, uncertainty avoidance plays a vital role in a company's strategic intelligence by directly influencing collaboration in supply chains and strategic performance, moderating the relationship between strategy and performance, and being manageable through various strategic approaches. Consequently, companies should tailor their strategies based on their tolerance for uncertainty to optimize their performance and management.

1-2-1-3- Uncertainty Avoidance, Innovation, and Communication

The fear of uncertainty significantly impacts innovation and communication within small and medium-sized enterprises (SMEs). This fear drives companies to invest in research and development to reduce risks and gain a competitive advantage (Beauchêne, 2019). Technological uncertainty encourages innovation, especially in the industrial sector, while intense competition does not have the same effect (Uzkurt & al., 2012). Collaborating with customers in an uncertain environment also promotes innovation (Minami et al., 2023), and

applying plural innovation helps better manage uncertainty's negative impacts (Verreynne & al., 2019). In terms of communication, uncertainty avoidance encourages strengthening internal communication (Freel, 2005). This improvement aims to ensure that employees are well-informed about the company's decisions and strategies, thereby reducing fears and speculations that can arise from uncertainty (Kang & Sung, 2017). Finally, innovation processes' complexity and uncertainty control encourage collaboration with external networks to improve SME performance (Zeng et al., 2010). Uncertainty avoidance compels SMEs to adopt innovative measures and improve their internal and external communication. These strategies help them better manage risks and optimize performance in a competitive and uncertain environment.

1-2-1-4- Uncertainty Avoidance and Customer Orientation

Managing uncertainty is crucial for the customer orientation of small and medium-sized enterprises (SMEs). In cultures with a high aversion to uncertainty, customers are often less satisfied when their service expectations are unmet. This is because perceived uncertainty reduces satisfaction due to increased sensitivity to service flaws (Reimann & al., 2008). Practical customer orientation is directly linked to customers' positive perceptions of service performance, enhancing their satisfaction and perceived value (Brady & Cronin, 2001). For instance, effective management of technological uncertainty can improve the performance of new product development by helping companies better anticipate market demands and meet customer expectations (Jung, 2023). Customer knowledge management and customer orientation are important strategic resources for developing innovation capacity and marketing outcomes in SMEs (Fidel & al., 2018). In addition, centralization and formalization also play a role in the formulation and execution of the customer-centric approach. Centralization reduces the impact of training and implementing a customer orientation strategy, while formalization can strengthen the impact of customer orientation on company performance (Auh & Mengue, 2007). In high uncertainty avoidance environments, companies can benefit from the active participation of customers in new product development to align market needs with technological opportunities, thereby reducing uncertainty and improving product performance (Voigt et al., 2011). In summary, managing uncertainty through strategies such as customer knowledge management, customer integration, and adapting organizational structures is essential for enhancing customer orientation and improving performance in SMEs.

1-2-2- Hierarchical Distance and Managerial Practices

Geert Hofstede defines hierarchical distance as "the degree of acceptance by the less powerful members of an organization or society of inequalities in power and status." It measures how power is distributed and the extent to which subordinates accept this unequal distribution. Power inequalities are more accepted and even expected in high power distance cultures. In contrast, low power distance cultures have a greater expectation of equality and justification of power decisions (Hofstede, 2001).

1-2-2-1- Hierarchical Distance and Planning

Hierarchical distance is crucial for company planning. Analyses show that power inequality influences the connection between personnel management policies and organizational performance. Lower hierarchical distance improves perceived outcomes by

employees and managers. Moreover, hierarchical distance affects the relationship between HRM practices and social processes. This suggests that horizontal structures and frequent interactions between employees and managers optimize competitive advantages (Triguero-Sánchez & al., 2016). Additionally, a significant hierarchical distance leads to less reliance on subjective information and greater use of objective data in decision-making, as observed in the context of loan approvals (Liberti & Mian, 2009).

Furthermore, effective hierarchical planning systems first address the most critical conditions, simplifying processes and making planning more efficient (Yang, 1990). Finally, hierarchical analysis helps optimize technical services in industrial companies, allowing for better alignment of functions with cost and performance objectives (Kuznetsov & Tereliansky, 2019).

1-2-2-2- Hierarchical Distance, Strategic Intelligence, Communication, and Innovation

Analyzing power distance within organizations reveals significant impacts on innovation, communication, and strategic intelligence practices. The effect of hierarchical distance on innovation performance follows an inverted U-shaped curve, where a moderate distance fosters innovation while an excessive distance hinders it (Girerd-Potin et al., 2018; Nooteboom et al., 2007). By enabling effective exchanges, prompt decisions, and broader employee autonomy, a well-calibrated hierarchical distance can stimulate an environment conducive to innovation (Riahi, 2017). Additionally, innovation persistence is more pronounced in small enterprises through learning, whereas large companies rely on sequential R&D investments (Duguet & Monjon, 2002). In terms of communication, hierarchical distance reduces social interaction and the frequency of memorable communications, thus diminishing organizational cohesion and efficiency (Latané et al., 1995).

Regarding strategic intelligence practices, strategic management variables strongly influence the innovation capacity of SMEs, suggesting that hierarchical distance can hinder or enhance strategic responsiveness (Becheikh et al., 2009). An optimal hierarchical distance is essential for cross-sector collaborations as a strategic intelligence practice to maintain adequate absorptive capacity and innovative outcomes (Enkel & Heil, 2014). Thus, hierarchical distance has multidimensional effects on innovation, communication, and strategic intelligence practices, and effective management of this distance can foster positive outcomes and enhance overall company performance.

1-2-2-3- Hierarchical Distance and Customer Orientation

The analysis of power distance and national culture reveals significant impacts on companies' customer orientation. Hierarchical distance affects the responsiveness and adaptability of companies to customer expectations. Kreiser et al. (2010) show that hierarchical distance negatively influences risk-taking and proactivity, limiting innovation and customer satisfaction. Ďaňková & Droppa (2015) note that in environments with a large hierarchical gap, Slovak managers exhibit less flexibility and individual initiative, negatively impacting customer orientation. Kannothea & al. (2017) explain that companies with a high hierarchical distance have difficulty effectively integrating customer needs into their growth strategies, affecting their overall performance. Additionally, Yoon (2009) demonstrates that cultures with a high hierarchical distance show less acceptance of e-commerce technologies, thus limiting

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the adoption of new customer-oriented practices. In conclusion, a high hierarchical distance and a national culture marked by a significant power gap significantly hinder companies' customer orientation, reducing their ability to respond quickly and effectively to customer needs.

1-3- Synthesis of the Impact of Power Distance and Uncertainty Avoidance on Managerial Practices

Uncertainty avoidance plays a crucial balancing role in cultures with a high-power distance that can optimize organizational performance. Studies show that uncertainty avoidance is often associated with increased control by leaders and a reduction in delegation, which can counteract the adverse effects of high-power distance by ensuring more excellent stability and predictability in decision-making processes (Offermann & Hellmann, 1997). Furthermore, companies with uncertainty avoidance practices and a clear hierarchical structure have demonstrated better performance in uncertain environments, particularly in managing tensions and innovation, due to better cultural adaptation and sensitivity (Ghosh, 2011; Gupta, 2011). Additional research indicates that uncertainty avoidance can mitigate the adverse effects of power distance on innovation, allowing employees to be more innovative while remaining within a predictable and controlled framework (Jungsik et al., 2018). Finally, high power distance and uncertainty avoidance enable rapid decision-making and effective strategy implementation in complex organizational contexts, leading to enhanced performance (Jie et al., 2020). In summary, uncertainty avoidance can act as a balancing factor in high power distance cultures, optimizing organizational performance.

2- Research Methodology: Empirical Framework of the Research

Theoretical foundations, as well as the conclusions of previous empirical studies, suggest a significant and positive effect of national culture on company managerial practices. However, it should be noted that the management of a large enterprise differs from that of SMEs. While SMEs often need to be more developed and formalized, they still possess established management practices.

2-1- Sample Selection and Data Collection

This study employed a rigorous positivist paradigm with a survey method. Specifically, we collected primary data from respondents using a comprehensive questionnaire technique. The study's sample was deliberately selected from managers at all managerial levels of companies operating in the construction and project and building realization sector (EBTP companies) located in the East of Algeria over a ten-month period from January 2022 to October 2022. We distributed 60 questionnaires and received 42, representing a commendable response rate of 70%.

2-2- Measurement of Variables

The two main variables of this study, national culture, and managerial practices, are meticulously measured within the research model. To ensure the highest level of accuracy, the study utilizes recognized scales from the existing literature. These variables are defined as unidimensional constructs using items adapted from previous research, a process that underscores the rigor of our methodology.

Regarding the independent variable (national culture), Hofstede's (1980) scale was employed, comprising five items for power distance and nine for uncertainty avoidance. For the dependent variable (managerial practices), the measurements are as follows:

- four items for planning (scale adapted from a comprehensive literature review)
- four items for strategic monitoring (adapted from Alaoui, 2013)
- four items for innovation (adapted from Eliccel Paul, 2016)
- four items for communication (adapted from Alaoui, 2013)
- four items for customer orientation (adapted from Éliane Khalifé and Bernard de Montmorillon, 2018)

Some scales were adjusted to align with the research objectives (Sekaran & Bougie, 2016). A five-point Likert scale (1 = strongly disagree, 5 = strongly agree) defined all the concepts.

2-3- Evaluation of the Measurement Model

In the following section, we will analyze the convergent and discriminant validity of the measurement model for the impact of national culture on managerial practices. This process will allow us to validate our measurement scale before estimating the structural model.

2-3-1- Convergent Validity

The PLS algorithm allowed us to obtain the results presented in Table 1. All theoretical constructs are reliable, as the composite reliability (CR) values are above 0.70, and the average variance extracted (AVE) values indicate values above 0.50. Additionally, Cronbach's alpha shows values above 0.60. However, we noted that thirteen items (CD1, CC5, CC2, MP1, MP5, MP7, MP8, MP11, MP13, MP16, MP18, MP19, MP20) recorded factor loading scores below 0.70, which, in line with the recommendations of HAIR J. et al., we decided to remove to ensure the robustness of our model.

Table 1: Convergent Validity of the Model

Constructs of the Model	Dimensions of the Construct	Model Items	Factor Loading (F ≥ 0.70)	Cronbach's Alpha	Composite Reliability (CR ≥ 0.70)		AVE (Average Variance Extracted) ≥ 0.50	
National Culture (Adapted from Hofstede's Model, 1980)	Power Distance	CD1	0.805	0.912	0.899	0.925	0.620	0.560
		CD2	0.755					
		CD3	0.394					
		CD4	0.805					
		CD5	0.799					
	Uncertainty Control	CC1	0.860		0.906		0.640	
		CC2	0.674					
		CC3	0.759					
		CC4	0.711					
		CC5	0.630					
		CC6	0.691					
		CC7	0.753					
		CC8	0.700					
		CC9	0.765					

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Management Practices (Adapted from Comprehensive Literature Review by Éliane Khalifé and Bernard de Montmorillon, 2018; Eliccel Paul, 2016; Alaoui, 2013)	MP1	0.590	0.910	0.927	0.616
	MP2	0.714			
	MP3	0.680			
	MP4	0.753			
	MP5	0.687			
	MP6	0.738			
	MP7	0.473			
	MP8	0.621			
	MP9	0.667			
	MP10	0.739			
	MP11	0.674			
	MP12	0.816			
	MP13	0.674			
	MP14	0.777			
	MP15	0.677			
	MP16	0.280			
	MP17	0.756			
	MP18	0.464			
	MP19	0.206			
	MP20	0.351			

Source: Created by us using Smart PLS 3.0

2-3-2- Discriminant Validity

In this step, we examine the Fornell-Larcker criterion to ensure that the variance shared by a latent variable with its indicators is more significant than that shared with other variables in the model. The matrix presented in Table 2 shows that the square roots of the average variances extracted (AVEs) for each variable in our model (in bold in the table) are all greater than the correlations between the variables. This indicates that the variables are perfectly distinct.

Table 2: Fornell-Larcker Criterion

	Power distance	Uncertainty Control	National Culture	Management Practices
Power distance	0,903			
Uncertainty Control	0,745	0,948		
National Culture	0,789	0,751	0,843	
Management Practices	0,7 89	0,719	0,754	0,846

Source: Created by us using Smart PLS 3.0

2-4- Structural Model Estimation

After meticulously validating our measurement model, we will focus on the causal relationships of the latent variables. As a reminder, our objective is to measure the impact of national culture on management practices.

2.4.1- Hypothesis Testing (h Coefficient)

This test allows us to verify the relationships between the variables in our model using two indicators: the student's t-test ($t > 1.96$), which measures the strength of the relationship, and the p-value ($p^* < 0.05$, $p^{**} < 0.01$), which measures the significance of the relationship. A p-value < 0.05 means that if the test is repeated one hundred times, there is a 5% error probability. The test is considered significant. For a p-value < 0.01 , the estimated probability of

error decreases to less than 1%, making the test even more significant, denoted by (**). Table 3 presents the hypothesis tests for our model corresponding to our research hypotheses.

Table 3: Hypothesis Testing of the Structural Model

Hyp.	Relations	Beta	Err.	t	P	Commentaire
HP	National culture -> management practices	0,714	0,042	6,583	0,000	Acceptée**
Ha	Power distance -> management practices	0,154	0,200	3,819	0,005	Acceptée**
Hb	Uncertainty Control -> Management practices	0,321	0,141	3,478	0,000	Acceptée**

Significant Relationship to Value $p^{**} < 0,01$, $p^* < 0,05$

Source: Created by us using Smart PLS 3.0

The table above illustrates a notable connection between national culture and management practices. A detailed analysis of the specific dimensions of national culture demonstrates a significant influence of power distance and uncertainty control on these management practices. In fact, there is a highly significant correlation between national culture and management practices ($t = 6.583^{**}$).

2.4.2- Analysis of the Coefficient of Determination R^2 (Coefficient of Determination)

According to Chin W., the coefficient of determination should adhere to the following standards:

- When $R^2 > 0.67$, we can infer that the endogenous variable is significantly influenced by the exogenous variables, indicating a high coefficient. $0.33 < R^2 < 0.67$: The coefficient is moderate, indicating that the endogenous variable varies moderately with the exogenous variables.
- $0.19 < R^2 < 0.33$: The low coefficient indicates that the endogenous variable varies weakly with the exogenous variables.
- $R^2 < 0.19$: The coefficient is unacceptable, indicating no significant link between the endogenous and exogenous variables.

For the National Culture variable (see Table 5), our R^2 value is moderate, suggesting that 42.6% of the variance in National Culture is explained by Power Distance and Uncertainty Control. Similarly, for the Management Practices variable, our R^2 value is also moderate, indicating that our model accounts for 49.6% of the variance in National Culture.

Tableau 4 : Coefficient de détermination R^2

Endogenous Variables	R^2	Commentary
National culture	0,426	Moderate R^2
Management practices	0,496	Moderate R^2

Source: Created by us using Smart PLS 3.0

2.4.3- Analysis of the Predictive Power of the Model, the Q² of Stone-Geisser

Estimating this coefficient will allow us to evaluate the predictive power of our structural model, using the Stone-Geisser Q² coefficient (Predictive Relevance). According to Hair J. et al., a Q² value > 0 indicates that our model has predictive power.

Table 5: Stone-Geisser Q²

	Q ²
Management practices	0.252

Source: Created by us using Smart PLS 3.0

We observe that our model's Q² value for the endogenous variable is greater than 0. Therefore, we can say that our model has predictive power.

2.4.4- Analysis of the Model's Quality GOF (Goodness of Fit)

GOF is generally calculated in the case of LISREL modeling. However, it has recently been incorporated into PLS modeling to measure the overall quality of the model (both structural and measurement). According to Henseler J. and Sarstedt M., the GOF is obtained using the following formula:

$$\text{GOF} = \sqrt{(R^2 \times \text{AVE})}$$
$$\text{GOF} = \sqrt{(0.922 \times 1.176)}$$

$$\text{GOF} = 1.041$$

We observe that this index takes into account the average value of the structural model (R²) and the average value of the measurement model (AVE) to evaluate the overall quality of the model. According to Wetzels M. et al., the GOF values are interpreted as follows:

- GOF < 0.10: The model is not successful
- 0.1 < GOF < 0.25: The model quality is poor
- 0.25 < GOF < 0.36: The model quality is average
- GOF > 0.36: The model quality is excellent

With GOF = 1.041, we consider the GOF to be sufficiently high to validate our PLS modeling.

3- Discussion

- **Hypothesis a (Ha): Hierarchical distance positively influences managerial practices.**

The results show that hierarchical distance significantly impacts managerial practices, with a beta coefficient of 0.154 and a t-value of 3.819 (p < 0.01). This confirms that a high hierarchical distance in Algerian SMEs in the construction sector tends to centralize strategic planning and

limit innovation. Indeed, companies with a high HD demonstrate less reliance on subjective information and greater use of objective data in decision-making, as observed in loan approvals (Liberti & Mian, 2009). These findings suggest that companies with a flatter hierarchical structure are better equipped to foster innovation and open communication, which is crucial for improved organizational performance. Thus, reducing hierarchical distance could enable greater flexibility and responsiveness in decision-making processes, enhancing overall managerial practices.

- Hypothesis b (Hb): Uncertainty avoidance positively influences managerial practices.

Uncertainty avoidance also shows a significant relationship with managerial practices, with a beta coefficient of 0.321 and a t-value of 3.478 ($p < 0.01$). This result indicates that companies exhibiting high uncertainty avoidance favor formal communication practices but may need help to adopt strategic monitoring and customer-oriented strategies. Companies with high uncertainty avoidance tend to invest more in research and development to mitigate market risks (Beauchêne, 2019). However, this approach can limit their ability to respond swiftly to market changes. Moreover, risk-tolerant companies show better performance in environmental, social, and governance (ESG) responsibility (Fu, 2022), suggesting that proactive management of uncertainty can enhance organizational performance.

Indeed, our study's conclusions align with the works of Yahia-Berrouiguet (2015), who showed that high hierarchical distance in Algerian SMEs tends to centralize decision-making, thus slowing down innovation and communication processes. Similarly, Pacheco Paredes and Wheatley (2017) highlighted that uncertainty avoidance can negatively influence a company's ability to adopt innovative practices and respond quickly to market changes. Additionally, Đuretić and Krasulja (2020) demonstrated that SMEs with low hierarchical distance promote a culture of openness and collaboration, thereby improving decision-making processes.

The existing literature, such as Hofstede (2006), demonstrates the influence of cultural dimensions on various aspects of managerial and organizational practices. Our results reinforce these conclusions by showing how hierarchical distance and uncertainty avoidance specifically affect Algerian SMEs in the construction sector. In comparison, Zhang (2023) and Menke (1979) observed that uncertainty is an important moderator of environmental characteristics and industry groupings, confirming our observations on the impact of uncertainty avoidance on strategic planning.

4- Conclusion

This study highlighted the significant impact of hierarchical distance and uncertainty avoidance on the managerial practices of Algerian SMEs operating in the construction sector. The results show that hierarchical distance centralizes decision-making processes, limiting innovation and organizational flexibility. Conversely, uncertainty avoidance promotes formal and structured communications but may hinder strategic monitoring and customer orientation activities. This study enriches the literature on intercultural management and Hofstede's cultural

dimensions by providing empirical data on the Algerian context. It confirms and extends previous research by emphasizing the specific effects of cultural dimensions on managerial practices in an environment where national culture plays a crucial role in organizational structuring. The results underline the importance of considering local cultural peculiarities to improve business performance.

• Research Implications

The policy implications of this research are numerous. For policymakers and SME managers, it is essential to recognize the impact of cultural dimensions on managerial practices. Reducing hierarchical distance could facilitate better communication and more significant innovation within companies. Similarly, strategies to proactively manage uncertainty could improve strategic planning and competitive intelligence. Theoretically, this study enriches understanding of the interactions between national culture and managerial practices, highlighting the importance of cultural contextualization in business management.

• Limitations and Future Research Needs

Despite the relevance of these results, this study has some limitations. First, the sample size is relatively small, which may limit the generalizability of the conclusions. Furthermore, the study focuses solely on SMEs in the construction sector, neglecting other sectors that might exhibit different cultural dynamics. Future research could extend the analysis to other economic sectors and use larger samples to enhance the robustness of the conclusions. Finally, exploring other cultural dimensions, such as individualism and collectivism, would be beneficial for a more comprehensive understanding of managerial practices in the Algerian context. In conclusion, this study significantly enriches the understanding of the impact of cultural dimensions on managerial practices in Algerian SMEs. Companies can improve their organizational performance and gain a competitive advantage by adapting their managerial practices to local cultural specificities.

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Appendix

National Cultural Variables and Managerial Practices measurement

I. National Culture

A. Power Distance (adapted from Hofstede, 1980)

1. In my company, important decisions are made by senior executives without consulting employees. **CD1**
2. It is difficult for employees to challenge the decisions of senior executives. **CD2**
3. Senior executives are perceived as more competent simply because of their status. **CD3**
4. There is a significant emotional distance between senior executives and employees. **CD4**
5. Employees hesitate to express their disagreement with their superiors. **CD5**

B. Uncertainty Avoidance (adapted from Hofstede, 1980)

1. Rules and procedures are strictly followed in my company. **CC1**
2. Employees feel a high level of anxiety in the face of uncertainty in daily work. **CC2**
3. Personal initiatives are not encouraged due to fear of failure. **CC3**
4. Employees prefer clear and detailed instructions for each task. **CC4**
5. Innovations are often seen as unnecessary disruptions. **CC5**
6. Organizational changes are often met with resistance. **CC6**
7. Risks are avoided in managerial decision-making. **CC7**
8. Employees seek job security more than recognition. **CC8**
9. Deviant behaviors from the norms are severely sanctioned. **CC9**

II. Managerial Practices

A. Planning (adapted from existing literature)

1. My company sets clear and achievable goals. **MP1**
2. Strategic planning is a priority in my company. **MP2**
3. Plans are regularly reviewed and updated as needed **MP3**
4. Employees are involved in the planning process. **MP4**

B. Strategic Monitoring (adapted from Alaoui, 2013)

1. Project performance is regularly evaluated. **MP5**

2. Deviations from plans are quickly identified and corrected. **MP6**
3. Performance indicators are clearly defined and monitored. **MP7**
4. Feedback is used to improve future practices. **MP8**

C. Innovation (adapted from Eliccel Paul, 2016)

1. My company encourages new ideas and initiatives. **MP9**
2. Necessary resources for innovation are made available. **MP10**
3. Innovation is integrated into the overall company strategy. **MP11**
4. Successes and failures in innovation are shared to learn and progress. **MP12**

D. Communication (adapted from Alaoui, 2013)

1. Important information flows effectively between different hierarchical levels. **MP13**
2. Communication is open and transparent in my company. **MP14**
3. Employees are encouraged to share their ideas and concerns. **MP15**
4. Communication channels are well-defined and optimally used. **MP16**

E. Customer Orientation (adapted from Éliane Khalifé and Bernard de Montmorillon, 2018)

1. Customer satisfaction is a priority in my company. **MP17**
2. Customer feedback is taken into account to improve products and services. **MP18**
3. Employees are trained to effectively respond to customer needs. **MP19**
4. Initiatives aimed at retaining customers are regularly implemented. **MP20**