Chapter 11
Globalism, Culture, and Business Environment: A Middle Eastern Perspective

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ABSTRACT
As the international business environment becomes increasingly global and competitive, a manager’s job becomes more challenging and diverse. The recent trends of globalization and competition are attributed to several triggering factors such as technological development, new emerging and investment-friendly markets, and the availability of globally-scaled logistics. Companies increasingly seek a variety of growth options including cross-border mergers, joint ventures, direct investments, and strategic alliances. Similarly, markets are integrating via a variety of mechanisms ranging from a simple trade level integration (witness the growth of free trade agreements) to a more complex political unification, such as the European Union (EU).

INTRODUCTION
Globalization has completely reshaped the flow of information, goods, and services; therefore, it is crucial to view the business world differently. Considering that globalization processes are taking place worldwide, business managers are required to:

- Learn about different markets,
- Foresee the possible scenarios ahead,
- Identify opportunities and threats,
- Design comprehensive business plans,
- Prepare for the challenges presented by variations in cultures

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Managers should think and plan globally to sustain their business operations in the ever-changing environment of today’s business. In the current context, regional studies become imperative for all stakeholders. This chapter will focus on the business environment of the traditional Middle East, which includes Israel and the Arab countries of Egypt, Syria, Lebanon, Jordan, Iraq, Saudi Arabia, Kuwait, Bahrain, Qatar, and the United Arab Emirates (UAE). In particular, this chapter will include the following parts:

1. Cultural characteristics of the Middle East
2. The Middle East in a globalized world
3. A corporate cultural analysis
4. Managing business operations in the Middle East: Some guidelines for success
5. Conclusion

CULTURAL CHARACTERISTICS OF THE MIDDLE EAST

Very particular to the Middle East, religion plays an important role in the culture of the region. Without exception, all countries in this area are ruled by religious law, sometimes in parallel to state law or sometimes on its own, giving rise to similar yet different cultural characteristics. In general, Middle Eastern culture can be divided into Muslim, Christian/Catholic, and Jewish cultures. Nonetheless, with the exception of Lebanon which has more influence of Christianity/Catholicism, most countries are ruled by Islam and Islamic culture. However, Israel, the only Jewish state in the world, is ruled by Jewish and civil laws. This chapter covers Israel in parallel, since Judaism and the history of Israel make its culture more akin to Western culture than any other country in the Middle East. Nonetheless, it is important to note that, although the strong majority of Israelis are of the Jewish faith, there is a small majority of Muslims and Christians/Catholics in the country. For simplicity’s sake, we will not include them.

The Arab Middle East (“Arabs”) is a relationship-driven culture where personal relationship and social interaction are important before doing business. Arabs tend to be collectivist, family-oriented, and hierarchical. Honor, shame, face, and social networks play important roles. Long-term trust, built on past experience and personal understanding must be established before any business can start. They are hospitable, friendly, emotional, and proud of their culture, if somewhat rude, based on more Western ideals of proper behavior. The proper connections are central for successful business in the region, as mutual trust is the pillar of such relations. Offering and accepting favors, what could be considered to be corruption or in the Western world, are common business practices in the Middle East. Non-verbal and body languages are also highly indicative of the “high context” culture in the Middle East. For example, it is not strange for two men to hug and kiss as they meet, something which would not be encountered in a Western country.

As culture is highly influenced by religion, what could be considered normal practice in the West will not be so in the Middle East. Religion influences the way people think and act. For example, dietary laws forbid the eating of meat which is not “halal” (butchered in a certain way by a person allowed to kill the cow; pork is forbidden), and alcohol is not even sold in many countries. Dancing places, or “discos”, are also not to be found anywhere. Smoking is not encouraged, although many do smoke the water pipe, which is more traditional than cigarettes. Muslims pray five times a day, interrupting work activities, and the month of Ramadan (which varies in the Gregorian calendar, as the Muslim calendar is not solar) is a month of fasting, and hence of reduced economic activity.

Therefore, potential cultural misunderstanding may be encountered by anyone doing business in the Middle East. These could include the following: