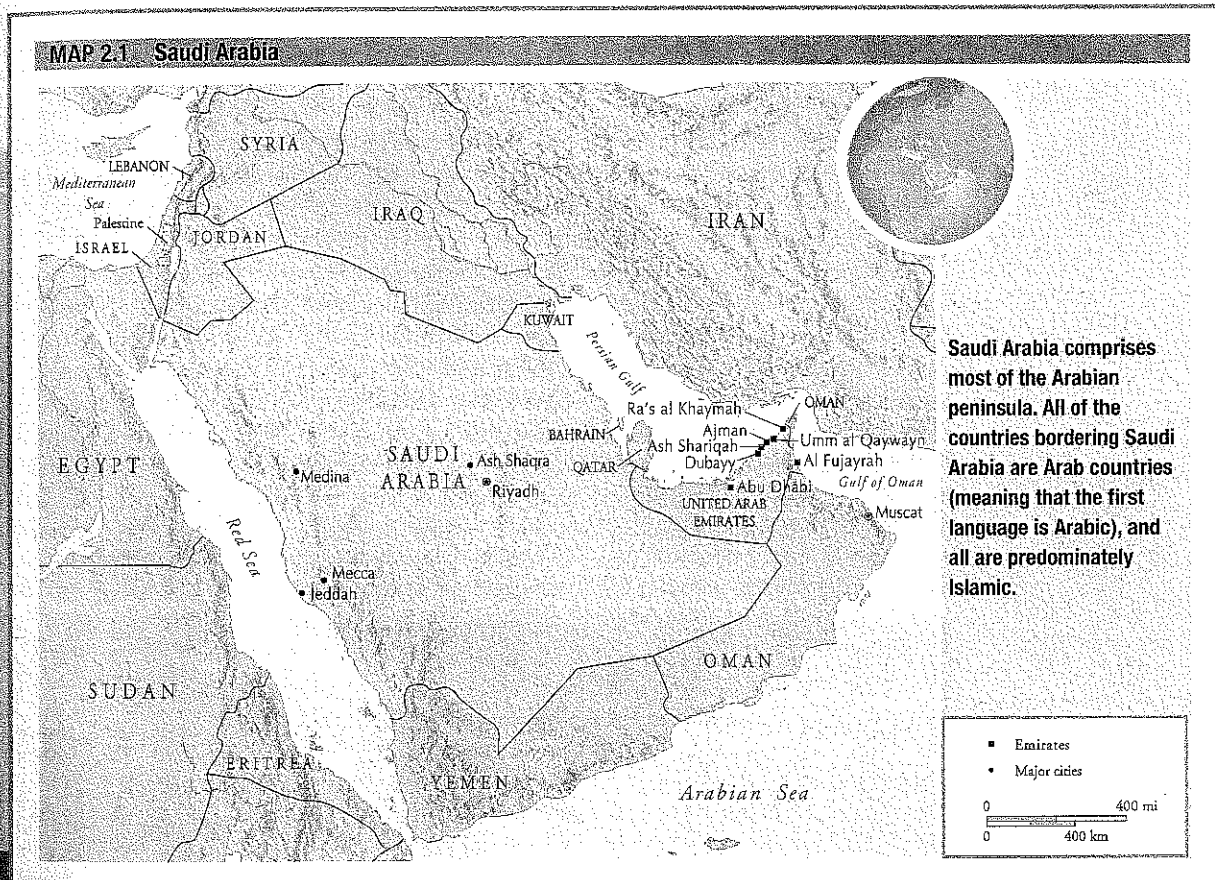


CASE: THE JAVA LOUNGE—ADJUSTING TO SAUDI ARABIAN CULTURE¹

Saudi Arabia is a land of contrasts and paradoxes. (Map 2.1 shows its location.) It has supermodern cities, but its strict Islamic religious convictions and ancient social customs, on which its laws and customs depend, often clash with modern economic and technical realities. Saudi Arabian authorities sometimes employ latitude in legal formation and enforcement to ease these clashes. Further, some of the ancient social customs have become more lax. Nevertheless, because the latitude and laxness have varied substantially, such as by industry and area of the country, both Saudis and foreigners have sometimes been perplexed about what is accepted personal and business behavior. Foreigners have, in addition, sometimes found Saudi laws and customs contrary to their own value systems.



Against this backdrop, four young Saudis concluded that the time might be ripe to open a restaurant/lounge that would cater to an affluent clientele. These four young Saudis had all lived and studied abroad, and three of them had one or both parents from Arab countries (Egypt, Lebanon, and Yemen) whose customs were less conservative than those in Saudi Arabia. They had not only experienced foreign restaurants and nightlife, they had enjoyed them. They reasoned there were enough Saudis like themselves to support a foreign-type restaurant/lounge. However, because they harbored sufficient doubts, they hired Lebanese consultants to research the situation for them. Ordinarily, market research groups in Saudi Arabia have not been able to rely on family-focused interviews because of customs limiting male-female interactions except among family members and because Saudis view the home as private and even consider questions about their families as rude and an invasion of privacy. Nevertheless, these consultants successfully interviewed Saudi families by approaching them in restaurants after asking



professions; they have traditionally worked alongside men in medicine, and they are beginning to do so in hotels and banks as well. If they are employed where men work, they must have separate work entrances and be separated from males by partitions. Usually, an adult male relative must accompany females when they deal with male clerks.

Because of the need to separate the sexes, males coming to the Java Lounge during the day without female accompaniment must use a separate entrance and sit upstairs out of sight of the families and groups of females on the ground floor. In the evening, both floors are only for families. This type of separation occurs in all retail establishments. For instance, Harvey Nichols from the United Kingdom and Saks Fifth Avenue from the United States (both are upper-end department stores) have created women-only floors. On lower levels, there is mixed shopping, all male salespeople (even for products like cosmetics and bras), and no changing rooms or places to try cosmetics. On upper floors, women can check their *abayas* and shop in jeans, spandex, or whatever. The stores have also created drivers' lounges for their chauffeurs. A downside is that male store managers can visit upper floors only when the stores are closed, which limits their observation of situations that might improve service and performance.

People from countries with strict separation between the state and religion or where few people actively engage in religion find Saudi Arabia's pervasiveness of religion daunting. Religious prohibitions prevent Java Lounge from serving any pork products or alcohol, nor can it present live music to the customers. Because there is a large black market for alcohol, Java Lounge's employees must ensure that no customers bring in alcohol to consume on the premises. If authorities were to note such consumption, they would rescind Java's operating license. During the holy period of Ramadan, people fast during the day, thus Java Lounge serves customers only in the evening.

Other companies are also affected by the pervasiveness of religion in Saudi Arabia. For example, an importer halted sales of the children's game Pokémon because the game might encourage the un-Islamic practice of gambling, and a franchisor was forced to remove the face under the crown in Starbucks' logo because Saudi authorities felt the public display of a woman's face was religiously immoral. Coty Beauty omits models' faces on point-of-purchase displays that it depicts in other countries. Companies know that they must remove the heads and hands from mannequins and must not display them scantily clad. Companies also adjust voluntarily to gain the goodwill of customers—for example, by converting revenue-generating space to prayer areas. (Saudi Arabian Airlines does this in the rear of its planes, and Harvey Nichols does this in its department store.) McDonald's dims its lights, closes its doors, and stops attending to customers during the five times per day that men are called to pray. For the period of Ramadan, when people are less active during the day, many stores shift some operating hours to the evenings when people prefer to shop.

Of course, not all operating adjustments in Saudi Arabia are due to religion. Personal interactions between cultures are tricky, and those between Saudis and non-Saudis are no exception. For example, Parris-Rogers International (PRI), a British publishing house, sent two salesmen to Saudi Arabia who failed and had to be recalled. PRI paid them on a commission basis. They expected that by moving aggressively, the two men could make the same number of calls as they could in the United Kingdom. They were used to working eight-hour days, to having the undivided attention of potential clients, and to restricting conversation to the business transaction. To them, time was money. However, they found that appointments seldom began at the scheduled time and most took place while sipping coffee at cafés. To the salesmen, the Saudis spent too much time on idle chitchat and preferred talking to acquaintances rather than discussing business matters. The salesmen began showing so much irritation at "irrelevant" conversations, delays, and interruptions from friends that they caused irrevocable damage to the company's objectives. The Saudi counterparts considered them rude and impatient.

Foreigners working in Saudi Arabia are sometimes traumatized by the country's harsh legal sanctions. Not only are there religious patrols, there are also governmental beheadings and hand-severances in public. The government expects passers-by to observe the punishments, some of which are for crimes that would not be offenses in other countries. For example, the government publicly beheaded three men in 2002 for being homosexuals.

Rules of behavior are also difficult to comprehend because religious and legal rules may sometimes be flexible to fit the situation. For instance, the charging of interest and the purchase of accident insurance are

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permission to do so from the restaurants' managers. They reasoned that people who were affluent and who had traveled abroad would talk to them. How did they identify the people to approach? Given that women must wear robes (*abayas*) and men customarily wear robes (*thobes*), only people very familiar with Saudi society would be able to discern the economic status of the wearers. Foremost, the researchers noted people's demeanor, such as their manners and confidence in the way they comported themselves. In addition, the researchers distinguished between custom-made and off-the-rack robes, the expensiveness of wristwatches showing at the lower edge of sleeves, and the neatness of men's beards. After completing their interviews, the researchers concluded that there was sufficient market potential.

The four partners opened a very upscale 250-seat restaurant/lounge, the Java Lounge, in 2003. They chose to open in Jeddah because, as a port city, it had more contact with foreigners and was less conservative. For instance, in Saudi Arabia's interior, such as in Riyadh, women traditionally wear *garhas* that cover their faces, but in Jeddah, they do not. Further, the country has religious patrols that may hit women if they are clothed inappropriately, such as if they show any hair in public. However, these patrols are more relaxed about women's dress codes in and around Jeddah.

The appearance of the Java Lounge is no different from what one might find among modern first-class restaurants in any of the world's major cities. Further, Java Lounge's French chef, who had previously worked in Kuwait, prepares dishes that one might find on menus of upscale restaurants in Europe or North America. However, beneath this façade, operations of the Java Lounge have to deviate considerably from what one finds in restaurants outside Saudi Arabia.

To begin with, all Java's employees are male. Despite Saudi Arabia's ratification of an international agreement in 2000 to eliminate discrimination against women, rules on what women can do remain quite rigid and seem paradoxical to outsiders. On the one hand, women now outnumber men in Saudi Arabian universities. (There are separate male and female universities.) Women also own about 20 percent of all Saudi businesses, and a woman is CEO of one of Saudi Arabia's largest companies, the Olayan Financing Company. (However, most female-owned businesses can sell only to women.) Women also comprise a large portion of Saudi teachers and doctors. On the other hand, women account for only about 7 percent of the workforce. They cannot have private law or architectural firms, nor can they be engineers. They are not permitted to drive, because this may lead to evil behavior. They can work alongside men only in a few



The Java Lounge, except for the male-only upstairs section and the hubbly-bubbly apparatuses (common smoking devices found throughout the Middle East), looks very similar to upscale restaurants/lounges one sees in other parts of the world.

both disallowed under strict Islamic interpretations of the Koran. In the case of interest, the Saudi government gives interest-free loans for mortgages. This worked well when Saudi Arabia was awash with oil money, but borrowers must now wait about 10 years for a loan. In the case of accident insurance (by strict Islamic doctrine, there are no accidents, only preordained acts of God), the government eliminated prohibitions because businesses needed the insurance.

This flexibility is particularly prevalent for foreigners and foreign companies. For instance, Saudis are more lenient toward the visiting female executives of MNEs than toward Saudi women. Whereas they don't allow Saudi women to be flight attendants on Saudi Arabian Airlines, because they would have to work alongside men, they permit women from other Arab countries to do so. Further, in foreign investment compounds, where almost everyone is a foreigner, religious patrols make exceptions to most of the strict religious prescriptions.

But, let's return to the Java Lounge. It has been successful from the start. Its owners understood that there is an affluent niche of consumers in Saudi Arabia who want to emulate the luxury of the West. In fact, the rich people of Saudi Arabia are said to keep Paris couture alive. Even though Saudi Arabia prohibits fashion magazines and movies, this clientele knows what is in fashion. (The government also prohibits satellite dishes, but some estimates say that two-thirds of Saudi homes have them.) Women buy items from designers' collections, which they wear abroad or in Saudi Arabia only in front of their husbands and other women. Underneath their *abayas*, they often wear very expensive jewelry, makeup, and clothing. Men also want the latest high-end fashions when traveling abroad. At the same time, the Java Lounge's owners realized that as more Saudis have interacted with foreigners and as Saudi Arabia has sought to grow economically, changes have been occurring in Saudi Arabian values and social systems. For instance, a female Saudi gave the keynote address at the 2004 Jeddah Economic Forum, something that was unthinkable a few years earlier. (However, Saudi Arabia's highest religious authority later condemned the forum's use of a female speaker.) Nevertheless, these changes have occurred irregularly, more so in some parts of the country than in others and differently among people by income and educational level. Thus, Java Lounge must adhere to many traditional norms that are still deeply embedded in Saudi society.