



CASE

Saudi Arabia's Dynamic Culture

Saudi Arabia (see Map 2.1), a land of contrasts and paradoxes, can be perplexing to foreign managers as they try to exercise acceptable personal and business behavior.¹ Its mixture of strict religious convictions, ancient social traditions, and governmental economic policies results in laws and customs that sometimes shift with little advance notice and vary by industry and region as dominant forces evolve. Many of these laws and customs contrast markedly with those in the home countries of the companies doing business there. Thus, foreign companies and the employees they send there must determine what these differences are and how to adjust to them. A brief discussion of the roots of Saudi traditions and a sample of both cultural norms and foreign operating adjustments should help you understand the importance of culture in international business.

A LITTLE HISTORY AND BACKGROUND

Although the land encompassing the Kingdom of Saudi Arabia has a long history, until recently most inhabitants' loyalty was primarily tribal rather than national. In most times past, invaders controlled a divided land. Nevertheless, the inhabitants have shared a common language (Arabic) and religion (Islam). In fact, Saudi Arabia is the birthplace of Islam and the location of its two holiest cities, Mecca and Medina. (The opening photo shows the Grand Mosque at Mecca.) Beginning in 1745, the Wahabi movement swept across and united most of the peninsula by calling for the purification of Islam through a literal view of the Koran. King Ibn Saud (1882–1953), a descendant of Wahabi leaders, took power in 1901, merged independent areas, created an entity that was both political and religious, and legitimized his monarchy and succession by being the defender of Islamic holy areas, beliefs, and values.

The growing importance of oil for Saudi Arabia, particularly since the 1970s, has led to rapid urbanization and given the government the means to offer social services such as free education. These changes have furthered its citizens' sense of a national identity, while diminishing their traditional ways of living. Since 1950, the rural population has decreased from more than 80 percent (about half nomadic) to less than 20 percent. Cities have also modernized physically. However, below the physical surface, Saudis hold attitudes and values that are neither like the norm elsewhere nor easily discerned.

Modernization has been controversial within Saudi Arabia. The liberal group, supported by an elite segment that

has traveled abroad, wants such trappings from economic growth as greater choices in products and lifestyles. At the same time, the conservative group is supported by religious leaders and people who fear that modernization will upset traditional values and adherence to strict Koranic teachings. The government (the Royal Family) must balance these viewpoints while taking care not to overstep the acceptable boundaries of conservatism lest it become vulnerable to being replaced. For instance, it is well aware that Iran's Islamic Revolution was spearheaded in part by dissenters who viewed the Shah's modernization movements as corrupt and too secular. In 1979, a group largely marginalized by modernization seized the Grand Mosque of Mecca, which brought questions about the Royal Family's ability to protect Islam's holiest site. Meanwhile, liberals have been largely pacified by taking well-paid government jobs and slowly gaining the transformation they wish. The government has sometimes made tradeoffs to appease conflicting groups, such as requiring women to wear longer robes (women must wear *abayas* and men customarily wear *thobes*) in exchange for advancing women's education.

THE RELIGIOUS FACTOR

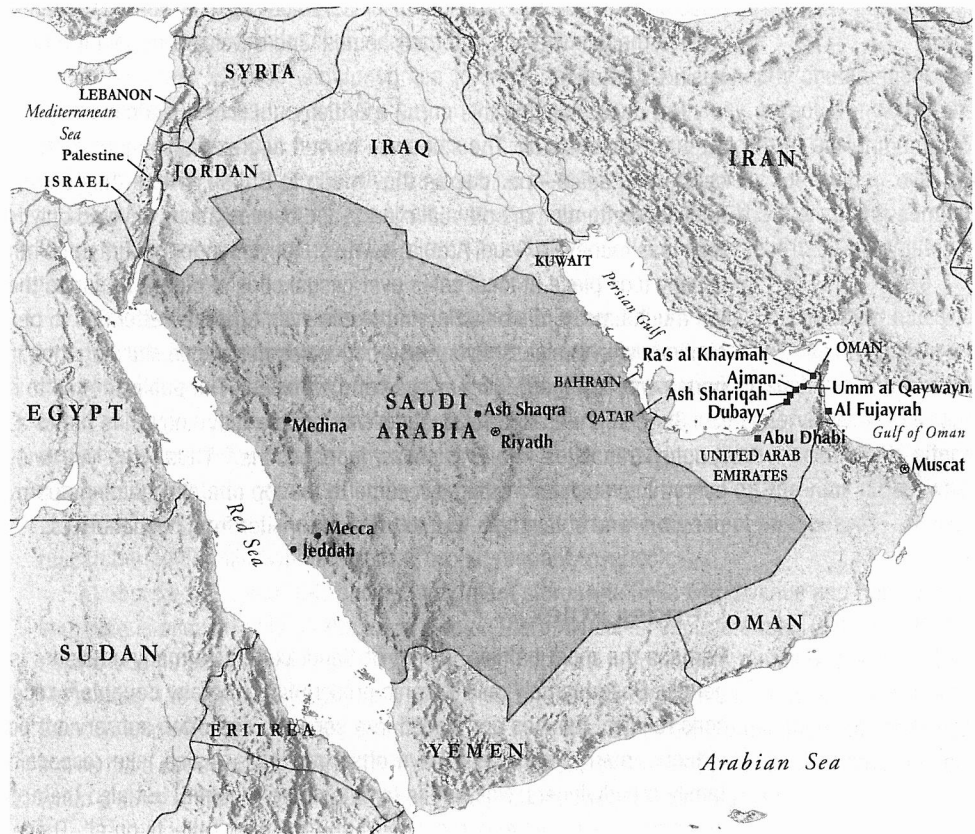
If your country maintains more or less strict separation between religion and the state, you will probably find the pervasiveness of religious culture in Saudi Arabia daunting. Religious proscriptions prohibit the sale or use of pork products and alcohol. During the holy period of Ramadan, when people fast during the day, restaurants serve customers only in the evening. Because Muslim men are called to prayer five times a day, restaurants such as McDonald's dim their lights and close their doors during those periods. Many companies convert revenue-generating space to prayer areas; Saudi Arabian Airlines does this in the rear of its planes, the British retailer Harvey Nichols in its department store.

However, there are regional differences. In the capital, Riyadh, women traditionally wear *niqabs* that cover their faces. But in the port city of Jeddah, which has more contact with foreigners and is less conservative, dress codes are more relaxed and fewer women wear them. Nevertheless, merchants routinely remove mannequins' heads and hands and keep them properly clad to prevent public objections. Starbucks franchises even altered the company logo and Coty Beauty its point-of-purchase exhibits in order not to display women's faces.

Rules of behavior may also be hard to comprehend because of the ways in which religious and legal rules have

MAP 2.1 Saudi Arabia and the Arabian Peninsula

The kingdom of Saudi Arabia comprises most of the Arabian Peninsula in Southwest Asia. The capital is Riyadh. Mecca and Medina are Islam's holiest cities. Jeddah is the most important port. All of the country's adjacent neighbors are also Arabic—that is, the people speak Arabic as a first language. All the nations on the peninsula are predominantly Islamic.



been adapted to contemporary situations. Islamic law, for instance, forbids charging interest and selling accident insurance (strict doctrine holds there are no accidents, only preordained acts of God). In the case of mortgages, the Saudi government gets around this proscription by offering interest-free loans. The government has simply eliminated the prohibition against accident insurance because Saudi businesses, like businesses elsewhere, need the coverage.

Nor are expected behaviors necessarily the same for locals and foreigners. Non-Muslim foreign women are not required to wear head scarves, although religious patrols may admonish them for not doing so. Saudi Arabian Airlines does not hire Saudi women as flight attendants (being in direct contact with men might tempt promiscuous behavior), but it hires women from other Arab nations. In addition, some compounds are inhabited largely by Americans and Europeans, who work in specialized positions and for foreign companies. To attract these needed specialists and investors, Saudi Arabia allows compound residents to dress and behave within the compounds much the way they do back home (alcohol, pornography, and drugs are still prohibited). However, in an example of a reverse dress code, some compounds prohibit residents and their visitors from wearing *abayas* and *thobes* in public areas.

TRADITIONAL FACTORS

Some Saudi Arabian traditions are probably the outgrowth of a tribal and nomadic past. For instance, the oft-quoted saying "Me against my brother, my brothers and me against my cousins, then my cousins and

me against strangers" illustrates a family-centered society where trust of others is highly correlated with the degree of familiarity with them.

Given the trust factor, most Saudi businesses have historically been family owned and operated, preferring to hire family members or people they know well even though others might be better qualified. However, these companies have seen the need to partner with foreign firms to gain expertise. The process of partnering is usually lengthy because Saudis take time to know the foreigners well and are reluctant to make full financial disclosures outside the family. They generally prefer to get to know you well, perhaps invite you into their homes, and develop a certain level of friendship before ever turning to business details.

Not understanding this norm, a British publisher dispatched two salesmen to Saudi Arabia and paid them on commission. The salesmen moved aggressively, figuring they could make the same number of calls—and sales—per day as they made in Britain, where they were used to punctual schedules, the undivided attention of potential clients, and conversations devoted only to business transactions. To them, time was money. In Saudi Arabia, however, they soon found that appointments seldom began on time and usually took place at local cafés over casual cups of coffee. As far as they were concerned, Saudis spent too much time in idle chitchat and would even turn their attention to personal acquaintances rather than continue with business. Eventually, both salesmen began showing their irritation, and their Saudi counterparts came to regard them as rude and impatient. The publisher had to recall them.

Saudis' preference for dealing with people they know has led to a system known as *wasta*, which roughly translates into English as "connections." Thus, who you know helps a great deal in almost everything, such as moving a résumé to the top of a pile, gaining approval of a zoning request, getting a passport, and obtaining a visa to bring in a visitor from headquarters.

Gender Roles

Perhaps the most baffling aspect of Saudi culture to many outsiders is the expected role of people by gender. Based largely on a Koranic prescription whereby daughters receive only half the inheritance that sons receive, females are placed in a separate and often subservient position. Their role has been to be virtuous, marry young, and have offspring, while males take responsibility as their protectors and the family breadwinners. Not only is female virtue required, but also the appearance of it. Because of family importance, a negative perception of one member reflects on all. These beliefs have led to a number of proscriptions for women, such as no traveling abroad without permission of a male relative and no studying abroad without a male relative escort. Basically, non-kin males and females may interact personally only in "open areas," or in "closed areas" when the females are accompanied by a male relative. However, applying this restriction may seem a bit confusing to outsiders. For instance, restaurants are considered closed areas, and proprietors must maintain separate dining rooms and entrances for men without female companions. However, the food malls at most shopping centers are considered open areas where members of both sexes intermingle.

Nevertheless, several happenings since 2011 foretell possibly fewer future differences in gender requirements: women received future rights to vote and hold political offices, there was little intimidation when a group of women drove autos to protest their prohibition against driving, a Saudi prince spoke out in favor of women's driving as a means of limiting the number of foreign workers, a two-member women's team participated in the Olympics for the first time (but critics labeled them prostitutes for doing so), and prohibitions were lifted on female physical education classes in schools.

A 2008 royal decree lifted a ban on mixing men and women in the workplace, but the situation is complex. Male and female employees within the public sector work in separate buildings. When they must meet together, they do so within meeting rooms in the Governor's office, where they must use separate entrances. Men and women may work together within the private sector, but there are other limitations.

Although there are now more female than male university graduates in Saudi Arabia, only about 15 percent of the workforce is female. Why? The answer is partly cultural. Some women prefer traditional

family roles. Some find driving restrictions to be too much of a hassle. And some families prohibit female members from working because of family honor ("What will people think?"). Economic factors blend with cultural ones as well, such as companies incurring the cost of providing separate entrances and toilet facilities. However, the genders do interact at work, especially in multinational companies. For example, Unilever's female brand managers, as long they adhere to dress codes, interact with male colleagues and meet with men from other companies. However, they are limited in traveling abroad on company business because they need permission from their male relatives. Some multinationals ease this problem by paying the travel costs for a male relative to accompany a woman abroad.

At one time, visas for single women to enter Saudi Arabia were nearly unobtainable. However, the Saudi Arabian General Investment Authority (SAGIA) has successfully attracted investments by MNEs that need visas to send female executives there for short- and long-term assignments. While these visas are not given automatically, they can be obtained—more easily for women over 40, but also possibly for younger women, especially with the use of *wasta*. The U.S. consulting company Monitor Group brought in American women in their twenties, and L'Oreal has sent its female human resources manager there.

Restrictions on gender interactions also lead to other adjustments. For instance, four young Saudis who had lived and studied abroad wanted to test the market potential for opening an upscale restaurant—the Java Lounge—in Jeddah. Ordinarily, it can be difficult to conduct such research in Saudi Arabia because limitations on male-female interactions restrain family-focused interviews. In this case, however, consultants interviewed apparently affluent families by approaching them in restaurants after noting how they comported themselves, whether they wore custom-made versus off-the-rack robes, what quality of wristwatches showed beneath long sleeves, and how well the men kept their beards—all indicators that researchers unfamiliar with the society would probably overlook.

At upscale U.S.- and U.K.-based department stores like Saks Fifth Avenue and Harvey Nichols, mixed shopping is allowed only on the lower floors. There, all salespeople are men (even those specializing in such products as cosmetics and lingerie), and there are no changing rooms or places to try cosmetics. Meanwhile, the upper floors are for women only, and female shoppers can check their *abayas* and shop in jeans or whatever they choose. (Meanwhile, the men who drove the women there can relax in a space the stores have set aside for them.) One problem: Because male managers can visit these upper floors only when a store is closed, they are limited in their ability to observe operations.

CULTURAL DYNAMICS

Almost all aspects of culture evolve, and Saudi Arabia is no exception. Take the case of women in the workplace. In terms of preparation, the first public school for girls did not open until 1960, and the government had to provide troops in one city because of protests that the schooling would negatively affect girls' religious and social values. Since then, the country has seen a gradual increase in years of study and curriculum offered for females. Economic need has spurred both changes in education and the use of education within the workforce. At the same time, critics have had to be persuaded that changes are compatible with women's roles. One of the first acceptances of working women (alongside men) was in the medical field because of the shortage of doctors, the high cost of separate male and female specialists, and the compatibility of healing with women's role as nurturers.

In addition, Saudi opinion and policy has been to reduce the heavy dependence on and cost of foreign workers. Thus, the government pays for foreign university education of its citizens while recognizing the disregard of much female talent.

The Saudi business world has seen much change. Consider that women own about 20 percent of all Saudi businesses, or that a woman is CEO of one of the country's largest concerns, the Olayan Financing Company. Three things will likely boost Saudi female workforce participation: (1) an increase in inward foreign investment, (2) more women studying abroad, and (3) women's psychological drive to prove themselves. Bear in mind, however, that changes tend to be uneven, particularly among geographic areas of the country and people of certain income and educational levels. ■