

# [Companies djibouti mauritania lebanon oman somalia morocco](https://assignbuster.com/companies-djibouti-mauritania-lebanon-oman-somalia-morocco/)

[Economics](https://assignbuster.com/essay-subjects/economics/)

Companiesoften include the Arab World in their region of EMEA (Europe, Middle East &Africa) where it makes up parts of the Middle East and Africa. Dividing theworld into a few regions is easy to cope but hard to succeed in. Especially inInternational Human Resources, managers have to understand the characteristicsof their target countries or even differences within these countries.

The Arabworld, as defined by the Arab League and commonly used by the UN, consists of22 countries (as listed in table1). Four major regions can be identified in the Arab world, based ongeographical adjacency or political commonalities. Maghreb is the Arabic term for “ West” and the meaning of Mashreq is “ East”. The GCC is theabbreviation of the Gulf Cooperation Council, a primarily economic union of sixArab Gulf states.

Arab World Maghreb Mashreq Arab Peninsula Sub-Sahara Africa Levant GCC Algeria Iraq Egypt Bahrain Yemen Comoros Libya Jordan Kuwait Djibouti Mauritania Lebanon Oman Somalia Morocco Palestine Qatar Sudan Tunisia Syria Saudi Arabia UAE Table 1: Member States of the Arab League -Division as in (Al-Omari, 2008)The definition by the ArabLeague is debatable as the league is mainly a political institution. Countriessuch as Somalia, Comoros and Djibouti might be considered as East Africanrather than Arab in other sources (Quelle Jammal?). Sometimes the Arab World isalso mistakenly referred to as “ Middle East and North Africa”, while the MiddleEast is solely a geographical description including Iran and Turkey, twoIslamic but non-Arab countries, as well as Israel that should not be mistakenfor an Arab country, but where almost 21% of its citizens are from an Arabdescent (CBS, 2013). Critics alsoquestion the completeness of the often used criteria to define Arab states, which are the shared state religion (Islam), the shared language (Arabic) and acommon Arab identity, because the Arab world shows a huge diversity in terms ofreligion, languages and cultures (Jammal & Schwegler, 2007). Despite thedifficulties to completely define today’s Arab world, the following chapterswill follow the definition of the Arab League while clustering regions and keepingmore attention on the economically important countries.

When the term “ Arab” isused, it does not necessarily imply a person’s religion or descent but refersto a person living in one of the defined Arab countries. However, as Islam isthe most dominant religion in all countries, some emphasis is given on itsinfluence on the Arab culture and business etiquette. 3.

1 Economic and Human Development GDP in million USD – 2016 (world rank of 180) Export of goods and services in million USD  – 2016 (world rank of 154) Import of goods and services in million USD  – 2016 (world rank of 154) Export surplus 2016 (export-import) in million USD Saudi Arabia 646, 438 (20) 198, 290 (25) 195, 108 (24) 3, 182 United Arab Emirates 348, 743 (29) 362, 069 (15) 353, 764 (15) 8, 305 Egypt 336, 297 (30) 34, 818 (53) 65, 923 (44) -31, 105 Iraq 171, 489 (51) 55, 835 (45) 67, 321 (43) -11, 486 Algeria 156, 079 (52) 37, 010 (50) 53, 710 (48) -16, 700 Qatar 152, 468 (53) 72, 397 (41) 63, 475 (45) 8, 922 Kuwait 114, 041 data of 2015  62, 014 data of 2015  51, 618 data of 2015 10, 396 Morocco 101, 445 (56) 35, 206 (52) 45, 728 (51) -10, 522 Sudan 95, 584 (58) 9, 395 (87) 11, 974 (84) -2, 579 Oman 66, 293 (69) 36, 166 data of 2015 36, 667 data of 2015 -501 Lebanon 47, 536 (76) 25, 909 (61) 31, 599 (56) -5, 690 Tunisia 42, 062 (83) 16, 898 (72) 21, 462 (66) -4, 564 Syria 40, 405 data of 2007 15, 614 data of 2007 15, 286 data of 2007 328 Jordan 38, 654 (84) 13, 577 (76) 21, 624 (65) -8, 047 Libya 34, 699 data of 2011 8, 501 data of 2015 31, 727 data of 2015 -23, 226 Bahrain 31, 858 (91) 26, 327 data of 2015 22, 303 data of 2015 4, 024 Yemen 27, 317 (94) 897 (134) 6, 855 (103) -5, 958 Palestine 13, 397 (116) 2, 432 (119) 7, 603 (98) -5, 171 Somalia 6, 217 (141) 924 (133) 3, 919 (118) -2, 995 Mauritania 4, 634 (143) 1, 716 (124) 3, 035 (126) -1, 319 Djibouti 1, 727 data of 2015 484 data of 2007 654 data of 2007 -170 Comoros 610 (171) 107 (149) 292 (148) -185 Table2: Economic Indicators of the Arab World, 2016 or previous (World Bank, 2017) (World Bank, 2017) Table 2 is providing data on the GDPs and exportpower of all Arab countries in order to differentiate their economicdevelopment among each other and value their economic strength on the globalstage. As for somecountries only older data was available, the classification of the economiesmight not always be accurate, but was tried the best way possible. The Arabworld can be divided into highly developed, moderate and poorly developed economies. The main oil exporters Saudi Arabia, United Arab Emirates, Qatar and Kuwaitfeature high GDPs and export surpluses.

All countries are also characterized byhigh wage levelsthat are attracting foreign workers, making up more than 88% of the totalpopulation in the United Arab Emirates and Qatar (CIA, 2017b). Most of theArab countries have moderate economies with an import surplus and rely on theirsmall to medium reserves of natural resources such as phosphates (in Morocco, Tunisia, Egypt, Jordan) or oil and gas (in Algeria, Bahrain, Libya, Iraq, Oman). Low wage levelsbut a relatively good infrastructure makes Morocco, Algeria, Tunisia and Egypta good location for manufacturers.

Agriculture is an important sector in Morocco, Tunisia, Egypt and Sudan. Lebanon’s and Jordan’s economy is dominated by theservice sector. Except the monarchic states Bahrain, Morocco, Oman and Jordan, all other countries mentioned before suffer from huge political instability andsmaller to large violent conflicts which is a backlash towards the economy.

(Quelle zu wagelevels/sectors)Theremaining poorly developed economies, such as Palestine and Somalia, sufferfrom long-term conflicts, the lack of resources and heavy wars. Syria, once a stableeconomy, is very likely to be in row which the economically weak countriesnowadays due to the ongoing civil war since 2011. This also applies to Yemen, where war emerged just recently. Mauritania, Djibouti and Comoros mainly sufferfrom the small size of inhabitable land as well as political conflicts, whichmakes it unable for them to compete with other economies on a global level. However, the significance ofthese data is also limited as they are total economic results per state notconsidering their different amounts of population. Accordingto the United Nations’ Human Development Index (HDI), which measures not onlyeconomic strength but also the countries’ health and educational development, Arab countries can also be found in all categories, from very high to lowdevelopment, as showedin table 3.

Qatar was ranked as the most developed Arabcountry while Djibouti was the least developed in 2015. (UNDP, 2016, pp. 198)   Country (world rank out of 188) very high human development Qatar (33), KSA (38), UAE (42), Bahrain (47), Kuwait (51) high human development Oman (52), Lebanon (76), Algeria (83), Jordan (86), Tunisia (97), Libya (102) medium human development Egypt (111), Palestine (114), Iraq (121), Morocco (123) low human development Syria (149), Mauritania (157), Comoros (160), Sudan (165), Yemen (168), Djibouti (172) Table3: Human Development of the Arab World (UNDP, 2016, pp. 198) – Somalia notin statistics   Both tables showed evidently that the Arabworld is very diverse in terms of development, for various reasons which willbe explained briefly on the following pages. However, one can already notice, that it makes a huge difference whether an expatriate is sent to Qatar, whichis considered as an economically strong and developed Gulf state, or to Djibouti, a poorly developed country in East Africa. 3. 2 Country-specific characteristics in brief As the Arabcountries are pretty diverse in economic and human development, so are they inhistory and politics.

The fact that every country has its own complexitiesmakes it impossible for the Arab countries to achieve joint solutions on peaceand economic cooperation. Although there is the Arab League there are manyconflicts among the Arab countries and in the countries itself. The followingtable outlines the most important country-specific characteristics that need tobe understood when talking about the Arab world.   Form of Government Ethnicities (other than Arab) and Religions Other languages besides Arabic Politics, Arab Spring and Others Algeria presidential republic High percentage of Berber (Amazigh) Tamazight / Berber (official), French French colony until 1962; former state-directed economy; difficult Moroccan-Algerian diplomatic relationship; minor reforms in 2011 Morocco Constitu- tional monarchy High percentage of Berber (Amazigh) Tamazight / Berber (official), French Former French colony; Western Sahara considered as Moroccan territory (not recognized by UN); minor reforms in 2011 Tunisia parlamentary republic Communities of Jews, minority of Berber French Former French colony; ‘ Privileged Partner’ of EU, receiving highest financial support; change to democratic system after fall of government in 2011 Libya transitional government Minority of Berber English, Italian Former Italian colony;  ongoing war for power after fall of military regime of Muammar Gaddafi in 2011 Mauritania presidential republic Groups of indigenous nomads   indigenous languages, French No major effects by the Arab spring: most parts of Mauritania are within the Sahara Sudan presidential republic Several indigenous tribes English (official), indigenous languages In 2011, former country of Sudan split into (North) Sudan and South Sudan Egypt presidential republic Considerably minority of Christians (Copts) English, French Fall of regime by Arab spring, followed by democratic elections and military coup Jordan Constitutional monarchy Christian minority English former British protectorate; peace treaty with Israel, open borders; only minor reforms in 2011 Palestine presidential republic Minority of Christian and Jewish Arabs English, Hebrew  (widely understood but not used) Israeli-Palestinian conflict since 1948 with the establishment of the Israeli state Lebanon   Parliamentary republic Religious conflicts between the religious groups of Sunni, Shia and over 30% Christians (Tristam, 2017) French, English, Armenian Ongoing state of war with Israel (current ceasefire), travelers with visa stamps from Lebanon are not allowed to enter Israel (vice versa for all Arab states besides Jordan) Syria presidential republic, authoritarian regime Minorities of Kurds, Arab Christians, Alawis (Shia Muslims), Yazidis (ancient religion) and other Kurdish, Armenian, French, English Ongoing civil war after president Bashar Al-Assad refused to step down in 2011 Iraq Parliamentary republic Minorities of Kurds, Arab Christians, Yazidis, and other Kurdish (official), Armenian, Turkish After the last US troops left Iraq in 2011, civil war spread from Syria United Arab Emirates Absolute monarchy Immigrants make up over 88% of the population English (wide-spread due to high amount of foreign workers) Hindi, Urdu, other Asian languages (used by immigrants only) was blacklisted by EU as tax haven along with Bahrain, Tunisia, 14 other states (Boffey, 2017) Bahrain Constitutional monarchy Majority of Shia Muslims, immigrants make up for more than half of population see UAE only GCC country with uprisings in 2011, suppressed by military; royal dynasty of Bahrain belongs to the Sunni Islamic branch Kuwait Constitutional monarchy 69% of immigrants see UAE Gulf war, US Ally? Oman Absolute monarchy Large groups of Indian and Pakistani immigrants see UAE Oman is considered as sultanate instead of a kingdom Qatar Absolute monarchy Majority of Sunni Muslims, over 88% immigrants see UAE Since 2017: boycott by neighboring countries (Bahrain, Kuwait, UAE, Oman, KSA) after diplomatic issues Saudi Arabia Absolute monarchy Majority of Sunni Muslims see UAE Leading the war on neighboring Yemen; strong ally of the West; the only state where Sharia is fully applied Yemen Transitional government Majority of Sunni Muslims, considerable minority of Shia — Armed conflict between Shia rebells (Houthis) and Sunni government forces, supported by Saudi Arabia and allies Comoros presidential republic Various indigenous groups French (official), Comorian (official) Former French colony; archipelago (islands) in the Indian Ocean Djibouti Semi-presidential republic Majority of Somali origin French (official) Former French colony, dependency on French political and economic support Somalia Parliamentary republic Somali tribes, minorities of Christians Somali (official), Italian, English Mission by African Union tries to end ongoing armed conflicts; piracy in the Gulf of Aden Table4: Brief overview on country-specific issues regardingpolitical system (CIA, 2017a), ethnicities (CIA, 2017b), spokenlanguages (CIA, 2017c) and otherfields (additionalsources specified in table) 3. 3 Living Standards Cost and Quality of LivingCost ofliving (CoL) indices or rankings compare costs such as for accommodation, groceries or requiredconsumer goods at locations worldwide. Adaptions on the expatriate’s salaryshould be made if the cost of living in the host country exceeds the costs inthe home country. It is common practice to grant an additional CoL-allowancewhich is adjusted annually and expires once the assignment has ended. Anegative adjustment is also practiced by some companies (KPMG, 2017, p.

55) but can lead to significantdissatisfaction among expatriates and should therefore be reconsidered fromcase to case. (Quellefür CoL)Arab citiesrank from very high costs (Dubai, Abu Dhabi) to very low costs of living(Tunis, Algiers) (Mercer, 2017).  Thus, organizations should calculateallowances separately for every destination using data of service providers. An overviewabout the cost of living rangein Arab countries is given by table 5, listing the ranks of Arab cities in the Mercer Cost ofLiving Index of 2017.

The ranks were evaluated by comparing costs of living inU. S. Dollar in 209 cities. The scores of Munich, London and Zurich serve ascomparison. Rank City Country 4th Zurich Switzerland 19th Dubai UAE 22nd Abu Dhabi UAE 29th London Great Britain 49th Djibouti Djibouti 52nd Beirut Lebanon Riyadh Saudi Arabia 55th Manama Bahrain 59th Amman Jordan 81st Doha Qatar 92nd Muscat Oman 98th Munich Germany 111th Kuwait City Kuwait 117th Jeddah Saudi Arabia 130th Casablanca Morocco 169th Rabat Morocco 183rd Cairo Egypt 187th Algiers Algeria 189th Nouakchott Mauritania 209th Tunis Tunisia Table5: Arab cities in the Mercer cost of living city ranking 2017 –out of 209 cities (Mercer, 2017)(Mercer, 2017)Furthermore, quality of living (QoL) indices ratelocations by factors such as the availability of consumer goods, housing, medical care and schools but also the economic and natural environment of thecountry  (Mercer, 2017).

In the Mercer ranking of 2017, the cities with the highest quality of living were mainly in Western Europe andOceania whereas the best Arab city is Dubai on rank 74 out of 231 (see table 6). The mostArab cities are in the lower half of the ranking, indicating that the qualityof living in Arab countries is not as high as in most parts of the Westernworld. Baghdad had the world’s lowest score of quality of living in 2017 andother war-torn Arab cities are also among the worst cities to live in.  Rank City Country 2nd Zurich Switzerland 4th Munich Germany 40th London Great Britain 74th Dubai UAE 79nd Abu Dhabi UAE 106th Muscat Oman 108th Doha Qatar 114th Tunis Tunisia 117th Rabat Morocco 119th Amman Jordan 125th Casablanca Morocco 126th Kuwait City Kuwait 134th Manama Bahrain 165th Cairo Egypt 166th Riyadh Saudi Arabia 169th Jeddah Saudi Arabia 180th Beirut Lebanon 184th Algiers Algeria 189th Djibouti Djibouti 218th Tripoli Libya 221st Nouakchott Mauritania 225th Damascus Syria 227th Khartoum Sudan 229th Sana’a Yemen 231st Baghdad Iraq Table6: Arab cities in the Mercer quality of living city ranking 2017– out of 231 cities (Mercer, 2017)(Mercer, 2017) Results ofan InterNations survey about the best expatriate destinations to live in aresimilar to the Mercer rankings. Expatriates were rating their host countries inleisure options, travel and transport possibilities, safety, and othercategories. The top ten countries were mainly in Western Europe andSouth-East-Asia, while the best Arab country was the UAE on rank 18 of 65. Omanand Bahrain were still among the top half while Saudi Arabia and Kuwait hadvery low scores (InterNations, 2017).

The Global Livability Index by the Economist, where cities are assessed in terms of stability, infrastructure, education, health care and environment, values Dubai (UAE) to be the best Arab city in theranking with a score of almost 75 out of 100 while cities like Algiers, Tripoliand Damascus are among the world’s worst livable cities. The overall best citieswere located in Australia, Canada and Europe. (Economist Intelligence Unit, 2017)None of theArab countries scored top positions in any QoL rankings, indicating that even in thewealthier countries and on an expat salary, a Westerner has to accept lowerquality of living standards.

As the UAE stood out as the Arab country with thehighest quality of living, most other countries scored really low in the globalcomparison. Reasons for the relatively low scores might be the hot and dryclimate, less freedom due to strict laws and law enforcement, lack ofpossibilities for international education, but also problems in theavailability of health care and safety issues in some countries, as describedfurther in the next sections. Organizations might be able to compensate this toa certain degree by providing additional CoL-/QoL-allowance.

Health CareAccordingto the WHO, the region of Middle East and North Africa holds the second lowestshare of government expenditure on health care in the world. In 2013, theregion spent on average 8. 7% of their general government expenses on healthcare. The world average was 12%. As a result, public health care systems inmost countries are insufficient and individual expenses for health care arevery high in the region. (p. 41)  WHO/World Bank Report, 2015As with thequality of living, the available health care quality differs from state tostate.

While countries like the UAE, Saudi Arabia or Qatar have first-classmedical care, there are countries where public health care is partlyinsufficient but private hospitals with European or US standards are available, such as in Tunisia or Morocco (Quelle?). In mostly war-torn countries, even private healthcare is for large parts of the countries insufficient or not available due tolack of supplies or personnel such as in Somalia (https://intpolicydigest. org/2015/10/18/the-role-of-health-care-in-state-building-for-somalia/)or Yemen(http://activityreport2016.

msf. org/country/yemen/). Even thoughexpatriates are normally given the best worldwide health insurances, it isrecommended to check on a country’s particular health care facilities and availabilityof medical supplies, as well as inform the expatriates about the health care possibilities. In countries with insufficient health care networks or in remote regions, theuse of an international medical service provider is advised to guarantee theexpatriate’s health (e. g.

International SOS). Safety The travel bans or warnings of the German Federal Foreign Office or of other respectivegovernments can be a help to assess the safety in any particular country. According to the information issued by November, 2017, the Arab world could bedivided into four safety categories: unsafe countries, countries with unsafeareas, generally safe and very safe countries (as in table 7).