

Companies djibouti mauritania lebanon oman somalia morocco

[Economics](#)



Companies often 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 the world into a few regions is easy to cope but hard to succeed in. Especially in International Human Resources, managers have to understand the characteristics of their target countries or even differences within these countries.

The Arab world, as defined by the Arab League and commonly used by the UN, consists of 22 countries (as listed in table 1). Four major regions can be identified in the Arab world, based on geographical adjacency or political commonalities. Maghreb is the Arabic term for " West" and the meaning of Mashreq is " East". The GCC is the abbreviation of the Gulf Cooperation Council, a primarily economic union of six Arab 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 Arab League is debatable as the
league is mainly a political institution. Countries such as Somalia, Comoros
and Djibouti might be considered as East African rather than Arab in other
sources (Quelle Jammal?). Sometimes the Arab World is also mistakenly
referred to as " Middle East and North Africa", while the Middle East is solely
a geographical description including Iran and Turkey, two Islamic but non-
Arab countries, as well as Israel that should not be mistaken for an Arab
country, but where almost 21% of its citizens are from an Arab descent (CBS,
2013). Critics also question the completeness of the often used criteria to
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define Arab states, which are the shared state religion (Islam), the shared language (Arabic) and a common Arab identity, because the Arab world shows a huge diversity in terms of religion, languages and cultures (Jammal & Schwegler, 2007). Despite the difficulties to completely define today's Arab world, the following chapters will follow the definition of the Arab League while clustering regions and keeping more attention on the economically important countries.

When the term "Arab" is used, it does not necessarily imply a person's religion or descent but refers to a person living in one of the defined Arab countries. However, as Islam is the most dominant religion in all countries, some emphasis is given on its influence 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).

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Low wage levels but a relatively good infrastructure makes Morocco, Algeria, Tunisia and Egypt a good location for manufacturers.

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

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

Qatar was ranked as the most developed Arab country 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

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(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 not in statistics

Both tables showed evidently that the Arab world is very diverse in terms of development, for various reasons which will be explained briefly on the following pages.

However, one can already notice, that it makes a huge difference whether an expatriate is sent to Qatar, which is 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 Arab countries are pretty diverse in economic and human development, so are they in history and politics.

The fact that every country has its own complexities makes it impossible for the Arab countries to achieve joint solutions on peace and economic cooperation. Although there is the Arab League there are many conflicts among the Arab countries and in the countries itself. The following table outlines the most important country-specific characteristics that need to be understood when talking about the Arab world.

Country	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	Constitutional monarchy	High		

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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 parliamentary 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 rebels (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 regarding political
system (CIA, 2017a), ethnicities (CIA, 2017b), spoken languages (CIA, 2017c)
and other fields (additional sources specified in table) 3. 3 Living
Standards Cost and Quality of Living Cost of living (CoL) indices or rankings
compare costs such as for accommodation, groceries or required consumer
goods at locations worldwide. Adaptions on the expatriate's salary should be
made if the cost of living in the host country exceeds the costs in the home
country. It is common practice to grant an additional CoL-allowance which is
adjusted annually and expires once the assignment has ended. A negative
adjustment is also practiced by some companies (KPMG, 2017, p.

55) but can lead to significant dissatisfaction among expatriates and should
therefore be reconsidered from case to case. (Quelle für CoL) Arab cities rank
from very high costs (Dubai, Abu Dhabi) to very low costs of living (Tunis,
Algiers) (Mercer, 2017). Thus, organizations should calculate allowances
separately for every destination using data of service providers. An
overview about the cost of living range in Arab countries is given by table 5,
listing the ranks of Arab cities in the Mercer Cost of Living Index of 2017.

The ranks were evaluated by comparing costs of living in U. S. Dollar in 209
cities. The scores of Munich, London and Zurich serve as comparison. 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

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Sana'a Yemen 231st Baghdad Iraq Table 6: Arab cities in the Mercer quality of living city ranking 2017- out of 231 cities (Mercer, 2017)(Mercer, 2017) Results of an InterNations survey about the best expatriate destinations to live in are similar to the Mercer rankings. Expatriates were rating their host countries in leisure options, travel and transport possibilities, safety, and other categories. The top ten countries were mainly in Western Europe and South-East-Asia, while the best Arab country was the UAE on rank 18 of 65. Oman and Bahrain were still among the top half while Saudi Arabia and Kuwait had very 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 the ranking with a score of almost 75 out of 100 while cities like Algiers, Tripoli and Damascus are among the world's worst livable cities. The overall best cities were located in Australia, Canada and Europe. (Economist Intelligence Unit, 2017) None of the Arab countries scored top positions in any QoL rankings, indicating that even in the wealthier countries and on an expat salary, a Westerner has to accept lower quality of living standards.

As the UAE stood out as the Arab country with the highest quality of living, most other countries scored really low in the global comparison. Reasons for the relatively low scores might be the hot and dry climate, less freedom due to strict laws and law enforcement, lack of possibilities for international education, but also problems in the availability of health care and safety issues in some countries, as described further in the next sections.

Organizations might be able to compensate this to a certain degree by providing additional CoL-/QoL-allowance.

Health Care According to the WHO, the region of Middle East and North Africa holds the second lowest share of government expenditure on health care in the world. In 2013, the region spent on average 8.7% of their general government expenses on healthcare. The world average was 12%. As a result, public health care systems in most countries are insufficient and individual expenses for health care are very high in the region. (p. 41) WHO/World Bank Report, 2015 As with the quality of living, the available health care quality differs from state to state.

While countries like the UAE, Saudi Arabia or Qatar have first-class medical care, there are countries where public health care is partly insufficient 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 to lack 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 though expatriates are normally given the best worldwide health insurances, it is recommended to check on a country's particular health care facilities and availability of medical supplies, as well as inform the expatriates about the health care possibilities. In countries with insufficient health care networks or in remote regions, the use of an

international medical service provider is advised to guarantee the expatriate's health (e. g.

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