

Chapter 1

The Dawn of a New Era

All animals, except man, know that the principal business of life is to enjoy it.

– Samuel Butler 1835-1902

History has shown that wartime adversaries – such as Japan and the United States – and long-time enemies – including France and Germany – can become heavily interdependent trading partners during times of peace. In the Middle East, peace is already bringing together former rivals. Four hundred Egyptians recently returned to Egypt from a training course in Israel, where they learned to develop the agro-business sector. The Internet provider Taskman.com Incorporated is a joint venture bringing Israeli technology to Jordan; the firm's R & D is conducted in Israel, while a service centre in Jordan benefits from low wages in that country.

Research suggests that peace in the Middle East shall soon lead to unprecedented growth and prosperity in the area. The region is on its way to becoming a great economic power in the global economy.

Take a moment and think about what fuels an economy. Economic power is largely enhanced by technology, energy, and access to affordable wages. All these are abundant along the eastern shores of the Mediterranean.

During the late 20th century, Israel emerged as a world-class technology powerhouse. With a per capita GDP comparable to that in western European economies, Israel's economy grew at the speed of Asian tiger economies.

Israel harnessed solar energy and Egypt developed its petroleum industry. Yet, the lack of peace made it necessary to allocate tremendous resources to defence concerns. Furthermore, political considerations and a trade boycott limited the economic potential of the region.

Peace along the Eastern Mediterranean is bound to cause significant change, and countless business opportunities are already arising. Since fighting stopped in Yugoslavia, Greece has become a service provider to its Balkan neighbours, and Greek enterprises are thriving as they contribute to regional development. Albania leaped from a long era of economic backwardness to one of rapid change. Lebanese entrepreneurs are quickly rebuilding their country, which was ravaged during a long civil war; Beirut is becoming an important business centre. Gaza, formerly in occupied territory, now boasts a most modern airport. Cyprus, divided during invasion, is on the brink of joining the European Union. Greek Cypriot entrepreneurs are having exchanges with Turkish Cypriots, who live in the north of Cyprus. Meanwhile, Turkish enterprises from mainland Turkey are prospering in the Turkic-speaking republics of central Asia, including Tajikistan. Technology is spreading, new sources of energy are being developed, and there is an abundance of skilled labour willing to work for relatively low wages. The gap between the Far East and the Middle East is narrowing, as the latter prepares for rapid development. Nations of the former are losing their competitive edge over those of the Eastern Mediterranean.

To understand business today, it is most useful to look at the historical, cultural and social context of enterprise. This is especially so where personal relationships are paramount to success. Characteristic of the Middle East region is the bazaar economy, the subject of Chapter 3. Many people come to the bazaar to sell, or to buy. Others come to socialise and to cultivate personal relationships, not necessarily for any immediate monetary gain.

The eastern shores of the Mediterranean were under Ottoman rule and the influence of Islam can still be noticed here – even in lands that are today predominantly Christian. In this book, constant reference shall be made to historical events, culture and religion, as these are shaping the future.

A reminder of the early days of Islam is the privileged social status accorded to self-employed merchants and artisans. This is not surprising, given the environment in which Islam developed. Mohammed was personally impressed by the camel caravan voyages of traders and on several occasions, in his youth, he travelled with them.

The bazaar is still inter-linked with Islam. During the fasting month of Ramadan, a question that often arises is, “Are you fasting?” During negotiations, there are frequent references to religion. Although Muslims are often secular, it is common to mention Allah during leisure conversation, during business negotiations and even in simple greetings.

Tradition dictates that Muslims should pray five times a day: before sunrise, at noon, during the mid-afternoon, at sunset and at dusk. As traders bargain vividly, behind their voices one can often hear muezzins calling people to pray, from the minarets (of mosques), which serve as public address systems. This custom stems from Bilal, Mohammed's black companion, who called followers to prayer in Medina.

When examining the social structure of the bazaar economy, the relations among the players within it, their organisation and their economic principles, it is useful to consider the power structure involved. In Islam, religion and law are one. Traditionally, the leader of an Islamic community exercises three political powers: executive, legislative and judiciary; in addition, he is considered a religious leader.

The early khalifes, including Omar, Othman and Ali, were considered to be successors to Mohammed, prophet of God. They were regents, judges, military chiefs and religious leaders all in one. According to Ibn Khaldoun, the political and religious leader has the responsibility to protect the religion as well as the direction of the people. Interestingly, such principles survived into the present century.

More striking is the fact that principles of bazaar economics have survived, and these dominate business transactions, often unconsciously. Business in the bazaar economy has traditionally focused on people, relationships and networks. This is in sharp contrast with the firm-type economy of the Occident, where focus has been on the product, rather than on the individual selling it. In the West, economic transactions have tended to be impersonal.

In recent years, however, business in the West has been evolving such that relationship marketing has been gaining importance. Formerly rival firms have been forming alliances, and conducting business as networks. Not long ago, Air Canada and United Airlines competed with Air New Zealand. More recently, membership in the Star Alliance has made them partners in a network of firms. Relationships have become increasingly important. Yet, relationships are even more central in the bazaar, where focus is on a most personal level.

Although networking and other characteristics of the bazaar decreased transaction costs and contributed to efficiency, the countries along the eastern shores of the Mediterranean developed at their own pace – Albania due to political reasons, and other countries due to war and other constraints. Peace in the region is about to signal the dawn of a new era.