

## Chapter 13

# Effect of National Culture on Development of International Business in the Sultanate of Oman

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### ABSTRACT

*Today, no business can be local or national due to the effects of globalization. The world of business has become international. However, extant business literature ignores links between national culture and technology development and international business, although in reality all three are interdependent or least they are characterized by a cyclical co-dependence and co-influence. In the modern world, superior technologies enhance economic development, and technology transfer allows many emerging markets to grow significantly as seen in Asia or the Persian Gulf. Simultaneously, different cultures exhibit different levels of technological development in the Arab world commonly referred to as the Gulf. Among the Gulf, the Sultanate of Oman occupies a prime position in terms of the economic, social, and developmental strides made in the last three decades. How the Sultanate's national culture has played a significant role for development of international business is the core of this chapter.*

### INTRODUCTION

In this new millennium, few executives can afford to ignore global business opportunities. For example, Japanese auto-executives carefully monitor their European and Korean competitors to obtain a bigger slice of the Chinese auto-market. Executives of Hollywood movie studios need to consider the appeal of an expensive movie in Europe and Asia

as much as in the USA before a firm commitment. The globalizing wind has broadened the mindsets of executives, extended the geographical reach of firms, and nudged international business (IB) research into some new trajectories.

One such new trajectory is the concern with national culture. Whereas traditional IB research has been concerned with economic/legal issues and organizational forms and structures, the im-

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portance of national culture – broadly defined as values, beliefs, norms, and behavioral patterns of a national group – has become increasingly important in the last two decades, largely as a result of the classic work of Hofstede (1980). National culture has been shown to impact on major business activities, from capital structure (Chui et al., 2002) to group performance (Gibson, 1999).

The purpose of this chapter is to twofold. The first is to provide a state-of-the-art review of several recent advances in Oman. The goal is not to be comprehensive, but rather to highlight a few highly promising areas for leapfrogging the field in an increasingly boundary-less business world. The second purpose is to deliberate how the Sultanate's national culture has played a significant role for development of international business. We first review the concept of culture and its implications, and then probe into Oman issues from national culture – development from economic, social, and technological perspectives. Culture, especially national culture and IB research, with an eye toward productive avenues for future research are also investigated.

## **BACKGROUND**

In everyday usage, the term *culture* refers to the finer things in life, such as the fine arts, literature, philosophy, and classical music. Under this very narrow definition of the term, the “cultured person” is one who prefers Handel to hard rock, can distinguish between the artistic styles of Monet and Manet, prefers pheasant under glass to grits and red-eye gravy and twelve-year-old scotch to beer, and spends his or her leisure time reading Kierkegaard rather than watching wrestling on television. For the anthropologist, however, the term *culture* has a much broader meaning that extends far beyond mere personal refinements. The only requirement for being cultured is to be human. The term *culture* has been defined in a variety of ways. Even anthropologists who claim

culture as their guiding conceptual principle have not agreed always on a single definition of the term. In fact, as early as 1952, A. L. Kroeber and Clyde Kluckhohn identified more than 160 different definitions of culture.

One of the earliest widely cited definitions, offered by Edward Tylor in the 19<sup>th</sup> century, defined culture as “that complex whole which includes knowledge, belief, art, morals, law, custom, and any other capabilities and habits acquired by man as a member of society” (1871: 1). More recently, Clyde Kluckhohn and W. H. Kelly have referred to culture as “all the historically created designs for living, explicit and implicit, rational, irrational, and non-rational, which exist at any given time as potential guides for the behavior of men” (1945: 97).

Culture has been described by M. J. Herskovits (1955: 305) as “the man made part of the environment,” by James Downs (1971: 35) as “a mental map which guides us in our relations to our surroundings and to other people,” and, perhaps most succinctly by Elvin Hatch (1985: 178) as “the way of life of a people”. Running the risk of adding to the confusion, here is yet another definition: *Culture is everything that people have, think, and do as members of their society*. The three verbs in this definition (*have*, *think*, and *do*) can help us identify the three major structural components of the concept of culture; that is, for a person to *have* something, some material object must be present. When people *think*, ideas, values, attitudes, and beliefs are present. When people *do*, they behave in certain socially prescribed ways. Thus, culture is comprised of the following:

1. Material objects,
2. Ideas, values, and attitudes,
3. Normative, or expected, patterns of behavior.

The final phrase of our working definition, “as members of their society,” should serve as a reminder that culture is shared by at least two or more people. Real, live societies are naturally

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