

Doing Business in Israel | Israeli Social and Business Culture

An Israel Culture Overview

Fact file

- **Official name** – State of Israel
- **Population** – 7,233,701 *
- **Languages** – Hebrew (official), Arabic used officially for Arab minority, English most commonly used foreign language, mostly used in business, followed by Russian
- **Currency** – Israeli new sheqel(ILS)
- **Capital City** – Jerusalem
- **GDP** – purchasing power parity \$200.7 billion (2008 est.)*
- **GDP Per Capita** - purchasing power parity \$28,200 (2008 est.)*



Overview

Israel has experienced significant change since its creation in 1948. Founded as the only Jewish state, Israel has accommodated large numbers of Jews emigrating from all over the world in successive waves. These newcomers are not only from different nations, but also range from secular to ultra-Orthodox Judaism. Israeli culture is also influenced by the large Arab (both Christian and Muslim) and Bedouin minorities present within its borders. The ongoing search for a stable agreement with Palestinians in the West Bank and Gaza Strip adds to the troubles of creating a common identity within Israel. Parallels are often drawn between Israeli and American culture. This is unsurprising because of the large immigrant population from the US and the very close relationship shared between Israel and the US. An understanding of this unique business and social culture is essential in order to do business successfully with Israeli counterparts.

Israeli Culture – Key Concepts and Values

Individualism – Though originally based on Zionism, a collectivistic idea of creating a Jewish homeland, Israeli culture has become increasingly individualistic in recent years as the country has become more westernised. Although some collectivist tendencies are still found, the emphasis lies on individual initiative and achievement and on an independent decision making.

Directness - From the outside, Israelis might seem aggressive and pushy. This is mainly because Israelis do not feel the need for formality and indirectness due to their common trait of being part of a large family, where formality can be dismissed and members can act in a direct, immediate and honest way. Israelis may be regarded as direct and impatient in business matters since they look for quick and easy solutions.

Polychronic - Israelis are often regarded as polychronic, in other words, they tend to prefer doing many tasks at the same time and will often reprioritise tasks based on the importance of the relationship.

Doing Business in Israel

Israel is situated at the junction of Europe, Asia and Africa and is the largest export market in the Middle East with exports including software, agricultural products and cut diamonds. With strong economic links to the US combined with European influences, Israel's impact on the world market is likely to increase in the future. Israel has a technically advanced market economy with highly skilled and well-educated, professional workers. Israeli culture may appear similar to other cultures but even small distinctions may cause misunderstandings. Before doing business with Israel, it is essential to be aware of the unique Israeli business culture.

Israeli Business Part 1 – Working in Israel (Pre-departure)

- **Working practices in Israel**
 - Business is not conducted on Saturday as this is the Jewish Sabbath day. Therefore, the working week in Israel starts on Sunday. People typically work 40-45 hours per week from Sunday to Thursday, mostly from 9:00 or 9:30am to 5:00 or 6:00pm.
 - Appointments may be arranged at short notice and business partners are expected to be on time.
 - Although English is mostly spoken in the Israeli business environment, it may be helpful to learn some Hebrew expressions beforehand. Being able to say a few greetings will be appreciated.
 - People in Israel have only recently started the tradition of exchanging business cards at meetings.
 - The role of women in the public sphere is increasingly becoming more important. Traditionally, women in Israel have had a more inferior position in society because of the influence of their religion. However today, more and more women are entering the job market and obtaining equal positions to their male counterparts.
- **Structure and hierarchy in Israeli companies**
 - Hierarchy in Israeli companies is usually very flat. Decisions are made collectively depending on their significance. Every employee is entitled to express their opinion during staff meetings which creates a rather open working environment. Nevertheless, the most senior person will have the final say in the decision-making process.
 - Israel is increasingly individual-oriented. Many Israeli employees will make decisions without the consensus of others.
 - Qualities expected from managers include individual skill, fairness, initiative and qualifications. Due to the immigrant background of most Israelis, individual performance is valued higher than seniority and status.

- **Working relationships in Israel**
 - The working atmosphere and dress code tend to be casual in Israel so it is not uncommon to find Israelis wearing jeans in the office. Until you are familiar with your business counterpart, you should wear a suit or smart trousers and shirt/top.
 - Personal relationships play a central role in Israel. In fact, the company is often considered as a second family. People are very likely to come into contact easily and help each other out.
 - Israeli colleagues will call each other and even their superiors by their first names, which emphasises the familiarity. Business partners, however, tend to be addressed more formally until a personal relationship is developed.
 - Israeli society is achievement-oriented. Recognition and job status is based on accomplishments, experience and knowledge. Based on the general idea of equality, during negotiation Israelis will be fierce competitors.

Israeli Business Part 2 - Doing Business in Israel

- **Business practices in Israel**
 - Israelis can be very direct and prefer to get things done quickly. Therefore, you should plan projects against a shorter timescale of days and weeks instead of months.
 - As a result of the many conflicts and wars Israelis have been experienced, they tend to rely on the present and do not focus as much on the future.
 - Be prepared for interruptions during your business meeting. The informal atmosphere of Israeli business combined with the importance of relationships means that people will take the time to answer calls or visits from other people. This may be very distracting and may seem impolite, but being efficient in Israel means doing more than one thing at the same time.
 - Be ready for tough but friendly negotiations
 - When negotiating with Israelis it is a good idea to record any agreement in writing. Despite the informality of Israeli business and the importance of relationships, the written word tends to be more important than the spoken word
 - During the decision-making process feelings and intuition are very important

Israeli Business Etiquette (Do's and Don'ts)

- ✓ DO address your Israeli partner by their first name and ask them to do the same. This will create a comfortable and informal business environment which is typical of Israeli business culture.

- ✓ DO respect the religious background of your business partner. For example, if doing business with Orthodox Jews, it's a good idea to choose a kosher restaurant for a business dinner. Ask your partner about his eating habits beforehand to make sure you choose the right place to prevent embarrassing moments.
- ✓ DO address your colleagues and business partners directly in private if you have any concerns. This way, misunderstandings won't grow and conflicts can be solved more easily.
- ✗ DON'T discuss Israeli government, politics or religious issues during a business meeting. However, listen carefully if your Israeli partner starts talking about these topics and try to remain neutral on the subject to avoid causing offense.
- ✗ DON'T be offended if Israelis interrupt you while you are speaking. This is not a rude gesture, simply a reflection of their communication style which often involves debate and passionate discussions.
- ✗ DON'T come late to appointments and business meetings. Even though punctuality is favoured, Israelis tend to be a little late sometimes.

Israeli Culture Quiz – True or False

1. Modern Hebrew is only spoken by the seven million people in Israel.
2. On the national Election Day everybody has the day off.
3. During a business dinner, Israelis love to talk about their culture, history, family and sports. However, you should not ask too many personal questions.
4. Arriving an hour late or more is considered rude in Israel.
5. Israelis are not very humorous people.

Israeli Cultural Quiz – Answers

1. True.
2. True.
3. True.
4. False. The definition of being late varies from a couple of minutes to about half an hour. Coming more than half an hour late tends to be considered rude.
5. False. In fact, they are quite humorous. The Yiddish or Israeli cultural words they incorporate might just be hard to understand.

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* Source: CIA World Factbook 2008

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