



CRITICAL ISSUES IN GLOBALIZATION: CASE OF SIEMENS POWER DIVISION IN OMAN

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ABSTRACT

Werner von Siemens and John Halske established the German corporation Siemens in 1847 as a telegraph business. In more than 190 locations worldwide today, Siemens employed more than 377,000 people, of whom 30,000 were engaged in research and development with produced revenue of 83.0 billion and net income of 6.2 billion. Energy, healthcare (Siemens healthineers), industry infrastructure, and most recently, electronics and power, make up the company's decentralized structures. In Oman (Barka and Sohar), the business is currently building two combined-cycle power plants. In recent decades, the globalization of economics, politics, cultures, and social has been a major trend. The present study establishes a formal outline that highlights the drivers of globalization. The study also offers suggestions an empirical evaluation of the globalization-related driving forces in international corporations like the Siemens Power Company in Oman. The data sources used by the researcher are secondary sources with reference to the given case study to achieve the objective of the paper which include e-books, electronic journal articles, books, press news and reliable website. Despite numerous problems, the global business environment offers many advantages, including the progress of new technologies, infrastructure, management skills, the creation of employment, the endowment of improved services, and the ability to attract foreign investment capital by exporting goods. Therefore, in the case of Siemens, in order to adapt to the global business environment and identify susceptible regions, it is recommended that Siemens and global corporations should get engaged in information collecting on all environmental aspects worldwide in terms of economy of the country, political stability and etc. It should anticipate a better setting and the use of best practices.

Moreover, Siemens should also take the digitization age into account since it is a crucial component in today's environment.

Keywords: Globalization, Globalization Issues, Globalization in Telegraph business, Siemens, Siemens Power Division

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Introduction

"Globalization" is repeatedly explicated in terms of incremental growth, which is a more or less liberal process that commences with cumulative exports or global sourcing, is accompanied by a minor worldwide presence, develops into a multinational corporation, and conclusively becomes a worldwide attitude. According to Lutkevich (2022), the expansion of the movement of financial goods, services, technologies, knowledge, and jobs over country boundaries and cultural boundaries can be described as globalization.

As stated by Kluyver (2021) In terms of economics, it discusses to a global interconnectedness simplified by free trade. When well planned, expanding abroad is a growth strategy that entails entering new international markets and can boost profitability, lower risk, and accelerate corporate growth. Globalization is a key aspect in the company's strategy to dominate the field of electrical and electronic engineering, which has its headquartered in Germany. In light of the case study, Siemens Company, this section of the article will address the following international business drivers of globalization:

BALANCE RISKS AND GAIN STRATEGIC POWER

Because globalization is required once the economy has reached a certain level of development. The company needs to have confidence in global growth and strengthen its risk-avoidance capabilities if it wants to avoid being eliminated from the competition in the market (You, 2014). Due to the dynamic and complex nature of the global risk, it is crucial for businesses to develop comprehensive risk-avoidance strategies that will allow them to anticipate potential threats to their operations in advance and effectively manage them. As a result, businesses can manage risks by expanding into multiple market segments. A financial crisis may have a positive impact on another market if it negatively impacts one. The risk of the crisis' repercussions on a company's finances will be lower when activities are spread out globally than it would be otherwise.

The term "risk identification" describes the process of predicting potential threats to an organization's operations that could result in failure or success of the organization's production and operation during the duration of globalization due to a variety of sources of uncertainty that cause actual benefits to differ from those anticipated by the organization. Such uncertainty may be

brought on by a natural event, such as an epidemic or earthquake, or by human forces, such as politics, war, or society.

According to the case study, Siemens is an illustration of managing the risk of uncertainty to achieve a strategic advantage over rivals. For instance, in order to balance the financial risk caused by the Ukraine War, Siemens left the Russian market on May 12, 2022. The corporation has started the process of shutting down all of its industrial facilities and commercial ventures in Russia. Given that the Russian enterprise has been there for 175 years, this was not a simple decision. However, this was carried out to protect its 3000 staff members. Siemens made gadgets and home devices in Russia. In a joint venture with Ural Locomotives railroad engineering firm, also it developed Lastochka (Swallow) streetcars and cargo electrical locomotives and offered tech assistance for Sapsan high-speed electric express trains made in Russia (Siemens, 2022).

SEARCH AND IDENTIFY NEW GLOBAL GROWTH OPPORTUNITIES THROUGH NEW MARKETS AND CUSTOMERS

Generally, a company's ultimate goal when attempting to grow into an international market is to generate revenue and increase earnings. Entering new markets may be a great chance for businesses to make use of their strengths and provide value to the organization. Global strategies are more important than ever because to the rising competition in global marketplaces. In addition to dealing with reduced cost demands, a corporation must also deal with pressures for local adaptation and the need to adapt to variations in customer preference while formulating a strategy. Companies must look for new prospects for global expansion through new markets in order to get more clients and a better position in the industry (Lutkevich, 2022).

In the context of the case study, Siemens seems to have a long record of success engaging in emerging nations, having fostered growth in nations like Egypt and Vietnam. With its robust financial position and very well infrastructures, the company can profitably enter new areas. Siemens found a new opportunity to win over its the competitors through taking the chance to expand its business activities globally through Qatar world cup 2022 (Neuhof, 2012).

Since the company already is active in more than 200 countries worldwide and being one of the world's largest producers of energy and technology the company seeks to expand its business operations beyond the 200 countries. With the acquisition of a deal worth and over €100 million

for a rail corridor on the college campus of the Qatar Foundation, Siemens has made a successful start in the competition with its rival for orders (Chiffey, 2022)

Construction and delivery of power plants and electrical distribution networks have historically been the German company's key priorities in Qatar, however that is beginning to change.

Siemens (2015) stated taking an example of Qatar's government utility, Qatar General Water & Electricity Company, has given Siemens a significant contract "KAHRAMAA". Siemens will provide 18 complete power stations as part of a larger initiative to extend Qatar's electricity distribution infrastructure, helping to meet the country's rising electricity demand. In order to achieve the nation's objectives for a victorious World Cup in 2022 and the Qatar Government's vision for 2030, Siemens' technology is assisting KAHRAMAA with continual enhancements to its infrastructure. The project is expected to be finished in 2017, and the deal is worth €470 million.

Another example, Siemens managed to open up new markets for its electronic products throughout the globe. In addition, the transition has enabled the business to enter new international markets in an effort to increase its market share.

ACCESS LOW-COST LABOR, RAW MATERIAL WHICH CONTRIBUTE TO PROFIT AND LOWER OPERATING EXPENSES

Lutkevich (2022) argues that businesses may now obtain cheaper natural resources and manpower owing to globalization. They are capable of producing goods at lesser costs and market them internationally as an outcome. Globalization's proponents contend which it has a positive affect on the globe in a many different ways .

Using Siemens company as an illustration, easily accessible to less expensive raw material and labor has a favorable influence that may be linked to globalization. The firm established a few retail locations in emerging areas on many continents, including Asia, Europe, Australia, and America. The organization was able to obtain a workforce that was competent yet affordable, varied by location, and made use of a variety of easily available supplies as a consequence. To add on, Siemens has worked on acquiring C&S electric which is in India, that provides electrical and electronic equipment for infrastructure to as a low-cost supplier business. They accessed the Indian market since the labor cost is cheap as well as the raw material (Studycorgi, 2022).

Because labor costs are lower in Pakistan than in France, for instance, Siemens may think about opening assembling plants there as well. The disparity between the rates in France and Pakistan is balanced by Pakistan's lower rates.

ACCESS INTERNATIONAL KEY CUSTOMERS AND INVEST IN NEW RELATIONSHIPS LIKE JOINT VENTURE

According to Safina (2020), Global joint ventures is a good international business strategy. They give companies approach to global markets, technologies, and manpower. Businesses directing to extend their product lines into new ranges may form joint ventures with partners who may make up for their limitations with complementing strengths. Due to possible ties, businesses frequently expand internationally in order to create joint ventures. Nowadays, many trades desire to determine joint ventures as a stepping stone to global markets as they ease softer global commerce. The global partner offers expertise on the market environment, local laws, and cultural norms.

Joint ventures with internationally known businesses have facilitated to consolidate Siemens position as a market leader. For instant, in 2020, Together with Macquarie, Siemens launched an energy-as-a-service business. Both businesses were able to break into the highly cutthroat business renewable industry because to their combined efforts.

Moreover, the establishment of a joint venture between Siemens Energy and Air Liquide for the industrial level manufacture of hydrogen energy electrolysis of water in Europe has been announced. This Franco-German alliance will facilitate the creation of a green hydrogen markets in Europe and promote a European environment system for electrolytic and hydrogen technologies by integrating the experience of two of the world's top firms in their respective fields. Output is anticipated to start in the second quarter of 2023 and build up to a 3 megawatts of power annual capacity of production by 2025 (Siemens, 2022).

EXPANDING ECONOMIES OF SCALE IN AREAS INCLUDING PRODUCTION, RESEARCH AND DEVELOPMENT, AND MARKETING

Economies of scale are cost savings that a company could enjoy as a consequence of efficient manufacturing techniques. These potential savings are often made possible by the fact that the average cost of production decreases as production volume rises. Economies of scale, which

indicate the cost reductions and gain competitive advantage bigger organizations have over smaller ones, are a crucial idea for every business in any sector, especially when expanding globally (Kenton, 2022).

According to the case study, in 2013, Siemens healthineers division used the approach economies of scale in India Mumbai. Thyrocare Technologies performs 100,000 screening procedures every night out of its laboratories in the suburbs of Mumbai, India, more than almost any other lab of a similar size elsewhere in the globe (Siemens, 2013).

INTERNATIONAL BUSINESS OF OMAN FROM ECONOMIC POINT OF VIEW

The setting in which multinational corporations handling their operations is referred to as an international business environment (IBE). Consequently, it is vital that those in decision-making positions work on the fundamentals that make up the global business environment (Bdc, 2022). As stated by Shaji (2017), The entirety of the elements which impacts a nation's appeal to international firms is indicated to as the economic environment. One country may have a substantially different economic climate than another. Frequently, nations are categorized into one of three groups: rapidly industrializing, less developed, or third world, and developing economies. Another important factor that has a direct or indirect impact on foreign trade is the nation's economic environment. The country's economy shows how well-suited the nation is to promoting international trade. A framework or any other structure that encourages international trade is less likely to be facilitated by countries with lesser GDP (Bhattacharjee,2020).

The terminology "economic environment" applies to all of the external economic fundamentals which may influence on how consumer and corporations make purchases and, thus, how well a firm performs. These elements, which can be large-scale (macro) or small-scale, are frequently outside of the control of a company (micro) (Shaji, 2017). In the case of Siemens company, several factors impact the global operation of the company in an economic perspective, these include the following discussion:

CURRENCY EXCHANGE RATE

According to Eastern Washington university (2022), in the context of globalization, currency exchange is a crucial component of international economy. Governments and central banks

frequently use important processes to decide how much their native currency will trade for the currencies to which it is tied.

The primary forces influencing changes in exchange rates that fluctuate are probably supply and demand. A fluctuation in the exchange rate will increase if it is in short supply in another country. Exchange rates may be impacted by a wide range of other cultural, economic, and political factors, though. These include changes in the gross domestic product (GDP), unemployment rates, GDP rates, levels of stability and peace and wars and natural disasters. Currency exchanges can be done similarly to trading in equities or commodities. Trading may have an influence on value, as well as purposeful misrepresentation by the government or central banks. (Eastern Washington university ,2022).

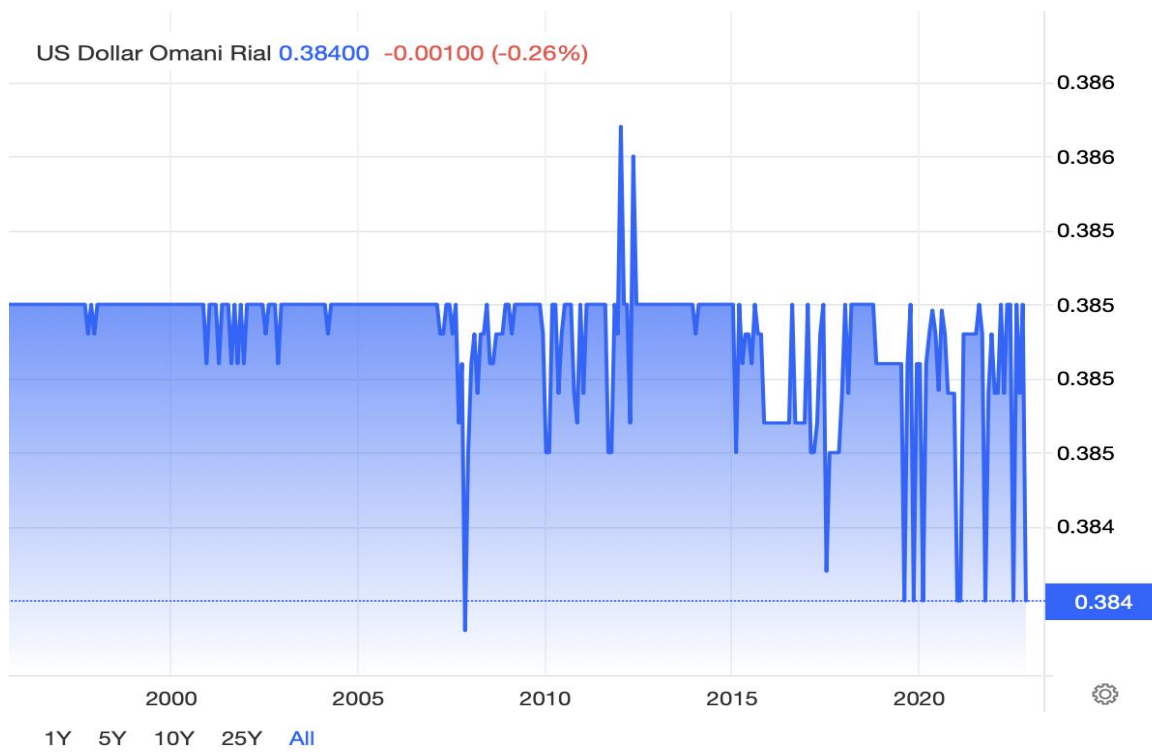
Take the German company Siemens AG investing abroad in Oman. The worth of the foreign direct investment will rise if the euro depreciates in relation to the Omani rails (and vice versa). As a consequence, currency rate fluctuations should be thoroughly checked by investors in overseas markets. On a far greater and more intricate level, the same is applicable for the financial activities of the company of global corporations. For instance, if Siemens Germany AG offers a product in a different market at a fixed price and the value of the euro rises, the fixed sale price in the foreign currency is now valued less in the euro. The profitability for sales in that market is reduced by this decline (Siemens, 2022).

According to this, the Siemens Oman firm may make a deal with a manufacturer in Mexico to produce a product for a certain price in MXN. The production cost for the Siemens Oman firm (expressed in Omani rails) will rise if the currency of the Mexican peso rises in comparison to Omani rails however the cost of manufacturing in MXN remains the same.

As stated by Bhattacharjee (2020) Global firm executives carefully monitor exchange rates and take into consideration all of the factors that might influence currency swings. Through global sourcing, industrial outsourcing, or market exploration, management must assess and lower the risk involved with operating in volatile markets. Exchange rate swings have a big impact on international enterprises. Therefore, it is essential for international business management to understand the factors that influence exchange rates as well as the financial risk associated with altering worldwide markets.

The Omani currency (Omani riyals) is considered one of the strongest currencies this is due to the nation's economy is robust and its inflation rate is low. The nation also boasts a sound banking industry and a low debt-to-GDP ratios. This makes it a desirable location for investors, thus supports a strong currency. As it can be seen from the figure, the currency of Omani rials comparing to USD remains stable since (1992-2020) with lowest of 1 OMR to 0.342 and highest 1 OMR to 0.39 (Trading economics, 2022).

Figure (1): Exchange currency rate of OMR to USD (1998-2020) (Tradingeconomics, 2022)



INFLATION RATE

According to studysmarter (2022) The worth of money at any given period is reflected in inflation. In any economy, it is a normal occurrence, however the government prefers to see low inflation than large inflation.

The overall rise in the prices of goods and services over time is known as inflation. The Consumer Price Index can be used to measure it (CPI). Regarding consumers, inflation can lower their real income and buying power, which will leave them with much less money to spend on products or

services. Additionally, customers may pay more for items as a result of inflation. meanwhile Inflation may affect businesses positively and negatively. Improved earnings and profits, more options for borrowing money, greater investments in business expansion and development and higher productivity and production are all advantages of inflation. Decreased demand for products and services, declining profits and output, a decline in the demand for exported commodities, increased bond payments, and the danger of company bankruptcy owing to excessive speculation are all consequences of inflation.

Throughout the previous 20 years, Oman's customer price inflation rate fluctuated from -0.9% to 12.4%. A 1.5% inflation rate was determined for 2021. The median annual rate of inflation throughout the observational period of 2001 to 2021 was 2.2%. The whole price rise was 52.8 percent. Starting in 2022, a product that cost 100 rials in 2001 now costs 152.80 rials (worlddata,2022).

Figure (2): Inflation rate % in Oman from 2002-2021 (Worlddata,2022)

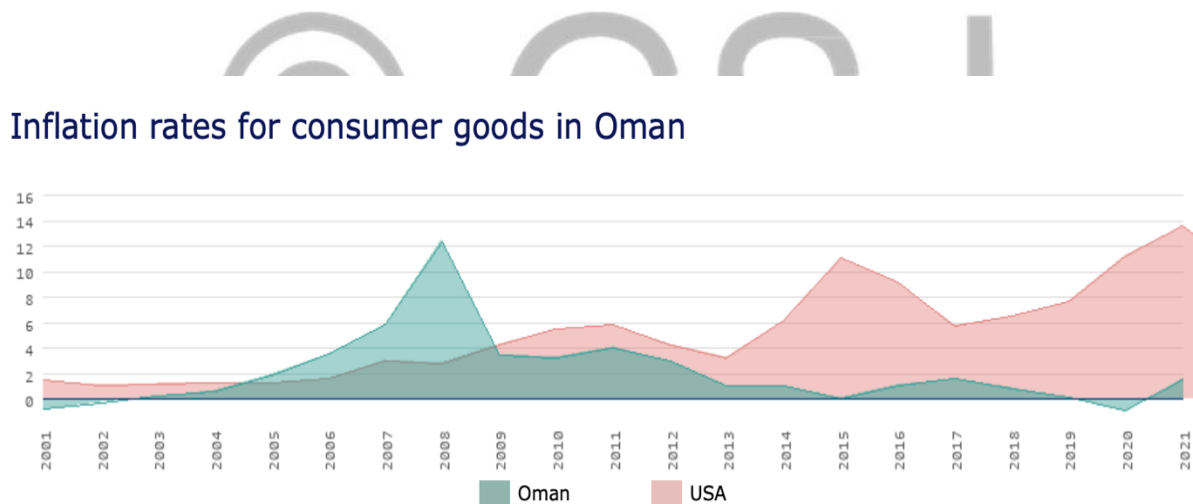
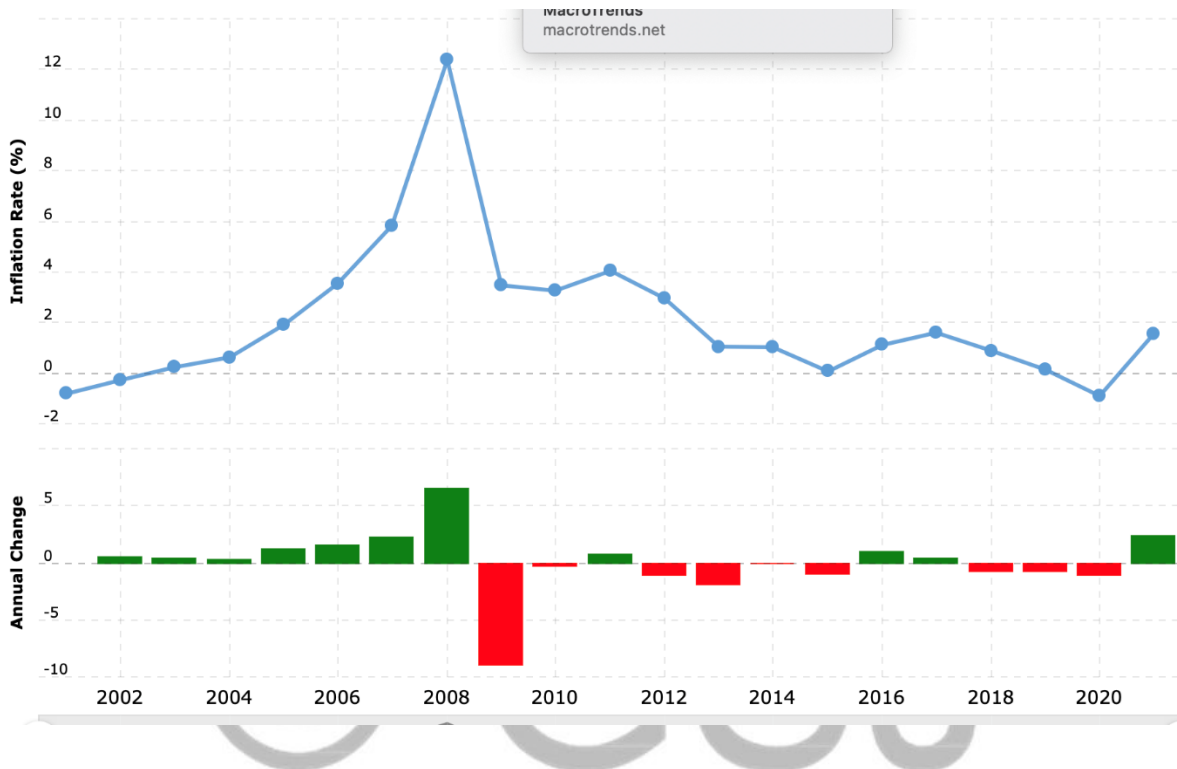


Figure (3): Inflation rate for consumer goods in Oman comparing to USA (2001-2021)
(Macrotrends,2022)



Therefore, global business operation and consumer worries that USA's inflation rate—now at a 40-year peak continue elevated long through 2022 are growing as a result of the confluence of Russia's war of Ukraine and additional COVID-19 shut downs in China. The scenario in Ukraine increases the likelihood of price volatility related to food and energy which is in the case of Siemens company, while restrictions in China are expected to make it more difficult to address supply chain problems. Up until now, price increases have mostly been caused by certain supply chain problems that will probably be fixed over the next six to twelve months. There is cause to believe that firms can beat inflation in the meantime (Deloitte, 2022).

TAX IMPLICATIONS ON FOREIGN TRADE

Corporations are liable to a number of taxes, including income tax, corporation tax, and insurance contributions (paid by workers). Based on a company's profitability, taxes are calculated. As a result, by implementing a sound tax strategy, a business may reduce its tax liability and increase profitability.

As stated by studysmarter (2022), Businesses will be expressively compressed by any tax changes. For illustration, a increase in income tax will mark less money available to consumers. As a consequence, there will be less money available for customers to purchase on products and services, which will reduce consumption and sales earnings for the company. Less money coming in might prevent the company from investing in new equipment or other financial expansion and growth plans. If consumption keeps dropping, the company could run out of money and have to shut its doors since it would be unable to pay its bills.

Since the Siemens corporation has operations in almost every nation on earth, it is governed by a wide range of tax laws. Any of these nations' tax policies might change, leading to higher tax costs and higher tax obligations. Legislation modifications may also have an effect on the company's tax receivable, obligations, and deferred income tax assets and debts. Additionally, the capacity of Siemens to pursue its rights may be constrained by the unclear legal climate in some areas (Siemens,2022).

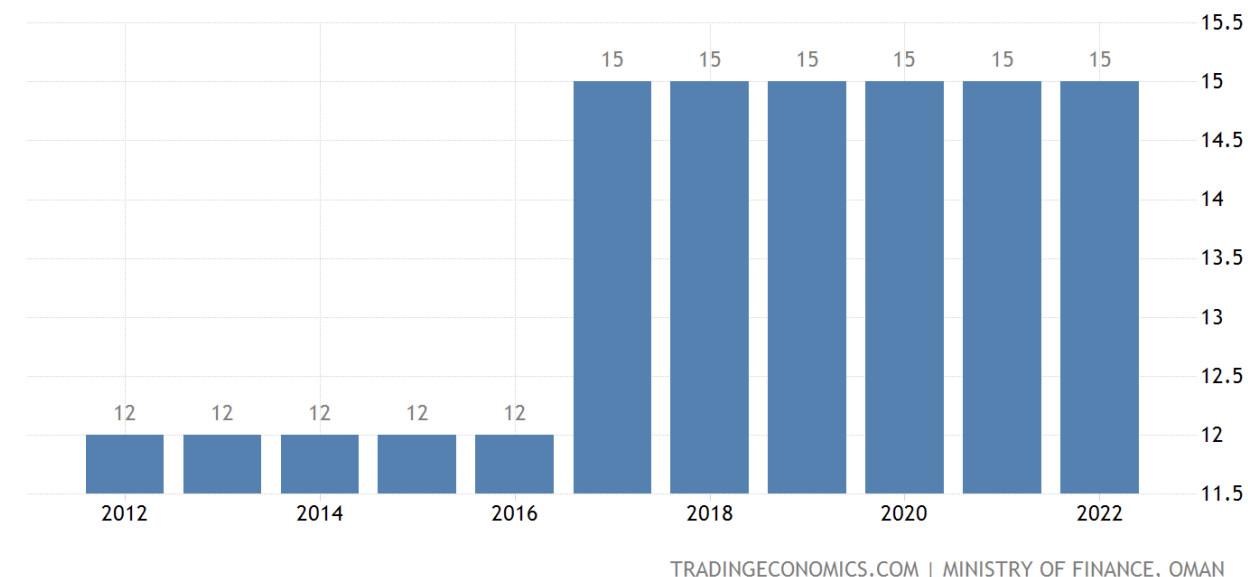
As a multinational corporation, the company conducts business in jurisdictions with intricate tax laws that are open to many interpretations. The corporation tax rate in Oman is 15% for local businesses, PEs, and international business branches such as Siemens. Before 2017, the rate was 12% and the OMR 30,000 tax-free limit was in effect. Whereas, in Germany the tax rate for instant is 30% which is double the tax rate in Oman. According to Siemens, the company is considered one of the 100 largest income tax payers in the sultanate of Oman which helps drives the Omani economy (Orbitax,2022)

The corporate income tax is imposed assessed upon firms in Oman, according to trading economics (2022). The net earnings that companies generate from managing their companies, frequently over the course of a fiscal year, define its worth. Oman uses the highest incidence of corporate income

as a baseline. The corporation tax rate is an important source of financing for the Omani government.

Figure (4): The corporate tax rate in Oman from 2012 to 2022 (Trading economics, 2022)

NATIONAL GDP AND PER CAPITA INCOME LEVELS

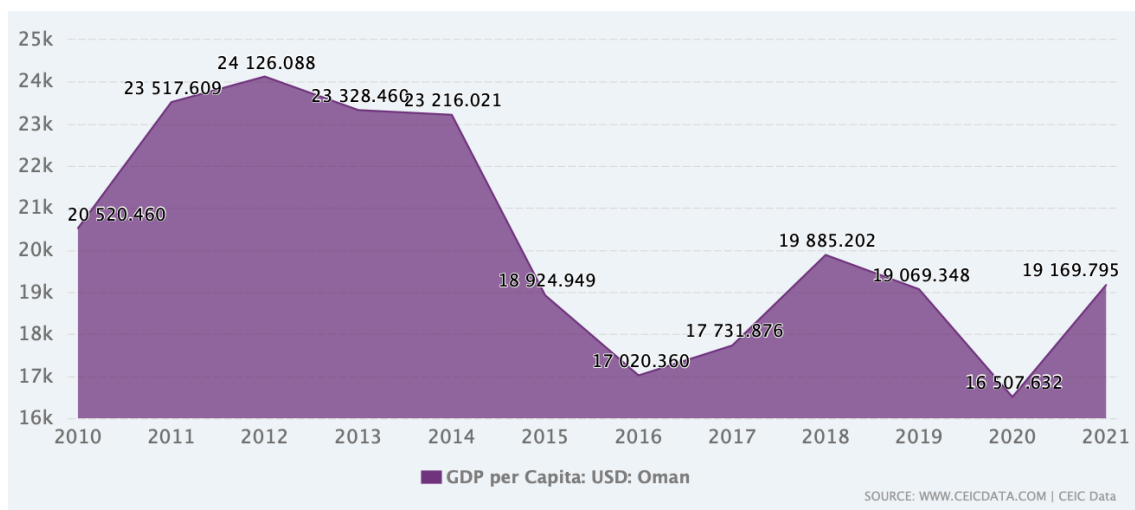


A popular indicator for assessing country average earnings is GDP per capita. According to this metric, average earnings increased in a manner that was comparable to that of global markets. Because technical advancement in the prior to the industrial revolution era created more people than affluence, the global GDP per capita experienced negligible development for hundreds of years. But this significantly altered throughout the 19th century, concurrent with the first wave of globalization (Ospina, 2017). Oman is heavily dependent on its oil and natural gas reserves, which might also generate anything between 68% and 85% of the nation's income depending on fluctuations in commodity prices.

Based on the CIA's World Factbook, Oman's budget shortfall decreased to 12% of GDP in 2017 as an outcome of the country cutting back on government subsidies. In 2016, lower global oil prices instigated Oman's budget deficit to reach \$13.8 billion, or almost 20% of GDP. While following a expansion strategy that concentrates on diversifying, industrialization, and privatization with the purpose of letting down the quantity of the oil industry to GDP, Oman is approving improved oil extraction methods to boost output (statisticsouthafrica,2017).

In December 2021, Oman's Gross Domestic Product (GDP) per capita increased to 19,642.315 USD from 17,254.079 USD in December 2020. Oman GDP Per Capita data is provided from December 1980 through December 2021, with an average value of 7,894.073 USD. It is adjusted annually. The statistics peaked at 24,126.088 USD in December 2012 and hit a record low of 5,587.051 USD in December 1988 (trading economics,2022).

Figure (5): Oman's Gross domestic product per capita from 2010-2021 (Trading Economic,2022)



Healthy GDP development permits industries to employ extra staff and manage to offer decent wages, this reassures customers to spend more on products and services. Business confidence is increased by gross Domestic product growth, and expansion lays the foundation for future economic success. Whenever GDP growth is abnormally low or the economy experiences a recession, the opposite is true (employees may be laid off or paid less, and businesses may be unwilling to invest).

According to Siemens (2022), The Oman Vision 2040 program seeks to make infrastructures a crucial tool for economic growth so that Oman may become a center for commerce and industry. Additionally, this vision aims to enhance the GDP contribution from non-oil sources, reduce dependency on hydrocarbon exports, and give Omani citizens additional job opportunities. Oman is raising its level of competition in order to boost its standing in global trade. Considering the case study's perspective, Siemens' GDP contribution comes from its combined cycle power plants, which include those at Brakes, Sohar, and 3 of them make up 35% of Oman's total power capacity.

EMPLOYMENT RATE

The demand for goods and services decreases as the economy weakens. As a result, companies consider firing workers. Unemployed workers do not have sufficient funds to buy necessities, that further affects the income for enterprises. Businesses are forced to cut expenses by laying off additional staff due to declining revenues. It is challenging to get out of the pattern. Since the unemployment rate is a lagging indicator, it takes some time for rates to begin increasing as the economy grows (Crditmantri, 2020).

A rise in unemployment will result in lower revenue for many consumers. This will decrease revenues for so many companies since fewer customers will spend money. Nevertheless, if unemployment is greater, some goods and services will see a rise in demand. This is a result of people switching to less expensive options. These products and services are frequently retailer own-brand items and are occasionally seen as being of lower quality. Greater unemployment rates may be advantageous for the businesses that supply them.

Companies that gain from rising unemployment will also have a larger pool of candidates to pick from if they need to hire additional personnel. Businesses that are hiring workers may also be allowed to offer lesser compensation and still recruit new employees, but they cannot do so below the national minimum wage.

THE ENVIRONMENT OF INTERNATIONAL BUSINESS OF OMAN FROM POLITICAL, SOCIAL AND CULTURAL PERSPECTIVES.

The term "international business" defines the exchange of products and services on a global scale. Furthermore, it is recognized as the "globalization of trade." A global corporation's working environment is referred to as the "international business environment" (IBE). It is necessary for a nation to develop and flourish (Bhattacharjee, 2020).

A diversity of aspects are intricate in an international business environment (IBE), including political concerns, cultural differences, and legal and taxes concerns. As the international business environment is vital to a nation's economy, it is imperative that those in managerial positions focus on its components (Shaji, 2017) . This essay will discuss the (IBE) of Oman in the case of siemens as following:

POLITICAL

As stated by Allianz trade (2021), The term "political environment" in global and international commerce encompasses a variety of political factors and government involvement in a worldwide market that might enhance or impair a firm's capacity to conduct its activities there. There is typically a high degree of uncertainty while conducting business globally; this risk is frequently referred to as political risk. Depending on the country, in this example Oman and Siemens, there are several common political issues that may have an impact on the company's worldwide business operations. This includes:

Peace and political stability

The introductory prerequisites for fostering the creation and expansion of successful firms include peace and political stability. Under Sultan Qaboos bin Said al-Said's leadership, Oman's political structure maintained comparably steady, forming a favorable business environment for both domestic and foreign corporations for more than 30 years. Despite the absence of a democratic system, the Sultan has kept the risk of political upheaval low by steering the nation down a complete economic path with a stress on developing sturdy infrastructure and contribution well-thought-of public services (Rynhart & Buckley, 2011).

Figure (6): political stability in 2021 for countries in Asia (Trading economics, 2022).

Countries ▲▼	Political stability, 2021 ▲▼	Global rank ▲▼
Singapore	1.49	1
Brunei	1.17	2
Macao	1.05	3
Japan	1.03	4
Bhutan	0.97	5
Qatar	0.96	6
Taiwan	0.78	7
Laos	0.73	8
South Korea	0.66	9
Mongolia	0.65	10
UA Emirates	0.65	11
Oman	0.51	12
Maldives	0.5	13
Kuwait	0.3	14

The uncertainty surrounding the long-serving previous Sultan's successor is perhaps the greatest issue that could undermine the political stability of a nation that has long been regarded to be one of the most stable Gulf States. The Sultan had no clear successor, and the procedure for choosing a replacement is unorthodox and obviously untried. However, when the past sultan passed away, the choosing of the new sultan of Oman Haitham bin Tariq Al-Said was so steady and stable which kept the nation in peace. According to the global economy indicator, the political stability index, since 1996 till 2021 Oman is one of the top 20 countries that is politically stable in Asia with rank of 12 and globally 64 with a percentage of 60.85 % as it can be seen in the figure (Trading economics, 2022).

On a similar note, Oman is seen as having a high degree of internal political stability environment in the context of the case study of Siemens AG, which was described above. Since Siemens has been operating in Oman since 1972, the firm has not encountered any political difficulties while

doing business there. This is because there has only been one sultan in charge of the nation since 1970, and as a result, there have been only modest modifications to royal decrees, such as changes to company taxation and regulations or, maybe, political developments that have an impact on the firm's marketing. Additionally, Oman never had a war, making it simple for Siemens to conduct business (Arabian business, 2006).

On the other hand, The Kashmir area has been the source of hostility between the country and India for a number of decades. This has had a big influence on the stability of the political, social, and economic systems. In terms of politics, the battle has sparked both support and criticism for the country. Another example is Siemens, which discontinued all of its commercial activities in Russia, which is regarded politically risky as a result of the Russian-Ukrainian conflict, suffering a loss of 600 million euros (\$630.18 million) in the second quarter (The economic times news, 2022).

In a nutshell, the business, unlike Siemens operating in Oman, will need to be very adaptable and agile in order to swiftly alter its operations to take into account changes in the political climate in the locations where it operates, such as Pakistan and Russia Siemens.

SOCIAL AND CULTURAL

As mentioned by Salacuse (2005), Cultural awareness is necessary in today's globalized market. Transnational and cross-cultural groups have become progressively predominant as more organizations grow and the global economy opens to small enterprises. This implies that if businesses want to flourish globally, it is more significant than ever for them to realize the culture of their foreign market. Agreements made globally span not just political boundaries however also cultural limitations. Culture has a noteworthy influence on how individuals think, interact, and act. Also, it sways the nature of their deals and how they are negotiated.

When doing business globally communication is crucial, and is considered to be the distinction between success and failure of the company. When assessing communication, any linguistic barriers that can hinder communication with the business ought to be taken into account initially. Speakers are also exposed to many cultures and behavioral norms because to their language abilities. Learning another language helps multinational firms like Siemens that work with

customers, vendors, and workers all over the world overcome cultural divides and strengthen the human bonds that are the foundation of successful commercial relationships (ElSayad, 2018).

Miscommunication due to **language** barrier might directly impact the growth and profitability of a company. Thus, in Oman Arabic language is the primary native tongue, while English is now officially recognized as a second language in the nation. Arabic and English are almost always used in signage and writing. Siemens Oman can therefore quickly connect with clients, suppliers, and other global businesses. German is frequently used in Siemens Germany as a working language, which makes it challenging for businesses to communicate and increases the risk of miscommunication having an adverse effect on the company's operations (Siemens, 2022).

Moreover, **Religion** has a substantial part on how international business cooperate, plan meetings, and more in global company. Team friction, scheduling issues, and expensive employee turnover can result from failing to admiration varied religions and the obligations of individual workers. The culture of Oman is impacted strongly by the Islamic religion, Muslims require a regular time and place for daily prayer, particularly at noon on Fridays. Two significant Muslim holidays are Ramadan and Eid. Whereas, in Germany and other European siemens AG the main religion is Christianity where there are 2 primary holidays easter and Christmas. These occurrences force firms to close or operate during different hours, which has a direct detrimental impact on company operations, as demonstrated by Siemens projects that are delayed (Western Sydney university, 2022).

Thus, in order to increase the caliber of their commercial interactions, Siemens and other international companies need to educate themselves about the cultures of various nations. Furthermore, learn to recognize the minor cultural distinctions, yet avoid letting cultural preconceptions guide their interactions with people from other cultures. Consider each individual as an individual and take the time to learn about what makes him or her tick.

CONCLUSION AND RECOMMENDATIONS

To conclude, the international business environment (IBE) is concerned with the framework of the international trading activity as a result of the globalization of business, regardless of size or industry. Due to the fact that global organization are not able to operate in recognizable surroundings but instead in the context of an international business environment, there are numerous issues in international business and the impact of on how firms are doing their global operations, such as the economic policies of for example tax rate of a specific nation, linguistic barriers, cultural barriers such as religion and holiday timing (Christmas and Ramadhan), and higher complexity of uncertainty.

Despite numerous problems, the global business environment offers many advantages, including the progress of new technologies, infrastructure, management skills, the creation of employment, the endowment of improved services, and the ability to attract foreign investment capital by exporting goods. Therefore, in the case of siemens, in order to adapt to the global business environment and identify susceptible regions, it is recommended that siemens and global corporations should get engaged in information collecting on all environmental aspects worldwide in terms of economy of the country, political stability and etc. It should anticipate a better setting and the use of best practices. Moreover, siemens should also take the digitization age into account since it is a crucial component in today's environment.

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