Contents

Editorial 3

New century, old story! Race, religion, bureaucrats, and the Australian Lebanese story 7
Anne Monsour

The Transnational Imagination: XXth century networks and institutions of the Mashreqi migration to Mexico 31
Camila Pastor de Maria y Campos

Balad Niswen – Hukum Niswen: The Perception of Gender Inversions Between Lebanon and Australia 73
Nelia Hyndman-Rizik

Diaspora and e-Commerce: The Globalization of Lebanese Baklava 105
Guita Hourani

Lebanese-Americans’ Identity, Citizenship and Political Behavior 139
Rita Stephan

Pathways to Social Mobility Lebanese Immigrants in Detroit and Small Business Enterprise 163
Sawsan Abdulrahim
Editorial

Palma Journal’s special issue on migration aims at contributing to this area of study in a unique manner. By providing a forum for non-veteran scholars in the field to share their current research findings with a broader public, Palma has joined hands with the Lebanese Emigration Research Center in celebrating LERC’s sixth anniversary serving international and interdisciplinary scholarly discourse between Lebanon and the rest of the world.

The migration special issue owes its inception to a conversation between Beirut und Buenos Aires, in which Eugene Sensenig-Dabbous, an Austrian-American researcher at LERC, and the eminent Argentinean migration scholar, Ignacio Klich, developed the idea for a special migration issue and presented it to the LERC research team. This Libano-Austro-Iberian link laid the foundation for an exciting collection of articles, which I have had the privilege to guest edit. The rest of the story is embodied in the volume at hand, made up of six submissions dealing with the various facets of Lebanese migrants’ lives and their relations with their country of origin.

Some of the most insightful work currently being undertaken on Lebanese migration is presented here. This volume is made up of two articles on migration history and four on contemporary topics. The first historical piece, Anne Monsour’s “New century, old story! Race, religion, bureaucrats, and the Australian Lebanese story”, provides an overview of the history of Lebanese settlement in Australia and discusses these immigrants encounter with racial classification and discrimination. She starts with the current perception, common in Australian society, that the Lebanese community is somehow linked to rape, riots, and the “war on terror” campaign and maintains that this perception rests on a historically transmitted image that painted the Lebanese pioneers as “undesirables” or “enemy aliens.” Mansour asserts that these pioneers attempted to overcome this ‘categorization’ process by emphasizing their “whiteness” at the expense of their “Eastern” characteristics. She argues that the restrictive Australian migration policies of the past continue to play a significant role in the lives of the Lebanese immigrants today.

The second historical article, “The Transnational Imagination: XXth century networks and institutions of the Mashreqi migration to Mexico”, by Camila Pastor de Maria y Campos, addresses the issues of networking, institution formation, and role of the Lebanese community in Mexico from its inception until the present. It argues that migration networks and institutions were organized along confessional lines and through colonial ties mainly to the French Mandate, and that, following the founding of nation states in the Middle East, institutions became more sectarian as they became more ‘national’. The author reasons that the “shifting boundaries of these networks reflect the overlapping transnational imaginaries and practices of migrants and colonial and
ecclesiastical authorities.” She contends that the Lebanese migrants to Mexico, whose loyalties in the past were cultivated politically and ecclesiastically and who were instrumentalized as transnational entities, were being cultivated and used in a similar manner following the end of the Civil War in Lebanon.

The first among the contemporary articles deals with gender. In “Balad Niswen – Hukum Niswen: The perception of gender inversions between Lebanon and Australia” Nelia Hyndman-Rizik addresses the issue of gender roles of male emigrants from the village of Hadchit in North Lebanon now living in Sydney. She maintains that their self-perception has been emasculated by the migration process. On the one hand, they are confronted with racism and subjugation in Australia, as well as with war and violence in their country of origin, about which they can do very little. On the other hand, changes in the roles of women within the immigrant communities, due to the education of their daughters and the participation of their wives in the Australian economy, further threatens the gendered status quo. Hyndman-Rizik found that these men “have come to imagine the Australian state as a matriarchal state, which is “hukum niswen”, ruled by women, as symbolized by the Queen of England as the Head of State.

“Diaspora and E-Commerce: The Globalization of Lebanese Baklava,” was written by Guita Hourani. The paper argues that new technologies allow small and medium enterprises in developing countries, especially those with “ethnic” or “nostalgic” merchandise, to carve a niche for their products in the international market. Taking e-commerce in baklava production as an example, this study shows how the main producers of this delicacy used ICT to tap into the Lebanese diaspora, as described in “business to diaspora” theory. The paper argues that shipping across international borders has required the producers to comply with international standards and to be creative in packaging and labelling their products. This process has also created the need for Lebanese financial institutions to facilitate credit card payment and verification. In conclusion, a case can be made for the need for a more enabling legal and telecommunication environment in this sector if it is to expand and thrive in the future.

Rita Stephan’s paper, “Lebanese-Americans’ Identity, Citizenship and Political Behavior” examines Lebanese-Americans’ political behavior in order to better understand the correlation between identity politics and ethnic minority citizenship. Stephan surveys how Lebanese, and Arab-Americans as a group, identify themselves and how they are identified by US society. She illustrates how the self identification of Lebanese-Americans varies according to historical, political, ideological and cultural factors, how Lebanese-Americans vote, how they “frame their activism within the Arab-American framework in promoting their hyphenated community’s interest… and [how] Lebanese sovereignty and independence seems to be a common theme among many Lebanese-American organizations”. She suggests that “Lebanese-American political behavior offers ethnic studies a linkage between identity politics and ethnic citizenship by
contesting the permanency of individual and collective identities and linking voting behavior among ethnic minorities to their broader social identity.”

The final article on contemporary issues “Pathways to Social Mobility: Lebanese Immigrants in Detroit and Small Business Enterprise” was written by Sawsan Abdulrahim. Abdulrahim aims at understanding the roots of the Lebanese immigrants’ decision to engage in small-businesses in their new home. She reviews the “middle man” and “the ethnic enclave economy” theories and discusses the role played by social, physical, and economic capital as determinants in these decision making processes. Abdulrahim views these decisions in their relation to structural integration. She argues that “structural conditions and the ability to combine capital resources proved to be extremely important” in the Detroit context. She concludes, with respect to Lebanese small entrepreneurs, that while the move into the business world is the result of hard work and determination, it is likewise “an outcome of the structural discrimination they face and their inability to move into the professions they originally intended to work in.”

As guest editor of this special issue of Palma Journal, I wish to thank the editorial board for putting these pages at my disposal in order to expand discourse on Lebanese migration. In particular, I would like to thank Palma supervising editor, Eugene Sensenig-Dabbous, for initiating this process and accompanying me in the selection of articles and the arduous task of preparing this volume for final publication. I trust that the reader will discover many new insights into the field of empirical migration studies and the ongoing debates on migration theory and that this issue will further dialogue between scholars in the West and those in the Middle East.

Guita G. Hourani
Director of the Lebanese Emigration Research Center
Diaspora and e-Commerce: The Globalization of Lebanese Baklava

Guita Hourani
Ph.D. Candidate, Université de Poitiers
Director of the Lebanese Emigration Research Center at Notre Dame University, Lebanon

Abstract
Diasporas are some of the determinants leading to the contemporary economic ties between host countries and countries of origin, and among the main forces contributing to the expansion of e-commerce. The aim of this paper is to explore the impact that diaspora communities have on the production and exportation of Baklava, one of the most popular desserts in Lebanon, and illustrating how immigrants are a means by which Lebanese Baklava is now being sold or sent as gifts to the countries of migration. Furthermore, this paper will investigate how the Lebanese pastry sector has tapped into the various Lebanese diaspora communities around the world by creating websites and by employing e-commerce to create a diaspora-market niche. It will also examine how this interrelationship between e-commerce and the Lebanese diaspora, has changed the way of doing business within the pastry sector, exploring its impact on taste, presentation, packaging and various other similar concerns. It will also examine the obstacles faced by the sector in terms of infrastructure cost, as well as shipping cost.

Several research methods form the foundation of this paper including: surveys of the top Baklava, exporting patisseries in Lebanon, an analysis of the e-commerce approach of these patisseries, interviews with business owners, legal and ICT experts, as well as government officials regarding the laws that govern the exporting of Lebanese food products and the legal framework involved in such business.

The study will contribute to the discourse on the roles that various diasporas play in the development of their countries of origin, and in the global economy as a whole.

Keywords: Lebanon, Lebanese Diaspora, e-commerce, ethnic gifts, market, business, networks.

Introduction
Economics is the factor that is driving interest in diasporas and their relationship with the development of home and host countries. A model of macroeconomic involvement of diasporas was developed by Orozco (2003). This model places emphasis on five activities or “Five Ts” which are usually
associated with diasporas: tourism, transportation, telecommunications, trade and transmission of monetary remittances.” (Orozco 2003: 3).

For Less Developed Countries (LDCs) and for Developing Countries (DCs) diasporas are a vital source of financial, social, human, and political capital. Diasporas are “sociopolitical formation[s], created as a result of either voluntary or forced migration, whose members regard themselves as the same ethno-national origin and who permanently reside as minorities in one or several host countries. Members of such entities maintain regular or occasional contacts with what they regard as their homeland and with individuals and groups of the same background residing in other host countries” (Sheffer 2003: 10-11). For example, diasporas from Armenia, Cuba, Iran and Palestine in the USA found that diaspora members who perceive “they have an ethnic advantage in the homeland market are more likely to be interested in investing there than diaspora members that do not perceive this advantage…. Decision makers who perceive that they are culturally closer to certain foreign market are more likely to be interested in investing in that market” (Gillespie et al 1999: 631) Therefore, mobilizing the diaspora communities to their full potential for the economic development of their home countries is a very important issue of discussion and debate among migration experts and policymakers.

A vital interest to these decision makers is the financial capital of specific diasporas that is invested in the various modes of trade. Trade is to engage in commerce, which includes e-commerce. The Internet has revolutionized not only communication but also business transactions. One of the main drivers of economic globalization is the Internet: “There have been three main drivers of economic globalization in the latter half of the twentieth century: investment by transnational corporations, international trade and the Internet. Each has expanded the scope of global integration by altering how people, resources and places are connected in economic transactions” (Gereffi in Goldestine and O’Conner 2000: 19). The Internet has also been viewed and advertised as a tool to reach global markets: “The Internet’s World Wide Web has become the prime driver of contemporary e-commerce” (Zwass 1996: 3).

Electronic commerce or e-Commerce “is the sharing of business information, maintaining business relationships, and conducting business transactions by means of telecommunications networks” (Zwass 1996: 3). Others have defined e-Commerce as Internet facilitated commerce, using electronic means for promoting, selling, distributing and servicing. It is also a general term used to describe all forms of trade on the World Wide Web, especially those where payment is taken via the Web. E-commerce is viewed as a tool that “can level the playing field between small and large businesses, and between enterprises in developed and developing countries.” (Duncombe and Molla 2006: 186) Consequently, e-commerce is considered as a beneficiary tool for small and medium enterprises (SMEs) in developing countries (UNCTAD 2002).
The new technologies represent a chance for SMEs in developing countries to become more competitive and to find new markets for their products, especially enterprises that produce “ethnic” or “nostalgic” products. These products “cater to the tastes and habits of expatriates abroad by trading in and providing home country products to migrant communities settled abroad.” (Ionescu 2006: 50) Several studies on diasporic networks revealed that diasporas provide their homeland with a market for “ethnic” or “nostalgic” products and services such as clothing, food, beverages, music, videos and films, among other services (Greenidge & Schiller 2005: 4).

United Nations Conference on Trade and Development (UNCTAD) has surveyed 16 enterprises of which seven were identified as business-to-consumer (B2C). Most of these enterprises sell traditional or cultural items to their respective diasporas (Li 2002: 63). These items could be termed “ethnic” or “nostalgic” products if we apply the definition coined by the recent Economic Commission for Latin America and the Caribbean (ECLAC): “‘Nostalgic’ products are the group of goods and services that are traditionally consumed by people in their home countries and that they would like to continue consuming abroad if they are available. ‘Ethnic’ products are those which are demanded not only by migrants abroad, but also by other people who are interested in consuming products from a variety of countries. Among these two groups of goods, food and beverages, furniture and handicraft, clothes, music, and even soap and detergents seem to be the most demanded” (Cruz 2004: 3).

UNCTAD surveyed B2C businesses in Africa and identified several reasons associated with their success. “Success,” revealed UNCTAD, “has come to those enterprises that have been able to develop consumer trust over a period of time, by creating a loyal subscriber base; offering information about home; or by developing an agent network in the target market. Ethiogift2 has a network of Ethiopian restaurants that assist in sales or facilitate the distribution of marketing literature” (Li 2002: 63).

Although Lucas (2004) in his study found “that highly skilled emigrants will have an impact on trade relations between home and host countries” (Lucas 2004 as quoted in IOM 2005: 5), we should be aware that “data on trade in goods and services initiated by diasporas remain limited” (Ionescu 2006: 45).

**The Diaspora Market**

Three types of e-commerce have been identified: B2B, Business-to-Business; B2C, Business-to-Consumer and “Over the past few years, a new type of company has emerged, using a specific niche, the ‘diaspora market’: ‘B2D’ or Business-to-Diaspora” (Vulliet 2003).

Business-to-Diaspora “comprises two niche market opportunities, because they have the potential for handling physical goods as well as services. These are: Business-to-Diaspora consumer marketing and split-marketing” (UNECA 2001: 12). Business-to-Diaspora marketing involves targeting specific groups of migrants/expatriates living in migration countries especially in
countries with a high-income dividend. These migrants/expatriates are a “potentially significant niche target market for homegrown and home-produced traditional food products and artifacts” (UNECA 2001: 12). These migrants/expatriates can be targeted for services such as real estate, travel and accommodation, money transfers, banking, food products, symbolic or religious products from their countries of origin, etc. (Vulliet 2003).

Split-marketing is a commercial activity by which expatriates buy online products from their homelands for their families and friends and these products are delivered within their homeland (Vulliet 2003). In other words, split-marketing “is a special type of e-commerce, generally Diaspora oriented, which can best be explained by the following example: EthioGift [http://www.ethiolink.com/] located in Addis Ababa sells goats to expatriate Ethiopians. The goats are purchased over the Internet and paid [for] by credit card, but the goats themselves are delivered to the family in Addis, thus elegantly sidestepping all shipping and delivery problems” (UNECA 2001: 12).

The diaspora is endowed with what it takes to use e-commerce: purchasing power; credit cards and other network-friendly payment systems; Internet literacy; and a willingness to use Internet to place orders (Arbelaez-Palacio: 7, 9, 11, 13; Stocchiero 2004: 11).

**The Lebanese Diaspora**

Emigration had been an important Lebanese population dynamic, which began during the last two decades of the nineteenth century and lasted until the formation of the Lebanese Republic in the 1940s; afterwards, emigration slowed considerably. However, the Lebanese desire for emigration was dramatically rekindled with the onset of the 1975 war, and continues in the aftermath of this war given the ramifications, involving political and security instabilities. Two studies, published in 2003, estimated that the total number of Lebanese who emigrated between 1975 and 2001 were over 900,000 (Kasparian 2003: 5) (Abi Farah 2003: 6). Today, the Lebanese diaspora is at least equal to, if not exceeding that of the entire population still living in Lebanon.

Lebanese emigrants maintain various types of networks with their family, kin and country. These networks take different forms, economic, socio-cultural, religious, political, etc. They are manifested not only through sending remittances to their families and relations left behind, but also in the migrants’ involvement in visiting their homeland, in forming national, and international associations, in trading with the home country, in establishing lobbies, etc. Transnational migrants in the twenty-first century have the opportunity to organize themselves and enhance their lives in their host countries, while continuing to address social and political issues related to their countries of origin. As Peggy Levitt states, “Transnational migrants work, pray, and express their political interests in several contexts rather than in a single nation-state. Some will put down roots in a host country, maintain strong
homeland ties, and belong to religious and political movements that span the globe.”

These networks were and continue to be vital in linking Lebanese residents with Lebanese emigrants and vice-versa. Lebanese diasporic communities “encompass transnational connections (between the homeland and the host societies) as well as a larger diasporic community as identified in the literature on diaspora. Attachments to a diaspora community that is spread around various parts of the world allow members of Lebanese immigrant communities to construct forms of solidarity that move beyond ethnic and national ties to ones that are more global in nature” (Abdelhady 2006: 433). These networks help in sponsoring new emigrants and in facilitating their lives in the receiving countries. They are also responsible, in the case of Lebanon, for much of the prosperity of the tourist industry through their repetitive visits. However, the most valuable monetary yields of these networks are the immense financial transfers that the emigrants send to their families in Lebanon.

Remittances not only play a vital role in the lives of the recipients’ household members, but they also play an indispensable role in keeping the economy of the country afloat. Remittances are becoming a fundamental feature of Lebanon’s economy; they also represent a sizable proportion of Lebanon’s foreign revenue. Remittance inflow from Lebanese expatriates was estimated to have been US$1.2 billion in 1998, US$1.6 billion in 2000, US$2.5 billion in 2002, and US$2.7 billion in 2004. In 2003, Lebanon received US$2.7 billion in workers' remittances, ranking it ninth in absolute terms among the principal recipient developing countries.

Lebanon’s main hard currency income is from tourism, which is mainly generated by emigrants returning to Lebanon on holidays or to repatriate (Batrouney 2005; Pelekis 2003; Jabbar & Jabbar 2005); however, in 2001; remittances were 275 times the tourism and 924 times the Foreign Direct Investment (FDI) receipts. The tourism industry continued its impressive growth in revenue terms, with 33 percent growth in tourist arrivals and the highest average per tourist expenditures (US$ 1,500) in the Middle East. Tourism revenues represent the second largest source of foreign exchange earnings, coming after emigrants' remittances.

The destination of the recent Lebanese emigrants is mostly toward countries with high-income dividends; North America absorbed 29.5% of those who left between 1975 and 1990; Western Europe 24.4%; the Arab countries 20.4%; Australia 13.1%; Africa 6.3%; Central and South America 4.3%; Eastern Europe 1.4%; Asia 0.4%, and undetermined 0.1%.

Most of the Lebanese emigrants are educated. Abi Farah’s study showed that 29.2% of the total emigrants are university graduates, 3.4% are technicians and 18.4% are high school graduates, of whom 42.7%, 33.3%, and 52.3% respectively were women. Kasparian’s study revealed that most of the migrants are either university graduates (25.4%) or high school graduates (23.6%). The overwhelming majority of these migrants, according to Abi
Farah, are between the ages of 20-34 (28.4%) and 35-49 (28.1%),\textsuperscript{14} while Kasparian’s study showed that the majority or 63.7% of the total number of emigrants are between the ages of 25 and 44.\textsuperscript{15}

Although very little study exists concerning networks among Lebanese emigrants, by accumulating the scant information that is available from various publications and from personal observations, it is apparent that emigrant-resident networks have developed. This development is attested by several factors involving emigrants:

- investing in their home villages’ spatial development and improvement,\textsuperscript{16}
- influx of remittances,\textsuperscript{17}
- charity contributions,\textsuperscript{18}
- encouraging their home villages to conduct religious services and ceremonies,\textsuperscript{19}
- taking holidays in their home countries,\textsuperscript{20}
- communicating by telephone, Internet and electronic mail,\textsuperscript{21} and
- becoming subscribers to satellite and TV channels and various media vehicles.\textsuperscript{22}

The attachment of the Lebanese diasporic communities to Lebanon is maintained by various venues. According to Karim: “Diasporic groups are also making extensive use of online services such as the Internet, Usenet, Listserv and the World Wide Web... The ability to exchange messages with individuals on the other side of the planet and to have access to community information almost instantaneously changes the dynamics of diaspora, allowing for qualitatively and quantitatively enhanced linkages.” (Karim1998: 12)

Facilitated by immense technological developments, communication between emigrants and their relations back home has increased; hence, multiplying the flow of information, of resources (monetary and other commodities), and of migrants.\textsuperscript{23} Transnational support from immigrants is not limited to remittances; it also includes commodities such as clothes, consumer durables, medicines, etc. In her recent publication, A. Peleikis found that “(...) goods move along with people traveling back and forth between Lebanon and West Africa. When someone plans a visit home to Lebanon or travels to Africa, he or she is expected to inform relatives and friends of the trip. It is anticipated that the traveller will carry letters, tape-recorded messages and photographs to the family abroad as well as gifts of all shapes and sizes. On the return journey, the same traveller will be laden with goods coming from the other direction....”\textsuperscript{24}

Lebanese trading and business activities are “fashioned along translocal Lebanese networks and social relations” (Peleikis 2003: 93). Lebanese emigrants bring in goods when they come to Lebanon and take Lebanese goods with them when they leave: “Goods move along with people travelling back and forth between Lebanon and West Africa... Food specialities and ingredients for Lebanese cuisine in particular are favourite gifts that move with people: olives
and olive oil, mashed wheat (burgul) and thyme are often sent to Africa…” (Peliekis 2003: 94)

Transnational migrants also contribute to tourism revenue through their family visits or tourist vacations. Most of the visitors who come to Lebanon are expatriates visiting their families and foreigners who are descendants of Lebanese emigrants. The hundreds of thousands of Lebanese expatriates who return each summer or during religious holidays give a substantial boost to the local economy. Transnational migrants also contribute to tourism revenue through their family visits or tourist vacations. Most of the visitors who come to Lebanon are expatriates visiting their families and foreigners who are descendants of Lebanese emigrants. The hundreds of thousands of Lebanese expatriates who return each summer or during religious holidays give a substantial boost to the local economy.25 VFR or “visiting friends and relatives” are common among emigrant groups26 and their visits have different purposes, including reassuring the sick, consoling the bereaved, celebrating weddings and other rituals, and strengthening relations between grandchildren and grandparents. One of many examples of the continuity of emotional support between the first and second diaspora generations involves the Lebanese-born living in Australia and the Australian-born of Lebanese descent. For many years, members of both groups have traveled to Lebanon in large numbers to conduct business, visit family and/or friends, or enjoy holidays: “The proliferation of Lebanese and other Middle Eastern travel agents bears witness to the size and significance of return visits to Lebanon.”

For a country with only a population of 3.5 million, the Lebanese diaspora presents an exceptional pool of development resources. It is believed that the total number of the Lebanese diaspora not only equals, but is double the size of the Lebanese population. It is internationally acknowledged that the Lebanese diaspora is very successful, (politically, economically and professionally), with well-established records of accomplishment in almost every country where they have settled.

E-Commerce in Lebanon

To be part of the world’s digital economy, Lebanon “witnessed two landmarks in the past. The first landmark was at the end of 1997 when Master Card issued a special cash card that could be used to conduct electronic purchases online…. The second landmark was the introduction of e-commerce technology in 1998, mainly the result of efforts made by Master Card, Bank of Lebanon and the Gulf and Global Sign” (Asmar 2000: 14-15).

Other landmarks were initiated in the banking sector led by Banque Audi and Credit Libanais with their introduction of online banking (Asmar 2000: 15). Lebanon's Banque Audi offers secure online transactions, while Credit Libanais provides WAP services. Banks such as Audi, BLOM, Beirut and Byblos have been targeting the Lebanese diasporas to offer their services ranging from housing loans to saving accounts. The banking and financial sector in Lebanon count on the diasporas’ invested capital, 42 out of 86 banks in Lebanon were initially financed by migrants from Brazil, Nigeria, Saudi Arabia, West Africa, and Venezuela among other immigration countries (Labaki 2003: 7, 23).
Other enterprises such as Exotica, a flower shop, began offering its services on the Internet. Now Lebanese emigrants working in the Gulf and other parts of the world can purchase flowers online and send them to their family members and friends in Lebanon (Asmar 2000: 24).

The Lebanese government is trying to catch up with e-government trends. According to Charbaji, “The confidence in digital technology is flourishing every day affecting the way Lebanese citizens operate, learn and interact… Lebanese today are able to use automated systems for customs data. These systems provide excellent examples of a good partnership between public and private sectors. Computers have changed the manner internal security forces and/or the Ministry of Finance announces their services to the common public and business groups in Lebanon” (Charbaji 2003: 78).

The Lebanese private sector is trying to infiltrate the e-commerce world. However, according to Fadi Sabbagha, IT specialist and Chairperson/General Manager of Born Interactive, “E-commerce in Lebanon is limited because the market is so small; some projects are doing well, mainly those that are targeting foreigners, either Lebanese emigrants or non-Lebanese abroad.”

Ecomleb, the E-Commerce Development Project, published in August 2004, the results of a survey on SMEs using e-commerce in Lebanon. The purpose of the Ecomleb survey was to “assist in determining the status of e-commerce in Lebanon and to improve the take-up of e-commerce.” (Ecomleb 2004: 1). The survey identified 75 enterprises active in e-commerce. Of these enterprises, only 23 agreed to participate in the survey. The survey found that in Lebanon:

- the majority of e-commerce activity is Business-to-Consumer (B2C);
- e-commerce is centralized in the Beirut area;
- almost 50% of the enterprises have less than ten employees;
- enterprises with more than 100 employees represent 13% of e-commerce activity;
- e-commerce activity makes up 70% of the export market;
- most e-commerce websites have been fully integrated with in-house systems;
- 96% of SMEs with e-commerce mainly use the Internet for e-mail correspondence; 91% in communicating with customer/partners, 78% to obtain general information from the Internet; 65% to obtain information about competition, and 61% to use e-banking.

In our interview with Member of Parliament Dr. Ghenwa Jalloul, President of the Parliamentary Committee for the preparation of Internet Law, she stated that the committee has prepared a draft law to regulate the Internet, including e-Commerce. The Committee cooperated with several ministries but mostly with the Ministry of Economy and Trade which obtained 1.7 million Euros from the European Commission to draft this law. The Ministry was assisted with a team composed of national and international legal and technical
experts. Jalloul said that the aim of this law is twofold: (a) to develop a comprehensive legal framework that includes all aspects of Internet interaction and trading e.g. e-commerce and (b) to help business development and provide awareness campaigns. The Lebanese Central Bank participated in the draft law in providing both technical and legal inputs. The private financial sector was also involved.  

Jalloul described the draft law as encompassing regulations for:

- a) electronic communication and service providers;
- b) data protection and privacy;
- c) electronic writings and the securitization of digital signatures;
- d) online contracts and burden of proof;
- d) e-commerce and online commercial transactions;
- f) cyber crimes;
- g) intellectual property rights;
- h) consumer protection in electronic contracts; and
- i) title related to Domain Name Allocation.

The Committee, said Jalloul, brought forth a commission that will be responsible for issuing e-signature licenses, as well as other responsibilities. The Committee created an Information Control unit to supervise the implementation of the laws, to cooperate with other countries concerning regulations in the field, to arbitrate and to pronounce verdicts against offending companies.  

Jalloul explained that the laws could be finalized and voted on within a two-month period when the situation in Lebanon permits it. She said that this is the first time that a law about the information technology is being drafted under what has been coined as the Lebanon “IT Law”.  

**Survey Results of the Baklava Patisseries Using e-Commerce in Lebanon:**  
**What is Baklava?**

*Baklava* is a delicate delectable quintessential dessert made of thin sheets of dough with nuts spread between the layers and baked then sprinkled with perfumed and spiced syrup. In Lebanon, *Baklava* is known as the queen of the Lebanese pastry. It is served at all occasions except funerals.

Like all ancient foods, *Baklava’s* origin is not known; however, it is held that the “Assyrians at around 8th century B.C. were the first people who put together a few layers of thin bread dough, with chopped nuts in between those layers, added some honey and baked it in their primitive wood burning ovens. This earliest known version of baklava was baked only on special occasions. In fact, historically baklava was considered a food for the rich until mid-19th century” (Food History 2007). It is, however, acknowledged that baklava was developed and refined in the Ottoman imperial cuisine (Perry 1994: 87).

*Baklava* is known to almost every country in the Levant, Eastern European and Balkan countries: Lebanon, Palestine, Egypt, Syria, Israel,
Baklava was reserved for the rich, and was eaten by the commoners only on very special occasions and when it could be afforded. The Sultan would honor the Janissaries by presenting them Baklava on the 15th of every Ramadan in a ceremonial parade called Baklava Alyai (Wasti, 2005). It was not until the disintegration of the Ottoman Empire that Baklava began to be accessible by the middle and common classes. However, it remains the most prestigious dessert served to celebrate marriages, births, baptisms, and religious feasts, as well as the most impressive sweet to be given as a gift.

In Lebanon, food and its presentation are an art enjoyed with conviviality among family members, friends and, yes, strangers. Food is the accompaniment to all life’s occasions, whether they are happy or sad ones. Although one finds similarity between Lebanese cuisine and other Middle Eastern cuisines, a noticeable difference puts Lebanese cuisine in a category of its own, because Lebanese food “combines the sophistication and subtleties of European cuisines with the exotic ingredients of the Middle and Far East. The cuisine of Lebanon is the epitome of the Mediterranean diet.” In Lebanon, food is not only to feed the body; it is considered food for the soul. It also embodies the diverse history and civilization of the country, “therefore, its food is largely influenced by its historical heritage, by the diversity of its relief and its climate. The food habits reflect this extremely old past and the cultural mixtures of which Lebanon was the witness” (Mouawad n.d.: 3).

Lebanon’s Baklava is one of the best in the world; in fact, it is probably the best in terms of quality and presentation and is the most preferred in the industry judging by its reputation and by personal observation and experience. Baklava, “which is usually associated with Greek cuisine, is also a popular Lebanese dessert. The main difference between the Lebanese variety and its Greek cousin, is Lebanese baklava often contains pistachio nuts and is drizzled with a rose-water syrup, the Greek variety usually contains walnuts and honey.” But there is another difference, Lebanese Baklava is not as sweet or as rich in cinnamon as the Greek one, it is crispy, it melts in one’s mouth as it awakens one’s taste buds and feelings, in reality “all the difference is in a nuance” (Mouawad n.d.: 3). Lebanese Baklava is luscious, scrumptious and totally gourmet, and, moreover, it is addictive. This is why the most famous baklava patisseries houses in the Middle East and abroad are Lebanese, e.g. Bohsali, Samadi, and Hallab.

Surveyed Lebanese Patisseries Profiles

Of the major Baklava patisseries operating in Lebanon, seven have been engaged in e-commerce. Four agreed to be interviewed: Patisserie Fouad Jer Doueihy, Refaat Hallab, Abdul Rahman Hallab & Sons, and Douaihy.

Refaat Hallab (herein and after Hallab), which was founded in 1881, established its website in 1992 and was the first in Lebanon to start an e-
commerce business in 1998. On its site, Hallab advertises its products as “high-quality sweet products that combine high[ly] skill[ed] workmanship and innovation for the customer who understands quality, demand[s] refine taste, and is willing to spend money on the best.” Hallab’s site displays the International Organization of Standardization ISO certification, as well as the logo of its courier DHL. Hallab distinguishes itself by offering a Priority Card for its customers through which they can benefit from discounts based on the amounts they purchase. Plus, randomly selected cardholders may receive valuable gifts; they may also receive free sweets and cakes for special occasions. Priority cardholders can access their accounts through the website. Furthermore, for added customer convenience, the site is available in English.

Fouad Jer Doueihy (herein and after Jer) started its website in 1999 and simultaneously began its e-commerce business. On its site, Jer affirms that all its products conform to the highest quality claimed by the enterprise. Jer warns its clients that prices are subject to change without warning and that all payments must be made prior to shipment. The enterprise warns its clients that they are responsible for all import duties and local taxes. The website is in English with two available translations in Dutch and Spanish. The site also depicts DHL as its courier; Visa, MasterCard, and American Express as the accepted credit cards; and the 2CO Certified, which is a sign that the site offers safe, secure and fast online payment solution.

Abdul Rahman Hallab & Sons (herein and after Hallab & Sons) also founded in 1881, featured on the net in 1998 and began its e-commerce in 2000. Its website assures its clients of its product’s authenticity, quality and refinement. The site displays ISO certificate, and the HACCP certificate for food safety and quality management system. The site is in English as well as a comprehensive list of other languages, which are Spanish, Russian, Dutch, French, German, Italian, Japanese, Chinese, Korean and Portuguese.

Douaihy was established in 1936 and as heirs of the founders further developed the business. It first appeared on the Internet in 1999, and its e-commerce began in 2002. Its website advertises the freshness and quality of the ingredients. The site offers corporate discounts from 5% to 10% depending on the total value of the order. Also, the site offers the possibility of owning a franchise.

To purchase online from Douaihy, one must first become a member by providing a username and a password and to fill in a template with personal contact information. All information provided by the customer is confidential.

Three out of the four enterprises studied in the paper host their sites outside Lebanon, Hallab, Jer and Douaihy. Only Hallab & Sons hosts its website in Lebanon. All four establishments operate as Business-to-Consumer (B2C) companies, and they are family owned and managed businesses. The largest, Hallab & Sons, employs 350 employees, followed by Hallab with 90 employees, Douaihy with 80 employees, and Jer with 50 employees. All four companies have situated their headquarters on the coastal areas of Lebanon, two in Beirut.
(Douaihy and Jerr) and two in Tripoli (Hallab and Hallab & Sons). Plus, they all have separate departments or units for e-commerce. These departments employ two to three employees. Both Hallabs have branches in the Kingdom of Saudi Arabia; Jer opened a new branch in the Dominican Republic just this year. Douaihy does not have any branches overseas.

**Reasons for E-Commerce**

SMEs in LDCs use Business-to-Business e-commerce to interact with suppliers and clients, improve communication, exchange information, and coordinate logistics (Humphrey *et al.*, 2003 quoted in Duncombe and Molla 2006: 185). However, “there is also evidence of a growing number of SMEs making use of web-based marketing techniques that are effective for targeting niche export markets, as well as the overseas diaspora community” (Moodley *et al.*, 2003; Wrech, 2003 quoted in Duncombe and Molla 2006: 185-6).

Lebanese enterprises and businesses are tapping into the e-business for the above-mentioned reasons as well as for other rationales. Hallab believes “that e-commerce can be among the most important value-creating activities for most businesses.” Hallab decided to begin its e-commerce activity because its management thought that having a branch in cyberspace would be very beneficial, in order to advertise worldwide, to increase profit, and to expand market base. Hallab has set a target of 20% annual growth rate from e-commerce.

Jer started its e-commerce in an effort towards modernization with an emphasis on creating new markets in order to increase revenues. Its decision was based on the desire to keep up with globalization.

Hallab & Sons took the decision to undertake e-commerce activities in order to advertise their products, to expand its market, to increase their profit, to provide new services, and to reduce cost. Hallab & Sons has set a 25% annual growth rate from e-commerce.

As for the Douaihy Enterprise, its reasons to incorporate e-commerce were to introduce its products abroad and to make it easier and less time consuming for customers to choose and buy many of its products.

**Marketing e-Commerce**

To market their products, Jer and Hallab use advertisements in journals and magazines, along with brochures distributed to homes and flyers to customers; however, for their e-commerce they use Internet links.

Hallab markets its site by “investing in targeted research and tracking of existing customers,” it also uses “search engine optimization through keywords and articles or references in the media.” Hallab enterprise was once referenced in the *New York Times*, which resulted in huge traffic on its site; therefore, Hallab is convinced that international media is very important for marketing purposes.
Another way Hallab uses for marketing its products is in organizing an R. Hallab day for Lebanese migrants visiting Lebanon during the summer season, which is in collaboration with the Lebanese Ministry of Foreign Affairs and Emigrants. The day starts by inviting all the participants to a breakfast at the Hallab’s pastry branch in Jouniyeh. Then the participants are taken to the headquarters of the R. Hallab in Tripoli, where they are received with Lebanese live music and the folkloric dance, Dabke, followed by a typical Lebanese lunch topped with infinite choices of Baklava and other sweets.

Douaihy sends e-mails to people randomly, pays extra for its website to be the first hit in search engines’ results, and links its site with other Lebanese websites.

Hallab & Sons employs not only Internet search engines, including links to other Lebanese websites, but also runs advertisements on local Lebanese TV and Satellite TV stations.

All four enterprises advertise their websites on all their printed material.

**Diaspora Market**

The survey of the four companies revealed that their major e-commerce primarily was conducted with Lebanese emigrants, followed by Middle Eastern nationalities, and then by others. The interview with Jer unveiled that Lebanese diaspora market is driven by “nostalgia for Lebanon” even if the emigrants have never visited it.

People order Baklava for holidays, for business occasions, for religious and social rituals and ceremonies such as weddings, birthdays, anniversaries, and the like. Even non-Lebanese are ordering these specialty sweets for important family occasions. Jer has recently received an order from a Chinese businessperson for his daughter’s wedding in China.

According to Douaihy, the Lebanese diaspora is “the major e-commerce customer, and very often they introduce our products to their friends of foreign nationalities, by so doing they are advertising our products and they are helping us widen our markets and our targets.”

The role of the Lebanese diaspora is confirmed by the Ecomleb survey, revealing that: “70% of SMEs that are using e-commerce are involved mainly in export…” and that this export is targeting “mainly the Lebanese expatriates living abroad” (Ecomleb 2004: 4).

The four companies are engaged with B2C and B2B. According to Ecomleb, 83% of Lebanese e-commerce activities are B2C and 17% are B2B.
Ecomleb reported that in the B2C activities, “78% of e-commerce activity is for selling goods online and 39% for selling services; whereas in the B2B area, 9% of activity is for buying goods and 4% for selling services” (Ecomleb 2004: 11).

According to Ecomleb, the focus of e-commerce is on the Lebanese diaspora and on foreign customers interested in Lebanese products or services (Ecomleb 2004: 11).

Prices for B2B are the same as to individual customers; however, they might be given a discount if the quantity is large or maybe granted extra quantities gratis.

The Lebanese diaspora likes traditional products. Douaihy revealed that when communicating with the merchants, Lebanese emigrants are “attracted to anything that says Lebanese or Lebanon.”

**e-Commerce Destination**

It is interesting to note that both Hallab and Hallab & Sons conduct the bulk of their e-commerce with markets in the USA, the Middle East and Europe. While both Jer and Douaihy, have the bulk of their e-commerce destined to Brazil and Australia. Hallab indicated, “65% of online customers are in the US, with 25% in Europe and 10% in Arab countries.”

<table>
<thead>
<tr>
<th>Destination of e-commerce in the Baklava Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pastry Enterprise</td>
</tr>
<tr>
<td>R. Hallab</td>
</tr>
</tbody>
</table>
The four enterprises have indicated that the bulk of their e-commerce business is with Lebanese migrants and with other Middle Eastern and foreign clients. Hallab stated, “Customers consist of the Lebanese diaspora communities and those who get references from their friends about the site.”

Cooking habits are well imbedded in the Lebanese value system. These value systems are transported with the migrants and transmitted to their descendants through daily life, especially in celebrations of special family occasions and community gatherings. Lebanese immigrants maintain strong traits of their cultural heritage and “part of this heritage is their food…” (Fakhouri 1989: 9 as sited in Kastoun 2000: 6) Food is at the center of the Lebanese people’s life “as well as being sustenance, food symbolize[s] life and ha[s] important traditional roles in home ceremonies” (Boosahda 20003: 109). Culinary practices are so deeply rooted in ethnic cultures that they resist change and acculturation and stay consistent from one generation to the other (Kastoun 2000: 5). Suleiman found that even “in the heyday of the melting pot approach to assimilation, the Arabs in America strove to remove any differences, except perhaps food and music, that separated them from the general American population.”

Therefore, it is not surprising that both Ecomleb and our study have found that the majority of the e-commerce activities, especially B2C, are carried but with the Lebanese diaspora.

**Labeling**

The four enterprises have indicated that they label their products. Hallab started labeling in 1980 especially because it is a trademark and it wanted to distinguish itself from the rest of the enterprises. Consequently, a special laboratory was established to maintain quality of the ingredients, to make sure that the water is filtered and controlled in order to maintain the finest quality and taste. This effort prepared the enterprises to meet the demand of foreign countries’ export regulations when Hallab began exporting its products. Hallab follows the norms set by the Lebanese Standard Institution, LIBNOR, and labels its products in details, and in appropriate country-specific translations to facilitate reading.

Jer also uses labels since 2000 to abide by consumer law and for the consumers’ benefit. Jer follows Lebanese government regulations and uses standard labels for all exported products regardless of destination.

Hallab & Sons began labeling in 1999 in order to be able to export and sell through e-commerce, facilitating the exportation of its products. The
enterprise established a sanitary laboratory in each branch for quality control. According to Hallab & Sons, “Labeling positively affected the demand on our products, people were happy to know what they were eating. We follow the standards set by the International Organization of Standardization (ISO).” Hallab & Sons obtained ISO certification on March 17, 2003. Hallab & Sons changes their labels when and if necessary to comply with the destination country’s regulations.

Douaihy started labeling in 2002 in order to increase client trust in its products. The consequence was an increase of 10% in sales. Douaihy abides by the laws set by the Lebanese government, which obliges companies in this sector to indicate the production date, expiration date, ingredients and compositions.

Each one of the four enterprises guarantees that all their products offered for sale via their websites conform to the highest standard of quality of each respective producer. All prices are quoted in US dollars, and to which shipping and handling costs are added.

**Packaging, Shipping and Client Feedback**

All four companies have special packaging for overseas shipping. Hallab uses special shipping packages and relies on its own laboratories to ensure that its labels match with the ingredients used. Hallab takes into consideration the complaints or suggestions presented by its clients to improve or change the products or the packaging or even to introduce a new product. Recently Hallab introduced a full range of diet baklava, sweets and jams for interested clients in Lebanon and abroad. Hallab changes its packages and designs often to be more appealing, and to be *a la mode* especially since this is easy to do nowadays with the advancements in design and printing.

Jer has also a special package for shipping overseas, vacuum packaging is used and no perishable products are shipped (e.g., products with cream and the like). The government sends supervisors from the Lebanese Consumer Protection Directorate to inspect the factory especially for hygiene and product specifications. Jer takes seriously the comments from its customers for competitive reasons in order to court clients, keep them loyal to their product and to improve the business.

Hallab & Sons packages every piece of *Baklava* or other sweets in a small plastic wrap then the items are put in a special box. Airtight and sealed boxes are used. Like in the other enterprises, government agencies monitor the processes. Hallab & Sons also take any complaint or suggestion seriously to improve its products or modify them, or even to introduce new ones. Hallab & Sons have introduced a full range of diet sweets and a new chocolate *Kanafe*.

Douaihy also has special packaging, first each piece is individually wrapped and then place in an overall package made of either carton or tin. Douaihy created a series of tins that portray different illustrations of Lebanese villages and archaeological sites. In the interview, the Douaihy’s manager explained that one of the tin boxes introduced had a picture depicting the stone
and red roof houses of the traditional Lebanese village of Hasroun, which was so attractive that clients were requesting it when placing their order. Douaihy values comments by clients and try to respond to them effectively. The enterprise also introduces new products with typical Lebanese ingredients to please the emigrants.⁶⁰

All four companies use DHL to ship their products by planes. As for the obstacles faced, Hallab complained about shipping costs and delays in delivering, as well as the lack of laws protecting the sector. Douaihy complained about wrong addresses. Hallab & Sons complained about regulations in the destination countries and delays in delivery.

The average time of delivery from the time the order is received to delivery time ranges between 48 hours to five days depending on the destination, for example it takes two days to Europe and four days to Australia.

All four companies agreed that because shipping costs are very high, and thus, driving their products’ prices higher, demand remains limited.

e-Commerce Transactions

e-commerce constitutes 5-10% of the total business of Jer; however, the other three said that e-commerce is still slow but progressing. All of these companies accept major credit cards. To order from all or any of these companies, a client needs to register on the website with a username and a password before being able to place an order. Orders are also received by e-mail, telephone or fax. Hallab stated that many of their “loyal customers prefer sending an order via fax with their credit cards details to avoid any fraud or hacking on the Internet.”⁶¹

All four enterprises have the same approach to buying online. First, one needs to become a member by registering a username and a password and filling in information templates, all of which are kept completely confidential. One can select the products one wants to buy and then continue the process of buying. All purchases are shipped through DHL, and thus automatically have a tracking number.

The four companies use NetCommerce by as a payment gateway.⁶² NetCommerce was established in 2004, the first in the Middle East. In an interview with the Deputy General Manager NetCommerce, Carla Al Rayes, it was learned that “NetCommerce is a payment gateway located in the USA; its role is to verify the customer by calling back the person who placed the particular order; this is done before processing the order. The technology is verified by Visa and secured by MasterCard, and in Lebanon, two Lebanese banks Credit Libanais and Fransabank authorize NetCommerce to conduct this business. NetCommerce’s role is to verify the transaction, and if a fraud occurs then NetCommerce is the responsible party, not the companies. Thus, NetCommerce provides protection for Lebanese companies, including those involved in the pastry sector.”⁶³
Al Rayes explained, “NetCommerce technology is verified by Visa and secured by Master Card. In Lebanon, we are applying the latest technology protocol; we were the first in the Middle East to apply these standards and technologies that was in 2004. We are proud of our accomplishments and we continue to work on new products and technologies.”

Al Rayes announced that NetCommerce is the only credit card processor in Lebanon. To attract more clients in Lebanon, the company reduced its fees and consequently, its clientele is increasing.

**Volume of e-Commerce**

All four enterprises said that the average daily order from overseas is 10 orders during the low season to 50 during the high season, such as holidays. The high season for e-commerce is winter, which lasts mainly from October to April. Jer declared that e-commerce constitutes 5-10% of its total business.

Al Rayes affirmed that, although Lebanon has until now a small market in e-commerce, the sector is doing well. NetCommerce processes around 60 transactions daily, mostly from people who live abroad.

Using the Internet to conduct e-commerce is hampered by the policies of the Lebanese banks which prohibit the use of their credit cards as payments. Al Rayes commented that in the not too distant future, in about 5-10 years, Lebanon will be doing everything online. She added that e-ticketing is going to be implemented by the end of 2007 all over the world as required by IATA, and it will have to be implemented in Lebanon as well; hence, the banks would then be obliged to change their policies to allow the use of their credit cards for e-purchasing.

**Obstacles**

All four companies stated that the charges paid for their e-commerce is very expensive especially for the gateways.

The survey found that “broadband connectivity is not the norm” and that “Internet speed and the cost of telecommunications and Internet connectivity is a major issue for businesses” (Ecomleb 2004: 1). The survey found that 61% or 14 out of 23 of SMEs believed that Internet connection prices are too high (Ecomleb 2004: 7).
Hallab stated that the main obstacle in e-commerce is the lack of laws that can protect the enterprise. Hallab stated that it cost around US$10,000 to launch a good e-commerce website with most of the investment spent in hiring good personnel, purchasing hardware and paying the costs for the merchant gateway.68

Hallab & Sons complained about the rules in the destination countries. Douaihy complained about the scarcity of the main ingredients in making its products. All four enterprises mentioned legal and regulatory issues as obstacles hindering e-commerce in Lebanon. They also complained about the shipping cost.

In his interview, Sabbagha stated that the two main obstacles facing e-commerce are that “Internet cost is high and broadband penetration is nil.”69 Dr. Toni Issa, a legal consultant who participated in the preparation of the IT draft Law in Lebanon said, during an interview with him, that the main obstacles for e-commerce in Lebanon are: “Technical obstacles: Weak infrastructure – speed – cost – the solution for this is the broadband connection which is applied in many countries. Political obstacles: Too many Internet laws have been presented by different political blocks; leaders are so divided that they cannot agree on one law. No clear vision and strategy on the telephone sector, which if privatized would facilitate the broadband connection and would decrease the cost. Societal obstacles: People are not trained and prepared to start working on computers and the Internet. It is the government’s responsibility to modernize the society by introducing computers to students of all levels, in schools and universities.”70

In its survey, Ecomleb found that the main obstacles of e-commerce in Lebanon are: (a) the high cost of Internet and the telecommunications infrastructure; (b) the unavailability of fast Internet connections mainly broadband; (c) the lack of confidence of the consumer in Internet transactions;
the lack of a regulatory framework; and the high cost of shipping packages (Ecomleb 2004).

During the interview, MP Jalloul stated that the Lebanese government started in 2002 preparing a draft law to regulate Internet and Electronic Commerce. However, the tragic events of 2005 starting with the assassination of Prime Minister Rafiq Hariri and the subsequent assassinations, riots, the Summer 2006 War and the consequent sit-ins in downtown Beirut and political disturbances have delayed the debate to approve the law.

Jalloul stated that this and other laws are enacted to encourage enterprises to use e-commerce and that the most impeding obstacle to overcome in e-commerce is the cost of Internet. She summed up her views about e-commerce in Lebanon by saying that the sector is way behind and that its needs a lot of attention and development especially in preparing people and in educating them about this continuously progressing field.

**Issues with e-Commerce in Lebanon**

SMEs in Lebanon and other similar countries suffer from an environment plagued with political insecurities, which is impeding progress in general.

**Social Capital and Trust**

There has been a great interest in the role of diasporas and development. At the center of this interest is the increasing relevance of social capital as a driving force behind diaspora and home country relations. Social capital has been identified by the OECD as the “networks together with shared norms, values and understanding that facilitate cooperation within and among groups” (OECD 2001). Two main types of social capital influence “what may be referred to as either bonding or bridging in relation to diasporas: families and friends (bonding) and communities and institutions in the host country (bridging)” (Ionescu 2006: 49). Although the impact of social capital on the engagement of diasporas for home country development is not clear and hard to assess, however, there are evidence that close social ties, trust and reciprocal commitment can facilitate trade relations, can minimize transaction costs and improve the flow of information and know-how (Côté 2001; Cai R. 2004). It has been found that diasporas have feeble confidence in the institutions of their homeland and that well paid diaspora members who have the financial investment power lack trust in their homeland investment and business environments (Bloch 2004; De Bruyn 2005).

Trust is a fundamental key in e-commerce. Pauline Ratnasingham offers a set of guidelines for secure electronic commerce and emphasizes, “trust as an essential ingredient for electronic commerce in creating loyal and very satisfied customers” (Ratnasingham1998: 1).

**Online payment, security and fraud**
The biggest concern for online buyers is credit card fraud. However, it seems that fraud is also the sellers concern as well. Each of the four studied enterprises was victim to a fraud action in 2003. The enterprises received orders paid with stolen credit cards. The enterprises had to shoulder all the costs.

Today, all four enterprises accept only the credit card as the method of payment. Clients who pay via secure online payment are assured full security and confidentiality of credit card numbers. All four enterprises use NetCommerce payment gateway for online payment validation and processing. NetCommerce is one of the world’s most secure online payment companies “using encrypted information on a secure server.”

All four enterprises use security measures such as anti-virus software, firewalls, digital certificate and digital signature.

The draft law for e-commerce in Lebanon has addressed the fraud issue and has proposed legal actions and penalties. Furthermore, the Secure Banking and Information for Lebanon (SeBIL) project was launched by the Lebanese Central Bank (DDL) aimed at providing “the secure platform required for electronic banking and e-services for Lebanon’s financial sector.” Furthermore, the SeBIL will also “empower Lebanon to play a major regional role in the Middle East as a provider of e-services including e-Commerce, e-Banking and e-financial services” (ESCWA 2005: 9).

Conclusion

It is true that Lebanon receives a large amount of remittances yearly that places it among the top ten most important destination countries for remittances in the world; does this indicate that countries with high level of remittance transfers have rather limited export and e-commerce transactions? Moreover, what role do incentives and macroeconomic policies play in increasing transactions in these sectors?

Although information on diaspora contributions to export and e-commerce is still in its infancy, there are indications that such contributions are growing in size and in importance. Diaspora investments of any type are most likely to be based on economic decisions, instigated by self-interest and motivated by profit, even though an altruistic element might also be at play (Ionescu 2006: 44).

Currently e-commerce in general is unquestionably insignificant with regard to the global volume of transactions (Goldstein & O’Conner 2000: 24). However, although this venue is still in its infancy there are people who believe that e-commerce is the future and furthermore, “e-commerce that takes advantages of the diaspora market represents an important development potential locally….” (Vulliet 2003).

This survey shows that small-and medium-size enterprises (SMEs) mainly in the Lebanese patisserie business have embraced e-commerce to strengthen their competitive position, to reach diaspora and international markets...
in a low-cost and effective marketing tool. These SMEs which otherwise would have been prevented from international trade because of resource limitations are able to present themselves, offer their products in a professional and visual way and conduct business transactions as do larger corporations. The Internet allows these SMEs to avoid the entanglement of foreign culture and business practices, circumvent the need for foreign representation, among other advantages (Hornby, Goulding and Poon 2002: 213).

Although “the online business world [is] still grappling with what the right business models are and e-commerce solutions are still in their testing phase.” (UNCTAD 2000: : 5) some success stories such as EthoGift encourages other entrepreneurs in venturing their business on the Internet. However, these businesses must have a clear business strategy to succeed. EthioGift was successful because “the business model driven by four entrepreneurs with commitment and an understanding about the business servicing the needs of their target market, rather than focusing on being an e-commerce enterprise. It is clear that unless an enterprise knows who its market is, and how to serve that market, it is unlikely the venture will succeed” (UNCTAD 2000: 27). Therefore, Lebanese patisserie enterprises need primarily to employ a business strategy that will convince their potential customers that buying via e-commerce is more valuable to them than traditional buying methods.

The study shows that all four patisseries have:

a) secure payment arrangements online with international security standards;

b) set up their sites with the diaspora and foreign markets as target;

c) sites, of which the majority are hosted abroad;

d) endorsements, although not all; and

e) relatively slow business growth, especially due to a lack of regulations and protective laws, as well as the high shipping costs.

Patisseries involved in e-commerce in Lebanon have the potential to enjoy continuing success in business growth because they:

a) have good reputations in their sector and they are real enterprises with stores in Lebanon and some have stores in airports in Lebanon and abroad;

b) are known for quality products; hence, there is trust in them; they can meet the orders because they are operational in Lebanon i.e. they function for the local market and are equipped to produce what is being ordered;

c) are on cyberspace already;

d) have sufficient infrastructure to conduct business in a professional manner; and

e) have access to professionals with IT, marketing and web design skills.
Lebanese patisserie enterprises need not to despair; they need to continue to build trust, which is a key issue among the diaspora communities and foreign buyers. They need to make use of the latest advances in Internet marketing approaches and skills; they also need to see all the Lebanese migrants and their descendants as potential sources of financial and social capital; and they also have to create their own “virtual communities” i.e. loyal customers out of those Lebanese migrants who visit Lebanon and buy their products and those customers who buy via the net. They probably need to finance studies by MA and PhD students or even professionals to study the Lebanese migrants’ e-commerce readiness and behavior in order to strategize accordingly. Similar studies could also be conducted to discover what would attract non-ethnic persons to buy Lebanese ethnic products. Lebanese patisseries should know that building online business is a long-term strategy.

They and other Lebanese enterprises active in e-commerce will better succeed when the Lebanese government will be able to create a better enabling environment in ICT infrastructure, enact legal framework that accommodates and regulates electronic commerce, improve security, enact laws that protect intellectual property rights, and when it develops its e-government services to facilitate trade transactions.

The encouraging news for Lebanese enterprises active in e-commerce is that Ecomleb has found that companies that are engaged in e-commerce activities and that have positioned themselves for the global market in general and the Lebanese Diaspora in particular are the ones thriving in Lebanon. Therefore, it is up to the Lebanese enterprises to ascertain themselves in cyber economies. However, to do so and to achieve profitability, doing the aforementioned will not suffice; Hallab is convinced that there are four primary requirements to be met. Firstly leadership where top management is committed to give e-commerce the position it wants and the investments it needs. The second factor is the structure of the business, which encompasses creating a separate e-commerce unit, making strategic partnerships and investing in human resources and expertise. The third factor is to enact performance measures, internal processes and compensation, and finally to agree upon a strategy and its implementation.

References


Ecomleb, [http://www.ecomleb.org/


Greenidge, Ch and J-B. Schiller, (2005) “Regional Assessment of Caribbean Diaspora and Information and Communication Technologies (ICT),” The International Development Research Centre (IDRC), Canada.


Li, Z. “E-Commerce Business Models in Developing Countries: some examples from a survey by UNCTAD. The ACP-EU Courier, (192): 62-64.


Rosengarten, D. “We Are What We Eat: We Are A Nation of Immigrants,” eJournal USA: Society & Values, July 2004, [http://usinfo.state.gov/journals/itsv/0704/ijse/rosengarten.htm],


The-Infoshop.com, Global Information, Inc. The vertical markets research portal, [http://www.the-infoshop.com].


**Endnotes**

1 The author wishes to thank research assistants Maya Sukar for bibliographical research and with Joseph Malkoun for preparing the questionnaires and for conducting all the interviews, and with Rudy Sassine for reviewing part of the literature. The author would also like to thank all the participants in the survey, the interviewees, as well as John Nicholson for copyediting this paper.

2 EthioGift is an online gift shop to send gifts to Addis Ababa-Ethiopia.


13 Kasparian 2003, p. 57.


15 Kasparian 2003, p. 45.


Peleikis, 2000, pp. 305-310; see also Peleikis, 2003, pp.93-96.

Hourani and Sensenig-Dabbous, 2004, p. 16.


Interview conducted on 26 December 2006.

Ecomleb is one of several schemes that form the Investment Planning Programme that is funded by the European Union. This Programme established to assist the Government of Lebanon (GOL) in its efforts to implement the Euro-Mediterranean Partnership. The GOL received 1.7 million euros to implement this project. This project had “two main priorities: Priority 1: Assist in developing the appropriate legal and regulatory framework for all types of e-transactions in Lebanon; and Priority 2: Assist in the development of e-commerce in Lebanon.” (Ecomleb.org) Ecomleb has also developed an informational portal accessible at www.ecomleb.org.

Interview conducted on January 11, 2007.

Interview conducted on January 11, 2007.

Interview conducted on January 11, 2007.

The Ottoman Janissaries “are the elite corps in the service of the Ottoman Empire (Turkey). It was composed of war captives and Christian youths pressed into service; all the recruits were converted to Islam and trained under the strictest discipline. Sultan Murad I originally organized it. In 1826, Sultan Mahmud II rid himself of the unruly (and by now inefficient) Janissaries by having them massacred in their barracks... See http://www.bartleby.com/65/ja/Janissar.html, Internet consulted on February 2, 2007.


Ibid.

Refaat Hallab [http://www.hallab.com/cgi-bin/hallabcom.storefront].

Ibid.
Located in Geneva, Switzerland, ISO, International Organization of Standardization, is the world’s leading developer of International Standards [www.iso.org].

DHL is an air express transportation of goods between countries [www.dhl.com].

Interview conducted on January 3, 2007, see website http://www.hallab.com/cgi-bin/hallabcom.storefront.


It is an Internet merchant account for businesses, see website http://www.2checkout.com/home.html.


Interview conducted on January 3, 2007, see website http://www.hallab.com/cgi-bin/hallabcom.storefront.


Ibid.

Interview conducted on January 18, 2007.

Interview conducted on January 18, 2007.


Ibid.


LIBNOR is The Lebanese Standards Institution which is the sole entity authorized to prepare national standards and to give the right to use the Lebanese Conformity Mark [http://www.libnor.org/]

57 Ibid.

58 Interview conducted on January 3, 2007.

59 Kanafe is a type of sweet made of pastry, cheese, and syrup.

60 Interview conducted on January 18, 2007.

61 Interview conducted on January 3, 2007.


63 Interview conducted on January 9, 2007.

64 Interview conducted on January 9, 2007.

65 Interview conducted on January 9, 2007.

66 Interview conducted on January 9, 2007.

67 Interview conducted on January 9, 2007.


69 Interview conducted on December 26, 2006.

70 Interview conducted on January 22, 2007.

71 Interview conducted on January 11, 2007.

72 Interview conducted on January 11, 2007.


74 Greije 2006: 110.
