

## Doing Business in Libya | Libyan Social and Business Culture

### A Libyan Culture Overview

#### Fact File

- o **Official name** – Great Socialist People's Libyan Arab Jamahiriya
- o **Population** – 6, 310, 434\* note: includes 166,510 non-nationals
- o **Official language** - Arabic. Although, Italian, English, all are widely understood in the major cities.
- o **Currency** – Libyan dinar (LYD)
- o **Capital city** – Tripoli (although officially Libya does not have a capital city)
- o **GDP** – purchasing power parity \$88.86 billion\*
- o **GDP Per Capita** – \$14,400 \*



#### Overview

An oil rich desert land of widely scattered oases and cosmopolitan coastal cities, Libya is an ethnically diverse blend of modern urban societies and semi nomadic tribes. Over the course of its history, Libya has been the site of many ancient Mediterranean civilizations and numerous Arab settlements. Present day Libya, once the hidden jewel of North Africa, is now opening up to the rest of the world. For those wanting to conduct business here, understanding the culture behind the social and business customs is an important part of gaining the necessary skills to function effectively.

#### Libyan Culture – Key Concepts and Values

**Wasta** – Libyan culture involves a closely interwoven network of relationships that takes time to establish and maintain. The concept of “wasta”, roughly translated as “influence”, is a direct consequence of these personal relationships together with family ties, trust and honour. In Libya, this relates to the importance of having personal contacts in influential places so rules can be bent or things done more quickly. As a system based on the reciprocation of favours, ‘wasta’ permeates all aspects of Libyan society and is particularly prominent in business settings.

**Face** - The values of social status, respect, and personal dignity are fundamental to Libyans. “Face”, although often associated with countries in the Far East, also plays a significant role in Libyan culture, where protecting the honour of one’s family and the collective good is paramount. As a result, all business dealings are based on reputation and rely on the development of trust. This means your Libyan colleagues will take their time getting to know you and the company you represent.

**Islam** – The great majority of Libyans follow the Sunni branch of Islam and the traditions of Muslim society. Today, Libyans are, in general, conservative without being fundamentalist in their approach to religion. However, as a Muslim state, the heritage of Islam is deeply rooted in

the character of the Libyan people and for most, is an integral part of their daily life. Islamic rule pervades Libyan customs and culture, providing the framework for the behaviour of individuals in both social and business contexts. Therefore, care must be taken to respect this, particularly in the area of dress, language and behaviour.

### **The Libyan Economy**

A former Roman colony, Libya was forced to endure countless invasions from external powers, before finally gaining its independence in 1951. The discovery of oil in 1959 gradually transformed the country into a wealthier monarchy. However, ten years later, the King was ousted in a successful coup led by Colonel Gaddafi and the newly named Great Socialist People's Libyan Arab Jamahiriya commenced a radically new chapter in its history.

Today, Libya is one of the world's leading petroleum producers, effecting a profound change on the Libyan society and economy. Sanctions imposed on the Libyan economy by both the U.N and the United States of America were recently lifted, opening up the market for foreign investment and overseas business.

### **Libya Business Part 1 - Working in Libya (Pre-departure)**

#### **o Working practices in Libya**

- Business meetings should not be scheduled too far in advance in order to allow for any last minute changes of circumstance. It is advised to confirm an appointment with your Libyan colleagues a few days before you meet.
- Libyans, although rarely punctual themselves, value punctuality and will expect their foreign counterparts to arrive on time. If, however, you are running late a polite excuse will be accepted.
- In Libya, business hours vary from season to season. In the summer, business is normally conducted between the hours of 7 am and 2 pm. During the rest of the year, business hours are 8 am to 1 pm and 4 pm to 6.30 pm. The weekend tends to be Thursday and Friday or Friday and Saturday.

#### **o Structure and hierarchy in Libyan companies**

- In this strongly hierarchical society, an awareness of social status and the vast power-distances between people is essential. Respect for social position, family name and profession is key to successful business in Libya.
- In Libyan companies, delegation is rare. Generally speaking, there is one owner or person in authority who is responsible for all those involved in the business and held responsible for all key decision-making.

#### **o Working relationships in Libya**

- Personal relationships built on trust form the basis of all business practice in Libya. Therefore, it is vital that you allow time for cultivating a solid business relationship with your Libyan counterparts.

- Despite the strong emphasis placed on respect for social status in Libyan culture, in the Libyan business environment it is not uncommon for all members of an organisation to have equal access to the most senior person in charge. As a result, you may find numerous employees interrupting business meetings with their individual concerns.

## **Libya Business Part 2 - Doing Business in Libya**

### **o Business practices in Libya**

- A vital part of all business introductions in Libya is the exchanging of business cards. You should have all business cards printed in Arabic on one side and in your native language on the other side.
- It is customary to reserve the initial part of a business meeting for general conversation. Engaging in small talk before you enter into business discussions with your Libyan associate is vital for establishing a successful relationship. Mutual trust and compatibility are key requisites for doing business in Libya, therefore getting to know your Libyan counterparts in this way is essential.
- Negotiations play a central role in Libyan business culture. The process of negotiating is often more valuable to your Libyan counterparts for gaining honour and respect than the end result and is often a slow and drawn out business. As a nation whose people are known for their trading skills, Libyans are excellent negotiators and pursue not only financial benefits, but also other non-monetary incentives.
- Generally speaking, Libyans place a greater value on someone's word as opposed to a written agreement. Former Libyan business protocol favoured spoken agreements, based on a handshake, over written contracts. Contracts were seen, not as a fixed arrangement, but as an indication of understanding. However with the rapid modernisation of the business scene, written agreements have become the rule, especially among large companies.

### **o Business Etiquette (Do's and Don'ts)**

- ✓ DO shake hands when doing business with your Libyan associates. As part of Islamic etiquette, the right hand must always be used and one should wait for the other to withdraw their hand first before doing the same.
- ✓ DO ensure that all documents are drawn up in Arabic as well as in your own language in order to make them official.
- ✓ DO dress in a manner that shows respect for local traditions. In most cases, this entails formal and conservative business attire. Businesswomen in particular should dress modestly, covering up their arms and legs to below the knee.
- ✗ DON'T offer any form of payment for a small, or even large kindness, as this may cause offence to your Libyan associates. The Libyan people are renowned for their generosity and hospitality toward visitors.

- ✱ DON'T schedule business appointments during the Islamic holy month of Ramadan. Business is rarely conducted during this time with many businesses closed for the religious observance.
  
- ✱ DON'T be surprised if your Libyan counterparts address you by your first name. Libyans are generally informal with names when doing business, therefore David Brown, for instance, will be addressed as Mr. David.

### **Libyan Culture Quiz – True or False**

1. The non-verbal cue for “Yes” is a slight downward nod of the head.
2. When dining at a traditional Libyan restaurant, it is customary to eat with one’s hands, using the left hand only.
3. Making direct eye contact during business discussions should be avoided as a sign of respect for your Libyan counterparts.
4. It is considered an insult in Libyan culture to face the soles of one’s feet towards other people.
5. When entering a business meeting in Libya, it is common practice for the more senior and more important people to arrive last, or even to arrive late.

### **Cultural Quiz - Answers**

1. True.
2. False. Whilst it is common practice to eat using one’s hands during a traditional Libyan meal, it is the right hand that should always be used. The left side of the body is considered unclean in Islamic society.
3. False. Libyans establish mutual trust and respect through eye-to-eye conversation.
4. True. The feet are also considered to be unclean.
5. True.

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\* Source: CIA World Factbook 2007

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