

## Doing Business in Saudi Arabia | Saudi Arabian Social and Business Culture

### A Saudi Arabian Culture Overview

**Official name** – Kingdom of Saudi Arabia

**Population** – 28, 686, 633

*note:* includes 5,576,076 non-nationals\*

**Official Language** – Arabic

**Currency** – Saudi riyal (SAR)

**Capital city** – Riyadh

**GDP** – purchasing power parity \$582.8 billion\*

**GDP Per Capita** - purchasing power parity \$20,700\*



### Overview

A kingdom founded upon and unified by Islam, Saudi Arabia has fascinated travellers for centuries. From its vast deserts and barren plains emerged the monotheistic religion of Islam, the Arab race, and the country's distinctive Arab culture. Occupying approximately 80% of the Arabian Peninsula, today this south-west Asian monarchy, rich in Arab and Muslim heritage and characterised by a high degree of cultural homogeneity is home to a plethora of successful, oil-rich cities. A sound knowledge of the Kingdom of Saudi Arabia, and in particular, of the cultural background, is essential to an understanding of the principals which have guided the Kingdom's business development.

### Saudi Arabian Culture – Key Concepts and Values

**Face** – In a culture where confrontation and conflict are to be avoided, the concept of face is a fundamental issue of daily life. Dignity and respect are key elements in Saudi Arabian culture and saving face, through the use of compromise, patience and self-control is a means by which to maintain these qualities. Arabian culture utilises the concept of face to solve conflicts and avoid embarrassing or discomfoting others. In a business context, preventing loss of face is equally important. For instance, your Saudi Arabian counterparts will not take well to pressure that places them in an uncomfortable position which make them lose face.

**Islam** – In order to comprehend fully the culture of Saudi Arabia one needs to understand the extensive influence of religion on society. The overwhelming majority of the population of Saudi Arabia are Arabs who adhere to the Wahhabi sect of Islam. Islam, which governs every aspect of a Muslim's life, also permeates every aspect of the Saudi state. As a result, Arabian culture is often described as detail orientated, whereby emphasis is placed on ethics and expected social behaviour such as generosity, respect and solidarity. These are customs and social duties that also infiltrate the Saudi Arabian business world and affect the way Arabs handle business dealings.

**High Context Communication** - Saudi Arabia is considered a very high context culture. This means that the message people are trying to convey often relies heavily on other communicative cues such as body language and eye-contact rather than direct words. In this respect, people make assumptions about what is not said. In Saudi Arabian culture particular emphasis is placed on tone of voice, the use of silence, facial cues, and body language. It is vital to be aware of these non-verbal aspects of communication in any business setting in order to avoid misunderstandings. For instance, silence is often used for contemplation and you should not feel obliged to speak during these periods.

## Doing Business in Saudi Arabia

The historical journey which led to the foundation of the Kingdom of Saudi Arabia was notably one of triumph and misfortune. Prior to the emergence of Islam, the peninsula was divided between various nomadic Arab tribes and subject to invasion from a number of outside cultures. The creation of modern Saudi Arabia dates from 1932 when the late King Abdul Aziz AL-Saud unified the surrounding regions as the Kingdom of Saudi Arabia. To this day the monarchy remains the central institution of the Saudi Arabian Government, governed on the basis of Islamic law (Shari'a). The discovery of oil on March 3<sup>rd</sup>, 1953 transformed the Kingdom of Saudi Arabia from a purely trade-based economy to the largest exporter of petroleum in the world. This economical revolution paved the way for a greater industrial base and opened up the country to the business world. For those wishing to do business with Saudi Arabia an understanding of Saudi etiquette and the personal manner in which business is conducted is essential to success.

### Saudi Arabia Business Part 1 – Working in Saudi Arabia (Pre-departure)

- **Working practices in Saudi Arabia**
  - Generally speaking, business appointments in Saudi Arabia are necessary. However, some Saudi business executives and officials may be reluctant to schedule an appointment until after their visitors have arrived. Appointments should be scheduled in accordance with the five daily prayer times and the religious holidays of Ramadan and Hajj. It is customary to make appointments for times of day rather than precise hours as the relaxed and hospitable nature of Saudi business culture may cause delays in schedule.
  - The Saudi working week begins on Saturday and ends on Wednesday. Thursday and Friday are the official days of rest. Office hours tend to be 0900-1300 and 1630-2000 (Ramadan 2000-0100), with some regional variation.
  - The concept of time in Saudi Arabia is considerably different to that of many Western cultures. Time is not an issue; therefore Saudi Arabians are generally unpunctual compared to Western standards. Despite this, it is unusual for meetings to encroach on daily prayers and you will be expected to arrive at appointments on time.
- **Structure and hierarchy in Saudi Arabian companies.**
  - There exists a distinct dichotomy between subordinates and managers within Saudi Arabian companies. Those with most authority are expected and accepted to issue complete and specific directives to others.
  - Age plays a significant part in the culture of Saudi Arabia. For this reason, greater respect must be shown to elders at all times. When first entering a room for example, or greeting your Saudi counterparts for the first time, you should shake hands with the most senior person first.
- **Working relationships in Saudi Arabia**
  - Saudi Arabian business people prefer face-to-face meetings, as doing business in the Kingdom is still mostly done against an intensely personal background. Establishing trust is an essential part of Saudi business culture; therefore

cultivating solid business relationships before entering into business dealings is key to your success.

- Respect and friendship are values that are held very highly by the Arab people. In a business setting, favours based on mutual benefit and trust are ways of enhancing these cultural values.
- Due to the personal nature of business in Saudi Arabia, family influence and personal connections often take precedence over other governing factors.

## **Saudi Arabia Business Part 2 – Doing Business in Saudi Arabia**

### **o Business practices in Saudi Arabia**

- The customary greeting is “As-salam alaikum,” (peace be upon you) to which the reply is “Wa alaikum as-salam,” (and upon you be peace). When entering a meeting, general introductions will begin with a handshake. You should greet each of your Saudi counterparts individually, making your way around the room in an anti-clockwise direction. However, it is generally uncommon for a Muslim man to shake hands with a woman therefore; it is advisable for business women to wait for a man to offer his hand first.
- Business cards are common but not essential to Saudi Arabian business culture. If you do intend to use business cards whilst in Saudi Arabia ensure that you have the information printed in both English and Arabic.
- Initial business meetings are often a way to become acquainted with your prospective counterparts. They are generally long in duration and discussions are conducted at a leisurely pace over tea and coffee. Time should be allocated for such business meetings, as they are an essential part of Saudi Arabian business culture.
- Gift giving in Saudi Arabia is appreciated but not necessary. Gifts are generally only exchanged between close friends and are seen as rather personal in nature. It is also advised to refrain from overly admiring an item belonging to another, as they may feel obliged to give it to you. In the event that you are offered a gift, it is considered impolite and offensive if you do not accept it.

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

- ✓ DO address your Saudi Arabian counterparts with the appropriate titles Doctor, Shaikh (chief), Mohandas (engineer), and Ustadh (professor), followed by his or her first name. If unsure, it is best to get the names and correct form of address of those you will be doing business with before hand. The word "bin" or "ibn" (son of) and "bint" (daughter of) may be present a number of times in a person's name, as Saudi names are indicators of genealogy.
- ✓ DO abide by local standards of modesty and dress appropriately. As a sign of respect, it is essential to wear the proper attire during business meetings in Saudi Arabia. For men, conservative business suits are recommended. Women are required to wear high necklines, sleeves at least to the elbow, and preferably long skirts below the knee.
- ✓ DO maintain strong eye-contact with your Saudi counterparts and expect a closer distance during conversation in both business and social settings. Both forms of

communication are ways in which to strengthen trust and show respect in Saudi Arabia.

- ✘ DON'T appear loud or overly animated in public. This type of behaviour is considered rude and vulgar. It is important to maintain an element of humility and display conservative behaviour at all times.
- ✘ DON'T rush your Arabian counterparts during business negotiations. Communications occur at a slower pace in Saudi Arabia and patience is often necessary.
- ✘ DON'T assume during business meetings that the person who asks the most questions holds the most responsibility. In Saudi Arabia this person is considered to be the least respected or least important. The decision maker is more often than not a silent observer. For this reason, if you are in a business meeting, it is advised not to ask all the questions.

### **Saudi Arabian Culture Quiz – True or False**

1. It is not uncommon for men to walk hand in hand in public. It is purely a sign of friendship.
2. Before commencing a business meeting in Saudi Arabia it is customary to engage in some initial “small talk”. This helps create a more relaxed and familiar environment to conduct business in.
3. Saudi Arabians place great emphasis on written agreements and in accordance with the business culture in Saudi Arabia a final agreement is nonnegotiable.
4. According to Islam, the left hand is considered unclean and reserved for personal hygiene. Arabs traditionally use the right hand for all public functions – including shaking hands, eating, drinking and passing objects to another person.
5. The Western “OK” sign is also a positive expression used in Saudi Arabia.

### **Cultural Quiz – Answers**

1. True.
2. True.
3. False. In Saudi Arabia the spoken word has much more weight than written agreements. An agreement is only final when both parties have parted. Until then it is open to negotiation, even if the contract has been signed.
4. True.
5. False. In Saudi Arabia the “OK” gesture is an insult meaning “the evil eye”.

\* Source: CIA World Factbook 2007

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