

## Doing business in Iraq | Iraqi Social and Business Culture

### An Iraqi Culture Overview

**Official name** – Republic of Iraq

**Population** – 26, 074, 906\* (July 2005 est.)

**Official Languages** – Arabic, Kurdish, Armenian, Assyrian and Syriac.

**Currency** – New Iraqi dinar (NID)

**Capital city** – Baghdad (The Kurdish Capital in the north is Arbil or Hawler)

**GDP** – purchasing power parity \$54.4 billion\* (2004 est.)

**GDP Per Capita** – purchasing power parity \$2,100 \* (2004 est.)



### Iraqi Culture - Overview



The Republic of Iraq, once the historic site of Mesopotamia, is home to a rich and distinct variety of social groups, cultures and religions. Although the modern state is relatively young, Iraq boasts an exceptionally long and tumultuous history spanning more than 5,000 years.

Following three debilitating wars and years of economic and political sanctions, democratic Iraq

has now emerged as an active member of the international community.

Some of the world's greatest ancient civilisations developed here and like many Arab countries, it embraces and honours the achievements of its past and maintains its strong tribal culture.

Conducting profitable business operations in Iraq can only be achieved through understanding this country's culture, history and individual approach to life.

### Iraqi Culture - Key concepts and values

*Family* - In Iraq, the family is the basis of the social structure providing a social network and assistance in times of need. This fundamental social unit regulates an individual's political, religious and economical activities and determines all rights and obligations. Iraqis observe a mutually protective attitude among relatives and a sense of responsibility towards the extended family. Family loyalty remains at the heart of the Iraqi culture, taking priority over other social relationships. For this reason, relatives tend to be preferred as business partners since employing people one knows and trusts is of primary importance.

*Uncertainty Avoidance* - Uncertainty avoidance indicates a society's level of tolerance for uncertainty. The omnipresent and strict rules, laws, policies and regulations in Iraqi culture exist

in an attempt to minimize or reduce this sense of ambiguity and to avoid the unexpected. As a result, decisions are made gradually, change is not eagerly accepted and risks are very rarely taken. This is especially crucial when conducting business with Iraqis.

*Public vs. Private* - A fundamental aspect of Iraqi culture lies in an individual's formation of identity. Iraqis exercise a clear division between the public and private areas of their life, creating two distinct personas and modes of behaviour. The inner and outer circles of society define behaviour, with the family or tribe as the inner circle shaping a person's social and business network and the outer offering accepted rules for public conduct. In a business context, you will generally find that your Iraqi counterparts place a greater importance on friendship and developing close relationships with those they are conducting business with.

### **Economy**

Once part of the Ottoman Empire, Iraq attained its independence as a sovereign state in 1932. The republic of Iraq was established in 1958, following the overthrow of the monarchy, and later became one of the centres of Arab nationalism under the control of the Baath party. During the 1980's the Kurdish community in Iraq sought greater autonomy and following years of internal fighting, now inhabit a region in the north of the country known as Kurdistan.

Since 1980, the Iraqi economy has been adversely affected by costly militarisation, three wars, and over a decade of international sanctions. However, the recent post-war transferal of sovereignty back to the Iraqi Interim Government has changed the economical and political face of the nation, bringing with it significant economic and financial reforms.

The country's affluent natural resource base makes it potentially one of the richest countries in the world, with the production and export of petroleum continuing to set Iraq on the path to sustained economic growth and long-term prosperity. As Iraq slowly rebuilds its relations with the international community, it is extremely important for those wishing to enter into the Iraqi market to gain a thorough knowledge of the country and its particular business characteristics.

### **Iraq business Part 1 - Working in Iraq (Pre-departure)**

#### **Working practices in Iraq**

1. As a general rule, business hours in Iraq are 8.00 am to 4.00 pm. Government organisations work from 8:00 am to 1:00 pm or 2:00 pm. Some private businesses and businessmen are available to work at any hour from Sunday to Thursday. Friday is an Islamic holy day and therefore part of the weekend.
2. It is considered polite to make business appointments in advance. However, this is not always necessary. When arranging business meetings it is important to take into account the impact of official and unofficial holidays on all business activities.
3. Punctuality is viewed as positive attribute in Iraq; therefore you should always arrive at business meetings on time.

### **Structure and hierarchy in Iraqi companies**

1. Companies in Iraq are hierarchical in structure. There is a strong sense of authority and a large power distance, which creates a distinct separation between those in senior business roles and their subordinates.
2. As a direct consequence of company hierarchy, decisions are always made at the top of the organisation, either by one person, who has the ultimate authority, or a small council.

### **Working relationships in Iraq**

1. Taking the time to establish good working relationships with your Iraqi business colleagues helps to create an environment of mutual respect and trust and is a crucial part of Iraqi business culture.
2. Respect over-rides most other societal rules and is imperative for successful business relationships. Therefore, you should show respect for elder business associates by greeting them first.

### **Iraq business Part 2 - Doing business in Iraq**

#### **Business practices in Iraq**

1. When greeting your Iraqi business colleagues, it is customary to shake hands on both arrival and departure. Offer a firm but gentle handshake, always with the right hand. One should not attempt to shake hands with a female associate unless she initiates the gesture.
2. Status and respect for others is a fundamental element of Iraqi culture, therefore it is necessary to address your Iraqi counterpart by the appropriate title, for example "Doctor", followed by their surname, or for example "Abo Ahmad", which means "Father of Ahmad". However, first names are only used between close friends and family, therefore you should wait to be invited before you address someone in this way.
3. It is common practice for senior-level business associates to exchange business cards at initial meetings. Ensure you have one side of your card translated into Arabic or Kurdish and include your company position and title, since rank and social standing are vital in Iraqi business culture. When exchanging cards, present your card so that the translated side faces the recipient.
4. Business meetings are the most significant part of doing business in Iraq. The initial appointment is generally considered to be an informal, yet polite, introductory meeting, where associates take time to get to know one another and establish trust as opposed to immediately discussing business matters.

### **Iraqi business etiquette (Do's and Don'ts)**

- ✓ DO remain patient throughout all business dealings. Meetings are often interrupted, since Iraqis prefer to handle more than one issue at once.
  - ✓ DO show respect and courtesy at all times, as this is the most important element of Iraqi culture and takes precedence over all other customs.
  - ✓ DO try to learn a few simple Arabic or Kurdish words and phrases such as hello (Marhaba salam alekom), thank you (Shukran), please (Men Fadlak) etc, as they will be warmly received.
  - ✗ DON'T criticise or highlight simple errors or mistakes your Iraqi colleagues may make in a direct manner, but try to hint or offer indirect advice and solutions. Understanding the importance of saving face is vital for successful business in Iraq.
  - ✗ DON'T use high-pressure tactics during business negotiations. Decisions are made slowly and this approach will only have a negative effect on your business outcome.
  - ✗ DON'T forget to dress in a formal and conservative manner. Women, in particular should wear modest clothing and cover their hair when necessary. Iraqis tend to judge people on first appearances; therefore dressing appropriately will create a good impression with your Iraqi business colleagues.

### **Iraqi Culture Quiz - true or false**

1. When in the presence of Iraqis, be careful not to raise or cross your legs in such a way that the sole of the foot faces others in the room.
2. It is polite and good practice to inquire about an Iraqi man's wife or other female relatives.
3. The OK sign, a circle made with the thumb and index finger, is a positive symbol in traditional Iraqi culture.
4. During business dealings, it is not uncommon for your Iraqi counterparts to walk out of a meeting, express their emotions openly or threaten to terminate the relationship.
5. If you are invited to and an Iraqi's house, you should take flowers or pastries, or a present for the home as a gift for your hosts.

### **Cultural Quiz - Answers**

1. True. This action is considered unclean and is perceived as one of the greatest insults.
2. False. Traditional Iraqi culture states that a man's household and family are private matters. Therefore, it is inappropriate and disrespectful to ask after another man's wife.
3. False. This gesture is considered the sign of the evil eye in Iraq and should be avoided.
4. True. Iraqis openly reveal their emotions in business settings, and situations such as these may occur, at times, in an attempt to sway negotiations. They may try to win the sympathy vote by making you feel that they are telling you everything and therefore gaining your trust.
5. True. It is a custom that will be expected when visiting an Iraqi's home.



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