

Doing Business in the UAE | UAE Social and Business Culture

A UAE Culture Overview

Official name – United Arab Emirates

Population – 2,602,713 (July 2006 est.)

Official Language – Arabic

Currency – Emirati Dirham (AED)

Capital city – Abu Dhabi

GDP – purchasing power parity
\$115.8* (2005 est.)

GDP Per Capita - purchasing power
parity \$45,200* (2005 est.)



Overview

A relatively young federation of seven small Gulf states each with their own unique identity and history, Emirati society is a unique blend of cultures and people. Traditionally focused on maritime activities such as fishing and pearling, the discovery of oil in the mid 20th century drastically changed the UAE's economy making it one of the wealthiest nations in the Muslim world. With a large foreign expatriate population, it is the most socially liberal country in the Middle East. Religious and historical influences combined with a progressive outlook and extensive economic opportunities make the UAE a most intriguing and unique place to do business. Understanding this distinct culture is paramount for anyone wishing to successfully do business in the Emirates.

Emirati culture – Key concepts and values

Islam – Religion has played an important and influential role in shaping the society and culture of the UAE. Islam is the official and majority religion and pervades almost every aspect of life. Laws, education, food, clothes, daily routines and even conversations are all strongly influenced by Islam. The Islamic faith places great emphasis on behaviours such as generosity, respect and modesty which most Emiratis will display. Understanding Islam and the influence it has on everyday life and Emirati business culture is the first step to conducting successful business in the UAE.

Family – Family and tribal connections form the basis of Emirati social structure. The family and tribe are highly influential and play a role in shaping a person's values and behaviour. It serves to support its members both financially and emotionally and as such, the family comes before anything else and its honour is protected by doing whatever necessary. Loyalty between family and tribe members carries over into business where it is not uncommon for companies to be run by and employ several members of one family or tribe.

Hospitality – Hospitality is an essential part of Emirati culture and applies to both social and professional contexts. Guests will be received with enormous generosity. In the home this usually comes in the form of a feast of traditional Emirati food, especially during the holidays, while in a business context, meetings are almost always accompanied by traditional Arab coffee and pastries. The emphasis placed on hospitality is closely connected to the importance of relationships. Foreigners should show their gratitude and dedicate time to cultivating relationships with their Emirati counterparts.

As a federation of seven separate Islamic entities, the UAE has historically been a divided and sought after territory. Years of European involvement culminated in several friendship treaties with the British Empire, particularly that in 1853 which created the 'Trucial Sheikdoms'. After several disputes over territory and borders with Saudi Arabia and Oman, the UK ended their treaty and opened the door for formal confederation into the UAE. In the early 1970s nine Sheikdoms attempted to come together but in the end only the current seven agreed to join together in what is now known as the United Arab Emirates. Since the discovery of oil in the '60s, the UAE has used its oil wealth to fuel a construction boom previously unknown in the Middle East. Today, the UAE is a thriving business centre with immense opportunities for foreign investment and continued economic growth. For those wishing to become involved in this lucrative market, the key to success is first understanding Emirati culture and business etiquette.

UAE Business Part 1 – Working in the UAE (Pre-departure)

○ **Working practices in the UAE**

- The working week traditionally starts on Saturday and ends on Wednesday. Thursday and Friday are the official days of rest, though in some cases, people will work Thursday and take off Saturday instead. Office hours tend to be 0900-1300 and 1630-2000 though today work often goes even later as a result of the immense construction boom.
- Meetings should be scheduled in advance with extra time allocated in case it should go on longer or start later than anticipated. Often meetings are cancelled at the last minute, so it is important to be flexible and come prepared with either a business card or letter to let them know you were there.
- Attitudes to time in the UAE are much more relaxed than in many Western cultures. People and relationships are more important than schedules and punctuality. It is not uncommon, therefore, for your Emirati counterparts to arrive late but foreigners are expected to arrive on time.
- The Emirates are a considerably modern state in relation to the rest of the Middle East. As such, many traditional attitudes and business practices are evolving towards a more Westernised approach. Nevertheless, it is still important to be aware and respectful of some of the differences that might exist.

○ **Structure and hierarchy in Emirati companies**

- There is a strong vertical hierarchy in most Emirati companies. Many are owned and run by one powerful person who makes all of the decisions. This person must be treated with respect and deference, particularly if you hope to have a successful business relationship.
- Age, money and family connections are all key determining factors of a person's status. Who you are is usually more important than what you have achieved. It is not uncommon therefore to find many members of one family working for the same company.

- Status is important and must be recognised by using the correct title such as *Shaikh* (chief), *Mohandas* (engineer) and *Ustadh* (professor). If you are unsure of someone's title, find out beforehand or ask the person who introduced you.
 - When first meeting a group of people, it is important that you shake hands and greet the most senior person first. Usually the oldest person in the room has the most seniority, but you might find there is another person who has stepped in to make the decisions. Always try to find out titles and status of the people you are meeting beforehand so as to show the right amount of respect.
- **Working relationships in the UAE**
- People in the UAE prefer to do business in person. Relationships and mutual trust are paramount for any successful business interaction and can only be developed through face-to-face meetings. It is important to spend time with your Emirati business counterparts and ensure future meetings take place to continue cultivating the relationship.
 - It is important to have connections to someone in the UAE who can introduce you before attempting to do business there on your own. Emirati people prefer to do business with those they know, so having someone to introduce you will be of immense benefit to your business relationship.
 - Family and friends come before anything else. As a result, it is not uncommon for an Emirati to reschedule or cancel something to accommodate their needs or wishes. Take the time to get to know your business counterparts on a person level so that you can develop a friendship with that person and therefore be in a better position of priority for business dealings.

UAE business Part 2 – Doing Business in the UAE

- **Business practices in the UAE**
- 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 Emirati counterparts individually. In line with Muslim customs, avoid shaking hands with a woman unless they extend their hand first.
 - 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 Emirati business culture.
 - Business cards are common but not essential to Emirati business culture. If you do intend to use business cards whilst in the UAE, ensure that the information is printed in both English and Arabic.

Emirati business etiquette (Do's and Don'ts)

- ✓ DO address your Emirati counterparts with the appropriate titles 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 beforehand.
- ✓ DO dress conservatively. While the UAE is more Westernised than many other Middle Eastern countries and therefore home to many Western style clothes, it is still important to dress modestly. As a sign of respect, men should wear a conservative suit and women should ensure their clothing covers their legs and arms.
- ✓ DO accept an invitation to a meal or social event. Relationships are an integral part of doing business in the Emirates. Spending time with your Emirati counterparts is the best way to build trust and mutual understanding which will improve your business relationship and future interactions.
- * DON'T schedule business meetings during prayer times or any of the major Islamic holidays such as Ramadan or Eid. These are extremely important periods for the majority of native Emiratis who are Muslims. Business is usually put on hold during these occasions as it is a time for reflection and celebration.
- * DON'T expect a one-on-one meeting to only include yourself and the other person. Often there will be other people present in the office or meeting room waiting their turn to meet with that person. When you arrive, it is polite to greet the person, take a seat and accept any coffee served until it is your turn.
- * DON'T assume that the person who asks the most questions in meetings holds the most responsibility. In the UAE, this person is considered to be the least respected or least important. The decision maker is usually a silent observer and will only speak when discussions come to a close.
- * DON'T ask about a person's wife or daughters. It is polite to enquire about a person's family or health, but never ask specifically about any female members. Family life which involves female members is kept extremely private.

Emirati Culture Quiz – true or false

1. Business dealings and negotiations can be long and drawn out.
2. Written contracts are the most important form of agreement in the UAE and cannot be changed once finalised.
3. It is not uncommon for men to walk hand in hand in public.
4. It is rare to see women working in a business environment, since most stay home in the traditional role taking care of the house and family.
5. According to Islam, the left hand is considered unclean and reserved for personal hygiene. Emiratis traditionally use the right hand for all public functions — including shaking hands, eating, drinking and passing objects to another person.

Culture Quiz – Answers

1. True. Business occurs more slowly in the UAE than in many Western cultures. Patience and flexibility are therefore key when doing business in the UAE.
2. False. The spoken word has much more weight than written agreements in the UAE. An agreement is only final when both parties have parted. Until then it is open to negotiation, even if the contract has been signed.
3. True. Walking hand in hand is purely a sign of friendship.
4. False. While many women are still confined to the traditional role of taking care of the family and home, since the discovery of oil an increasing number of women are employed in business, politics and other sectors, some occupying senior level positions.
5. True.

* Source: CIA The World Factbook 2006

Contact Details

Communicaid
Holland House
1-4 Bury Street
London EC3A 5AW
United Kingdom

Tel: +44 (0)20 7648 2172

Fax: +44 (0)20 7648 2178

E: info@communicaid.com

W: www.communicaid.com