

Negotiating International Business - United Arab Emirates

This section is an excerpt from the 2017 edition of the book "Negotiating International Business - The Negotiator's Reference Guide to 50 Countries Around the World" by Lothar Katz.

Fewer than 20 percent of the UAE population are citizens, which means that this country hosts one of the highest percentages of foreigners in the world. Most of the foreign workers are males from India holding low-level jobs.

Cultures vary somewhat across the seven different Emirates. Businesspeople in the UAE, especially those in Dubai, are usually experienced in interacting with other cultures. However, this does not always mean that they will be open minded. When conducting business here, be prepared for people expecting things done 'their way.'

Relationships and Respect

The UAE's culture expects its members to have a strong sense of loyalty to their group, for instance the family, tribe, organization, or country. Building lasting and trusting personal relationships is very important to most Emiratis, who often expect to establish strong bonds prior to closing any deals. People in this country prefer to do business with those they know and like. Establishing productive business cooperation requires a long-term perspective and commitment. Social interactions are just as important as business contacts, if not more. Consequently, proceed with serious business discussions only after your counterparts have become very comfortable with you. This is usually a slow process.

Business relationships in this country exist between people, not necessarily between companies. Even when you have won your local business partners' friendship and trust, they will not necessarily trust others from your company, so keep your company interfaces unchanged. Worst case, such a change can bring business interactions to a complete halt.

Establishing relationships with others in the UAE can create powerful networks. Whom you know can determine whether people want to get to know you. Maintaining cordial relations is crucial. Third party introductions can be very helpful as a starting point to building a trusting relationship with a potential partner, especially since Emiratis might initially not trust Westerners.

Saving face is essential. Causing embarrassment to another person can lead to a *loss of face* for all parties involved and could be disastrous for business interactions. The importance of reserve and tact cannot be overestimated. Keep your cool and never show openly that you are upset. Preserving every person's honor is paramount. Arabs in the Emirates will rarely admit error and should never be corrected in public. It might be better to accept a compromise, even an unfavorable one, if the alternative means that your counterpart will lose *face*.

In the Emirates' business culture, respect depends primarily on status, rank, and age. It is vital to treat elderly people with great respect. Showing status is important since people will take you more seriously. Carefully select your hotel and transportation. Use the services of others, such as drivers and porters, to avoid being viewed as a low-ranking intermediary. Admired personal traits include poise, sociability, and patience.

Communication

The official language of the UAE is Arabic, although the local dialect is heavily influenced by Farsi, the language of Iran. Many businesspersons, especially young ones and those in top positions, speak English well.

Emiratis usually speak in quiet, gentle tones. A raised voice usually indicates anger, which is a very bad signal. People generally converse in close proximity, standing only two to three feet apart. Do not back away even if this is closer than your personal comfort zone allows. Doing so could be read as a sign that you are uncomfortable around your counterparts.

Communication is generally rather indirect. Emirates Arabs often use circuitous language, which can make it difficult for westerners to figure out the exact message. They love flowery phrases, exaggerations, and other rhetoric, and generally consider eloquent people more respectable and trustworthy. Open disagreement and confrontation are rare, so you will usually not hear a direct 'no.' When a person in the Emirates says 'yes,' he or she might actually mean 'possibly.' Ambiguous answers such as 'we must look into this' or 'we will think about it' usually mean 'no.' Alternatively, a respondent might deliberately ignore your question. Silence is another way to communicate negative messages. It is beneficial to use a similarly indirect approach with your counterparts, as they could perceive you as rude and pushy if you are too direct.

Gestures and body language are usually more restricted than in the non-Gulf Arab countries. Men tend to make frequent physical contact, though. They might greet each other by hugging and kissing, or walk hand in hand. All of these are only signs of friendship. However, never touch someone's head, not even that of a child. Since Muslims consider the left hand unclean, use it only if inevitable. The soles of your shoes are also considered unclean and you should avoid showing them to others, even when seated on a cushion. Pointing at people or objects is impolite. Instead, wave your open hand toward the object. The thumbs-up sign is an offensive gesture throughout the Arab world. Eye contact should be frequent, almost to the point of staring. This conveys sincerity and helps build trust. Arabs in the Emirates enjoy showing positive emotions.

Initial Contacts and Meetings

Choosing a local intermediary who can leverage existing relationships to make initial contacts is crucially important. A person who can introduce you to the right contacts and help you build relationships is essential when doing business in this country. This person will help bridge the gap between cultures, allowing you to conduct business with greater effectiveness. Let them set the pace of your initial engagements.

If possible, schedule meetings at least three to four weeks in advance. However, it can sometimes also be effective to take your chances and simply turn up. The length of a meeting can be unpredictable, so leave enough flexibility in your schedule. Since people want to know whom they will be meeting, provide details on attendees' titles, positions, and responsibilities ahead of time. Be prepared for your counterparts to cancel or postpone meetings with little or no notice. Schedules are often loose and flexible. Meetings can start considerably late. However, foreign visitors are generally expected to be punctual. Avoid being more than 15-20 minutes late and call ahead if you will be. Displaying anger if you have to wait, which happens often, will reflect very poorly on you. The most senior meeting participants usually arrive last.

Emirati names can have several parts and could be difficult to identify. It may be best to inquire from someone upfront or politely ask the person how to address him or her correctly. In that case, make sure to do the same for your own name. Arabs could take mispronouncing their names as a sign of disrespect. Titles are highly valued. Always use them when addressing a person who carries one. Do not call someone by their first name unless they offered it, which is rare. Greet the most senior person first, and then

individually greet everyone else in the room. Introductions and greetings are accompanied by extensive compliments as well as handshakes using the right hand. Women are rarely involved in business interactions in the Emirates and generally do not shake hands with men. Emirati businessmen may be reluctant to shake the hand of a foreign woman.

After the introductions, offer your business card to everyone present. Cards must be in pristine condition. Show doctorate degrees on your card and make sure that it clearly states your professional title, especially if you have the seniority to make decisions. The main point of exchanging business cards in the UAE is to identify the status of the holder. Present your card with the right hand, with the Arabic side facing the recipient. Similarly, accept others' cards using only the right hand. Smile and keep eye contact while doing so, then examine the card carefully. Next, place it on the table in front of you. Never stuff someone's card into your back pocket or otherwise treat it disrespectfully.

Meetings usually start with extensive small talk, which could include prolonged inquiries about your health, family, and so on. This might include personal questions. Some Arabs discuss business at the first meeting, but it is more likely that the entire meeting will be consumed with getting to know each other. Be patient and let the other side set the pace.

Frequent meeting interruptions and other distractions are normal and do not signal a lack of interest. Repeating your main points conveys seriousness and builds trust.

Presentations should be short and concise. Allow sufficient time for questions and clarifications. Either the decision maker is a silent observer, or that person might not attend at all. People asking many questions usually hold less important positions. Your presentation materials should be attractive, with good and clear visuals. Add an attractive back cover to your handouts, since Arabs might start with that page.

Negotiation

Attitudes and Styles - Leveraging relationships is an important element when negotiating in the UAE. Nevertheless, Emiratis often employ distributive and contingency bargaining. While the buyer is in a superior position, both sides in a business deal own the responsibility to reach agreement. They expect long-term commitments from their business partners and will focus mostly on long-term benefits. Although the primary negotiation style is competitive, people here nevertheless value long-term relationships. They will ultimately look for win-win solutions and show willingness to compromise if needed. Emirati negotiators may at times appear highly competitive, fiercely bargaining for seemingly small gains. They respect hard bargainers as long as they avoid creating direct conflict. You earn your counterparts' respect by maintaining a positive, persistent attitude. It is critically important to remain calm, friendly, patient, and persistent, never taking anything personally.

Should a dispute arise at any stage of a negotiation, you may be able to reach resolution through leveraging your personal relationship with the Emirati negotiation leader in a one-on-one setting. Show your commitment to the relationship and refrain from using logical reasoning or becoming argumentative since this will only make matters worse.

Sharing of Information - Information is rarely shared freely, since people here commonly believe that privileged information creates bargaining advantages. In contrast, expect any information you share to reach your incumbent competitor. Based on their existing relationship, your UAE counterparts will likely believe that this party must be given the right to respond to the new competitive threat.

Pace of Negotiation - Expect negotiations to be slow and protracted, and be prepared to make several trips if necessary to achieve your objectives. Throughout the negotiation, be patient, control your emotions, and accept that delays may occur. Attempts to rush the process are highly unlikely to produce better results and may be counterproductive. An Arab proverb warns that 'Haste is of the devil,' and

many Emiratis may believe that whether something happens quickly, slowly, or not at all is beyond their control as it depends on Allah's will. On the other hand, do not be surprised if the pace suddenly changes from very slow to very fast – once your counterparts have made a positive decision, they may expect fast progress.

When engaging in initial business negotiations in the country, it is often crucial to take a long-term perspective over many years. It is often advisable to accept an initial deal even when its return-on-investment does not look appealing. Much bigger profits tend to come once you manage to prove yourself a worthy partner.

Most Emiratis prefer a highly polychronic work style. They are used to pursuing multiple actions and goals in parallel. When negotiating, they often take a holistic approach or frequently jump from one topic to another rather than addressing them in sequential order. In multi-item negotiations, people may bargain and haggle over several aspects in parallel. It is common for them to re-open a discussion over items that had already been agreed upon. In addition, they may take phone calls or interrupt meetings at critical points in a negotiation. While they may be doing all this on purpose in order to distract or confuse the other side, there are usually no bad intentions. Negotiators from strongly monochronic cultures, such as Germany, the United Kingdom, or the United States, could find this style confusing, irritating, even annoying. In any case, do not show irritation or anger when encountering this behavior. Instead, keep track of the bargaining progress at all times, often emphasizing areas where agreement already exists. Repeating your main points conveys seriousness and builds trust.

If your counterparts appear to be stalling the negotiation, assess carefully whether their slowing down the process indicates that they are evaluating alternatives or that they are not interested in doing business with you. In most cases, though, this behavior indicates an attempt to create time pressure in order to obtain concessions.

Bargaining – Businesspeople in the UAE are usually shrewd negotiators who should never be underestimated. Most of them thoroughly enjoy bargaining and haggling. They expect to do a lot of it during a negotiation and may be seriously offended if you refuse to play along. In addition, they may expect flexibility on your side, so avoid coming with overly narrow expectations of how a deal might be reached.

The bargaining stage of a negotiation can be very extensive. Prices often move more than 50 percent between initial offers and final agreement. Leave yourself a lot of room for concessions at many different stages. Ask the other side to reciprocate if you made one, but never make them look like the loser in the exchange. It is not advisable to make significant early concessions since your counterparts expect further compromises as the bargaining continues. You can use the fact that aspects can be re-visited to your advantage, for instance by offering further concessions under the condition that the other side reciprocate in areas that had already been agreed upon.

Deceptive techniques are frequently used. This includes tactics such as telling lies and sending fake non-verbal messages, pretending to be disinterested in the whole deal or in single concessions, misrepresenting an item's value, or making false demands and concessions. Expect your Emirati counterparts to be masters at this game, playing it with many exaggerations and much enthusiasm. They may occasionally play stupid or otherwise attempt to mislead you in order to obtain bargaining advantages. Do not take such tactics personally and realize that overt attempts to lie at or bluff your counterparts could backfire and might damage business relationships. Lies will be difficult to detect. It is advisable to verify information received from the local side through other channels. Similarly, they treat 'outside' information with caution. Even when you can see right through a lie, it would be a grave personal insult to state or even hint that your counterpart might not be telling the truth. Emiratis are usually too proud to claim or admit that they have only limited authority, even if it is true.

Negotiators in the country may use pressure techniques that include making final offers or nibbling. Final offers may come more than once and are rarely final. Do not use tactics such as applying time pres-

sure, opening with your best offer, or making expiring offers, since Emiratis could view these as signs that you are not willing to build a long-term relationship. They may choose to terminate the negotiation. Silence can be an effective way to signal rejection of a proposal.

Emirati negotiators avoid openly aggressive or adversarial techniques but may use more subtle versions. Making an extreme opening offer is a standard practice to start the bargaining process. Negotiators may also make indirect threats and warnings, or subtly display anger. Use these tactics with caution yourself since they could adversely affect the relationship if employed too aggressively. Do not walk out or threaten to do so as your counterpart may take this as a personal insult.

Emotional negotiation techniques, such as attitudinal bargaining, sending dual messages, attempting to make you feel guilty, grimacing, or appealing to personal relationships, are frequent and can be effective. Be cautious not to cause *loss of face* when employing any of them yourself. Also, know that Emiratis can become quite emotional during fierce bargaining. It is best to remain calm. Defensive tactics such as blocking, distracting or changing the subject, asking probing or very direct questions, or making promises may also be frequent.

Corruption and bribery are rare in the UAE, although not completely unheard of. So much as hinting that you view a gift inappropriate could be a grave insult to the person's honor. It may help if you introduce and explain your company's policies early on, but be careful not to moralize or somehow imply that local customs are unethical.

Decision Making – Company hierarchies can be rigid and people in this country expect to work with clear lines of authority. Although the speed of business is accelerating, decision making can be a slow and deliberate process in the UAE. Decision makers are usually individuals who consider the best interest of the group or organization and might consult with others in the organization. Decisions therefore often require several layers of approval. Final decision-making authority may be delegated down, but that can change quickly if subordinates fall out of favor. Consequently, it will be important to win the support of senior executives.

When making decisions, Emirati businesspeople may not rely much on rules or laws. They usually consider the specific situation rather than applying universal principles. Personal feelings and experiences weigh more strongly than empirical evidence and other objective facts do. People here can be reluctant to take risks. If you expect them to support a risky decision, you may need to find ways for them to become comfortable with it first. You are much more likely to succeed if the relationship with your counterparts is strong and you managed to win their trust.

Agreements and Contracts

While written protocols serve as tools to improve the communication and strengthen commitments, they should not be taken for final agreement. Any part of an agreement could still change significantly before the parties sign a contract. Agreements are only final when the participants part. Until then, the UAE side could unilaterally abrogate them, possibly even if they were already signed

Written contracts are usually not overly detailed here, focusing only the primary aspects, terms, and conditions of the agreement. Emiratis generally believe that the primary strength of an agreement lies in the partners' commitment rather than in its written documentation. Accordingly, do not propose an overly detailed contract since doing so could be seen as strong mistrust.

Since personal honor is highly valued in the Emirates, contracts are usually dependable and your partners will strive to keep their commitments. However, business partners usually expect both sides to remain somewhat flexible if conditions change, which may include agreeing to modified contract terms.

Women in Business

The UAE remain a male-dominated society. Although some women work, most still have very traditional roles, rarely attaining positions of similar income and authority as men.

Western businesswomen should not expect to be met with the same respect as men; they will find themselves subjected to a number of restrictions. Displaying confidence and assertiveness can be counterproductive. Appearing overly bold and aggressive could create major issues and must be avoided under all circumstances.

As a visiting businesswoman, emphasize your company's importance and that of your own role. A personal introduction or a letter of support from a senior executive within your company can also help. Even with these credentials, you may still not receive sufficient attention, making it advisable to take a male colleague along for the trip and act 'behind the scenes.' Female business travelers should exercise caution and restraint in all professional and social situations. They need to dress in accordance with local customs, which means that collarbones and knees need to be covered at all times and that clothes should not be form-fitting. The head does not need to be covered.

Male visitors should not speak to Emirati women unless the situation clearly requires it. In addition, avoid bringing up the subject of women with your male business partners. Do not even inquire about a wife's or daughter's health. Furthermore, while there can be intensive eye contact between men, it is vitally important not to stare at or otherwise show interest in any woman you meet.

Other Important Things to Know

Religious practices could play a significant role when doing business here. Many Emirati Muslims practice their religion strictly. While the government follows a policy of tolerance toward non-Muslims, keep in mind that this is an Islamic country. Showing disrespect for the religion could have disastrous consequences. Respect the fact that practices such as praying five times a day, celebrating Friday as a sacred day, or fasting from dawn to dusk during Ramadan, could affect your business interactions here.

Business lunches and dinners are common and present great opportunities for clarifications and other business discussions. However, understand that prior to the meal, there may be a great deal of socializing and small talk, and that business is never discussed until after the meal. There might be little conversation during meals, allowing everyone to relish the food. At restaurants, keep conversations at a quiet level. Being loud could be regarded as bad manners.

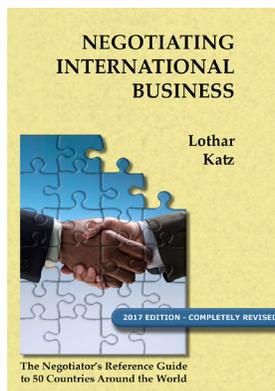
Tea will be served at many occasions. It would be a mistake not to accept it, even when you are not thirsty. With the exception of the Emirate of Sharjah, alcohol is legal and widely available in the UAE, at least in hotels and restaurants. However, consult with your host before ordering alcohol during meals or social functions.

Impeccable appearance is very important when doing business in any of the Gulf Arab states and many other Arab countries. Male business visitors should wear conservative suits on most occasions. Always cover your whole body. Make sure shoes and suit are in excellent condition. Wearing local garb is inappropriate and, in certain cases, illegal.

Most restaurant and bar bills include a service charge. If no service charge is shown, add 10 to 15 percent as a tip, more if the service received was exceptional.

Social events do not require punctuality. While it is best to arrive at dinners close to the agreed time, being late to a party by 30 minutes or more is perfectly acceptable.

The exchange of gifts, such as quality pens with tasteful corporate logos, is common in UAE business settings. Private gifts, and company gifts for special occasions, must be the best affordable. Carpets, for instance, must be handmade. As a gesture of respect, the recipient is expected to open and admire the gift in the presence of the giver. Never overly praise something your host owns. He might feel obligated to give it to you, which could create a very difficult situation.



Negotiating International Business (CreateSpace, 2017 edition) is available from Amazon.com and other bookstores for \$29.99. A reference guide covering 50 countries around the world, the 479-page book includes an extensive discussion of the negotiation principles and tactics frequently referred to in this excerpt.

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