BUSINESS ETHICS IN UNITED ARAB EMIRATES

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ARAB EMIRATES: SHORT STATISTICS

- confederation of seven independent states on the Gulf coast,
- the most important: Dubai and Abu Dhabi
- >9% of the world’s oil reserves & ~4% of the world’s natural gas reserves
- has become the leading business, financial and exhibition centre in the Gulf
- Life expectancy: 76 years (men), 81 years (women) (UN)
- highest GDP per capita in the world
- Major religion: Islam
- Population: 4 million
- Languages: Arabic, English
- 77.3% literacy
UNITED ARAB EMIRATES: OVERVIEW

- **Politics**: one of the most liberal countries in the Gulf, with other cultures and beliefs generally tolerated. It held its first national elections - for an advisory body - in December 2006
- **Economy**: generally enjoy a high standard of living because of oil wealth; diversification has dampened the shocks of oil price fluctuations; the UAE is a regional trading and tourism hub
- **International**: tension between the UAE and Iran over disputed Gulf islands; the US treats the UAE as an ally in its "war on terror"
SPECIFICS OF BUSINESS ETHICS IN UAE

- CSR as a concept young field of interest comparing to the west (mostly done by foreign companies)
- Majority of population is Muslim (women's rights, working culture)
- High value on family (nepotism)
- Strict control over criticism of government → Big business corruption usually involves government
- Adopts laissez-faire policy and has minimum regulation for business
- Advanced financial services and banking sectors in the Arab world, makes it vulnerable to money laundering
- Integration of Western modernity with deeply rooted religious beliefs and cultural traditions that combine to produce a unique business atmosphere
SPECIFICS OF BUSINESS ETHICS IN UAE

- Charity in itself not a new concept in the region, responsibility to give alms to the poor -> Zakat (common for all Gulf region)
- Businesses are expected to satisfy obligations to society as a whole as well as their own shareholders
- Need for defined CSR practices that serve the interests of local firms and also facilitate mutual understanding with the international firms operating in the country
- Heavy influence of Islam on businesses in the region implies a strong foundation upon which to establish CSR policies and practices
- Economy dependent on foreign labor → businesses seek to increase competitiveness by reducing cost, improve quality, and maintain a reasonable level of social responsibility (morality) → liberal, free economic atmosphere
Islamic Finance and Business Ethics

- The Emirates operate a dual banking and finance system: both Islamic (since 1970) and ‘Western’ financial solutions are offered
- Islamic Finance: financial services specifically designed to adhere to Islamic law or Shariah
- In Islamic Finance, collection of interests (riba) are strictly forbidden
- Money must not be provided for such purposes not meeting Islamic rules, e.g. selling alcoholic beverages or providing gambling services
## Comparing Business Ethics in Russia and UAE

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<th>Ethical</th>
<th>Unethical</th>
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| • Keeping one’s word  
• Profit and loss sharing proportionally  
• Fair competition | • Paying % for credits (interest rate is forbidden in Islamic Banking)  
• Land sales to non-relative  
• Using alcohol during the business meetings |
| • Religious views on business  
• Physical punishment for business mistakes  
• Discrimination according to nationality  
• Restrictions for women | • Black market  
• Drug business  
• Human trafficking  
• Corruption (but common in both countries) |
Hot topics of CSR in the UAE include:

- ...forming and regulation of trade unions
- ...problems of female employees (steady increase in share, hitting 13.9 per cent this year, mainly in public sector)
- ...fighting corruption. Results: 2008 position of the Emirates on Transparency International’s CPI list: 35th of 180 countries, better than most new EU member states. (Russia came 147th...)
Questions & Discussion

Thank you for the attention!