

*doing business with*  
**KUWAIT**



SECOND EDITION

PAUL D KENNEDY

**MIDDLE EAST SERIES EDITOR:**  
ANTHONY SHOULT

# Introduction: Social Aspects

The first-time visitor to Kuwait is sure to find local business behaviour a trifle perplexing. But the fundamentals of doing business successfully in Kuwait, ie having a good product or service to offer, are no different from anywhere else, though there is a much greater emphasis on price.

The perceived differences in behaviour are reflections of local culture. Society is still clan based, but once expatriates understand how this determines local business motivation and behaviour they will be in a position to turn this knowledge to their advantage.

Perhaps the only secret to doing business successfully in Kuwait, as in any unfamiliar country, is a willingness and ability to transcend cultural differences through respect and understanding.

## 5.1

# Behavioural Background

How Kuwaitis behave, as individuals and in groups, socially and in business, has its roots in the diversity of their traditions and the rich collection of cultural influences to which they are heirs. The main sources of modern Kuwaiti culture are the Bedouin tradition, Islam, Persia (Kuwait lies on the Arab side of the border between Arab and Persian societies), and the country's trading traditions in the Indian Ocean, which brought the Kuwaitis of yore into contact with a diverse range of cultures.

The original qUtub were Bedouin from the interior of Arabia who changed to a settled way of life on the coast. The Bedouin tradition has been reinforced over the centuries by the constant migration of tribes through Kuwaiti territory. This is reflected in the strength of family life as the basis of society, in the notion of face, and in the importance given to virtues such as loyalty, hospitality and generosity, and, not least, in Kuwait's paternalistic and hierarchical social structure.

Islam has an all-pervading influence on Kuwaiti life, social and personal. In fact, faith in God is so fundamental to an individual Kuwaiti's sense of identity that encountering an agnostic or atheist causes an intellectual, emotional and moral shock. The separation of religion, business and politics, which is considered normal in the West and Far East, is incomprehensible to most Kuwaitis.

### **The clan basis of organization**

The Kuwaiti of the pre-oil era survived through a mix of finely honed skills and a highly developed social organization based on family, clan and tribe. In the harshness of the desert or sea, the extended family provided the economic and political support without which a person, whether he was a nomadic herder, a caravan driver or a sailor, could not survive. In return, the individual gave unquestioning service and loyalty, and his loyalty to his extended family overrode all other loyalties. The Kuwaiti child learned from an early age to serve and protect older family members and, to ensure cooperation between clans, not to embarrass the family.

In the pre-oil era economic enterprises were family owned and run. Today, except for public companies founded with government assistance, most businesses are still family owned, and the family name is

displayed proudly in their titles. Though these businesses, having outgrown the pool of family skills available, are now staffed by non-family members, it is notable that these employees are almost exclusively non-Kuwaiti.

### **Face**

The degree to which the young Kuwaiti learned to serve his family was reflected in the amount of 'face' he earned. The concept of face has the same meaning as respect and reputation in the West, except that face has an intensity and pervasiveness about it that is almost inconceivable to a Westerner. A Kuwaiti spends his life building face.

The building of face begins as soon as the child is old enough to understand and, by the time he is six or seven years old, loss of face within the family is often punishment enough for misbehaviour. As he gets older, the notion that face belongs not just to the individual but also to the group begins to take hold, and a youth is considered mature once he views his own success as being synonymous with the success of his family.

To an adult, face is the consensus a group makes about a particular member's capabilities, ie it is a peer merit award that can only be increased (or decreased) by a person's own actions. This sense of face lies behind much business and investment behaviour in Kuwait. It can be as strong a motivating power as money (though becoming rich is one way to achieve face) and explains why many Kuwaitis will hang on to a loss-making business long after a more economically rational Westerner would have thrown in the towel and walked away. Once lost, face is extremely difficult to regain.

### **Leadership**

Leaders are the pre-eminent members of a family or any other group who can represent that body to its best advantage. To achieve leadership status, a person must demonstrate that he has the best ability to serve and benefit the group, and he must have this recognized by general consensus. But this consensus is not permanent, and if a leader shows inadequacy or loses face because of some upset, the consensus may shift in favour of another person.

Leadership depends ultimately on face. Because a person seen as personally successful is usually acknowledged as fit for leadership, aspirations to leadership status are powerful motivating forces in Kuwaiti business behaviour.

A successful leader in Kuwait has several highly honed skills, not least of which is the ability to achieve consensus through group consultation. This skill, which is highly developed among all Kuwaitis, no

matter what their rank in life, has its roots in the Bedouin *diwaniyah* and the Islamic political principle of *Shura*.

### **National identity**

Kuwaitis, despite their tribal traditions, have a strong sense of nationality, which was reinforced by the events of 1990/91. The diverse groups within Kuwaiti society are bound together by their common history, which is reflected in music, poetry, song and drama and is reinforced by the media and the educational system. The fact that they are a minority in their own country seems to have heightened individual Kuwaitis' sense of nationality and of belonging to an elite group.

This national identity is expressed in an ambivalent attitude to the West. On the one hand, Kuwaitis admire the success of the strong and are avid consumers of the fruits of Western technology, and those who were educated in the West (of whom there are many among the upper classes) feel comfortable with Western organization and management practices. On the other hand, until the Iraqi invasion Kuwaitis felt little historical affinity with the West and today they are still suspicious of what they see as moral confusion in Western society, as shown for example in the breakdown of family life. Before the Iraqi occupation Western policies in the region were criticized often, and though, since liberation, Kuwait has become dependent on the West for its independence, cultural affinities are limited to material rather than spiritual values.

#### **Hints for entrepreneurs**

- No matter how strong the impression to the contrary, never underestimate the general shrewdness, financial astuteness and business acumen of a Kuwaiti, whether you are dealing with a private company or a government department.
- Never forget that, despite any impression to the contrary, the clan ethos is always present in the relationship between a foreign businessman and his local associates.

### **The fundamentals**

Every Kuwaiti considers himself to be a natural-born businessman. Though the vast majority work for their government, the ministerial day is short and seldom over-taxing, and in the evenings many have offices whence they carry on 'general trading and contracting' or act as 'agents for commission'. These Kuwaitis, who run the vast majority of local businesses, view commerce as a simple matter of buying and selling, obtaining contracts by hook or by luck or acting as sponsors for expatriate firms, and they are seldom interested in modern complexities. Though they may be semi-amateurs, some are very successful indeed.

There is also a minority of full-time businessmen whose vocational skills rival the best in the world. These include the owners of Kuwait's most successful private enterprises and the chairmen and chief executive officers of the large corporations in the joint sector. These businessmen are also prominent in the public sector, as under-secretaries in the ministries for example, where they view their role as being to provide a business service on behalf of the state.

These entrepreneurs and civil servants are fully conversant with local business behaviour. They are also familiar with the latest business practices in the West, where many of them were educated in elite business schools. Their renown as astute, tough and ruthless negotiators is wholly deserved.

### ***Competitive and protective circles***

A Kuwaiti's basic loyalty is, in order of primacy, to his family, clan and the state. Within an extended family there will naturally be some jockeying for face and leadership based on a member's ability to get things done on behalf of the group. Outside his immediate family circle a Kuwaiti will see his role as being to compete with other Kuwaitis while protecting the interests and reputation of his clan. Local competition across clan lines is very fierce.

But, though Kuwaitis compete extremely aggressively among themselves, when it comes to dealing with non-Kuwaitis they will usually unite to a man, and against outsiders a Kuwaiti will view his role as being to compete furiously while protecting the interests and reputation of his compatriots. This extraordinary ability to unite instantly and tightly for the common good despite internal rivalry was seen at its best during the Iraqi aggression in 1990/91.

These boundaries of competition and protection are not simply a matter of concentric rings across the limits of which Kuwaitis will compete aggressively while protecting the interests of those within. Kuwaitis are extraordinarily hierarchical in their view of the world and their own society and this view gives rise to protective rings that are not concentric with the simple rings defining family, clan and state. The most obvious example is the Kuwait Chamber of Commerce & Industry, though further examples can be seen in other areas such as the legal profession.

### **Personal relationships**

In Kuwait there is no such thing as a pure business relationship. A Kuwaiti will seldom do business until he 'feels comfortable' with the person with whom he is dealing and it is extremely unlikely that he will do a sudden deal with a comparative stranger no matter how attractive he finds a proposal.

Time initially spent building strong and relaxed personal relationships is a crucial part of a successful business approach. But friendship with a Kuwaiti needs a lengthy trial period before the outsider gains the trust that underpins true friendship. This stems in part from a suspicion that friendship may be a ploy to develop useful connections or that the foreigner may not really regard the Kuwaiti highly. To be able to offer real friendship, a Kuwaiti needs to feel that the friend-to-be understands what it is to be a Kuwaiti and is genuinely interested in and sympathetic to the Kuwait view of life.

### **Business approach**

Kuwaitis have a rather laid-back approach to life and in business matters find the aggressive hard-sell approach very off-putting. Attractive brochures, product and service videos, low-key presentations, samples, pleasantries and patience are vital.

Pleasantries and patience are not mere trimmings and hospitality is very much an integral part of local business behaviour. Tea or coffee, at the very least, is always offered to an office visitor and to refuse the first cup would be quite impolite.

#### **Hints for entrepreneurs**

- If neither tea nor coffee is offered to a visitor in an office it is most likely a sign of a total lack of interest either in him or in the products or services he is offering.
- When coffee is served after most of the business has been discussed, it may be a signal that a meeting is about to end.
- The gastric effect of those endless rounds of *gahwa* and *chai* is something that goes with the territory.

### **Personal behaviour**

Life in Kuwait is gentle, polite and quite conservative and a visitor's dress, general courtesy and deportment are all important. Though dress codes are somewhat more informal than in the West, neatness and cleanliness are paramount.

Business cards are used by Kuwaitis to arrive at a first view of a visiting businessman. A well-designed card printed on high-quality paper creates a superior impression.

### **Businesswomen**

Women make up a significant percentage of the workforce in Kuwait and lady secretaries and executives are common in Kuwaiti offices. But,

### Hints for entrepreneurs

- Business visitors should dress in formal attire in keeping with their national background until such time as they are sure that a more informal mode is appropriate.
- Local culture considers a male who walks around with bare legs insulting. Shorts should be confined to the villa or beach and never worn to an office or *diwaniyah*.
- Expatriate ladies in revealing dresses are likely to attract stares and unwelcome attention from local males.
- Kuwaitis rather enjoy exchanging business cards. So bring plenty and hand them out at every opportunity.
- Never refuse an invitation to visit a *diwaniyah*.

though there are noticeable exceptions, few senior civil servants or senior corporate executives are female. Visiting expatriate business-women are extremely rare and indeed are unlikely to be effective in Kuwait's male-dominated business environment.

Kuwaiti women dress in Western clothes. In public many wear the traditional *abaya*, a head-to-toe silky black over-cloak. Bedouin women usually complement the *abaya* with a *burga*, a short black veil that leaves the eyes and forehead exposed. In public and in offices, non-Kuwaiti Muslim women wear long-sleeved floor-length garments and a *hijab* (headscarf) that conceals the hair but leaves the face uncovered.

For other women there are no hard and fast rules and Kuwait is relatively liberal. Modesty, however, is expected and expatriate women are advised to wear clothes that stretch down to mid-calf and do not reveal the shoulders and upper arms.

### Conversational limits

Though Kuwaitis are extremely tolerant of foreign foibles, informal behaviour or crude language that might be acceptable elsewhere may cause offence.

Kuwaitis are by nature a very gregarious and voluble lot. They are accomplished talkers and will discuss almost anything under the sun, including politics. The local press is quite open and freedom of expression is cherished. But a visitor should avoid remarks about the ruling family and, above all, any comments on Islam or indeed any religion lest an insult be caused.

Business meetings with a Kuwaiti in his office are likely to be interrupted by the telephone and a continuous coming and going of office staff. Any show of irritation at the time wasted and the need to repeat oneself is unlikely to be appreciated.

An expatriate should never lose his temper publicly or reprimand anyone in front of others, as this will cause severe loss of face to the recipient of his ire. A person whose mistakes or lack of knowledge is pointed out in public will feel that he or she can only recover the loss of face by inflicting a similar or worse humiliation in return.

### **Confusing conversations**

The ubiquitous term *Insha'Allah* means 'by the Will of God'. According to Islamic doctrine, whatever happens, happens because of God's Will. This is not pre-destiny as such because man makes his own decisions. The phrase *Insha'Allah*, however, is appended conversationally to all statements concerning the future. An expatriate will soon notice the situations where, and the frequency with which, the term is used.

However, the use of the term in everyday conversation goes beyond a simple indication of submission to God's Will, and the phrase is often used to say 'yes', as well as to say 'no' or 'not now' indirectly. For example, after a business meeting at which things have gone well the phrase 'I'll see you tomorrow morning' may be answered with 'Insha-Allah' meaning 'Yes, God willing'. But where things have not gone so well, the answer 'Insha'Allah' may mean 'all things are possible'. It takes a little time but in the end an expatriate will learn to discern the actual meaning intended when 'Insha'Allah' is used in different contexts.

In Kuwaiti culture a blunt 'no' is, as a general rule, not permitted as it may cause offence. Kuwaitis who wish to give a negative reply in English often use the phrase 'why not?', which usually, but not invariably, signifies a refusal.

The interjection of the word 'yes' while listening to an explanation does not necessarily signify agreement by the listener with what is being said. When 'yes' is used to punctuate another person's conversation, it often simply means 'I hear you'.

### **Decision making**

The concepts of face and leadership, which provide much of the motivation underlying business behaviour, ensure that delegation is an unpractised managerial art. Decisions are usually made only at the top and little decision making of importance is entrusted, in the private and public sectors, to persons lower down on the scale.

On the other hand, a Kuwaiti entrepreneur will expect the representative of an overseas firm to be empowered to make decisions. This is not because he expects to be dealing with an equal – there are few in his view of the world – but because he requires a foreign company to send, as a matter of respect, an emissary with due seniority.

## Evaluating an interest

A visiting businessman's first contacts in a medium-sized Kuwaiti company will probably be with a non-Kuwaiti office manager and he will have to work his way up through several layers until he meets the actual decision-maker at the top. The impressions given at every level are important as they act as a sieve for the persons above and usually decide whether the visitor progresses up to the final decision-maker.

For the first-time business visitor, the friendly, hospitable way in which he is received and the leisurely pace of negotiations make it difficult to decide whether there is a genuine interest in the goods or services he is promoting. Perennial curiosity about all novelties, and local etiquette, mean that he is unlikely to receive an abrupt rejection.

A Kuwaiti's office invariably contains a large desk behind which he sits surrounded by piles of paper and his communication facilities, with two upright chairs positioned in front, a coffee table between them. Opposite the desk will be a set of sofas, armchairs and another coffee-table. Visitors are first invited to sit on the high-backed chairs to make their initial presentation. Tea will usually be served. If, after some time, an offer of more tea is made, this is a sign that the Kuwaiti wishes the conversation to continue so he can obtain further information. If he closes his office door to his staff or suggests sitting together on the sofas so that the visitor's papers can be spread out in comfort, this means that his interest has been seriously aroused. If he suggests a further meeting when things are quieter and then brings a friend or business manager to this meeting, it means he is seriously contemplating the business proposed.

### Hints for entrepreneurs

- Business visitors to Kuwait must be empowered to make reasonably major decisions.
- A person who has to constantly refer back to an overseas head office will be considered an annoying time-waster and could damage his company's reputation.

## Wasta

*Wasta* is a local term denoting connections or influence. Its meaning is akin to the British 'old school tie' concept, though *wasta* has a broader, less inbred meaning. It is not bribery, and the difference between *wasta* in Kuwait and in the West (where it is much more common) is that in Kuwait *wasta* is much more open.

The essence of *wasta* is collegueship and the use of relationships to get things moving, the use of personal influence to get things done. For

example, a permit may be required. In the normal course of events this might take a week or so to achieve as stamps are accumulated on various bits of bureaucratic paper. The use of *wasta* will reduce the time to just a day or so.

*Wasta* is granted as a favour and is a two-way flow, something that needs positive cultivation. As a Kuwaiti goes through life he spends a lot of time building up and maintaining *wasta*, his ability to get things done through his connections. In this way *wasta* is closely related to the Kuwaiti concept of face and is one of the practical ways in which a Kuwaiti can demonstrate his qualifications as a group leader.

## The local pace

Although Kuwaitis are seldom slow to recognize possibilities for profit, they are patient in their evaluation of business opportunities and tend to bide their time while these mature. They do not expect to be hurried when evaluating proposals. But once they have made up their minds, they move very quickly to conclude a deal. And once a deal has been struck, they expect an expatriate businessman to carry out his side of the bargain meticulously and with exemplary promptness.

For Kuwaitis, business is a form of pleasure, which is conducted between friends, and a visiting businessman must be prepared to socialize, eat innumerable lunches and attend *diwaniyahs*. After the first deal is made, regular visits to Kuwait are essential to consolidate a long-term relationship.