

Example of profile of the uae report

[Business](#), [Company](#)



Executive summary

It is the dream of every company to operate globally. This is usually achieved after successful dominance in the domestic market. The Emirates Islamic Bank has been operational in the UAE for a reasonable time and it has gotten to a point of willing to extend its operations in the United States. There are various reasons why the United States has been the first target country for expanding operations. These factors are political, legal, economic, and social-cultural prowess of the country.

The bank wishes to extend its Islamic banking system to the world's most successful country as there are a lot of Muslims in the country. Entry to the country for operations is based on consideration for various factors. The most common consideration is the availability of market which has already been approved as well as the level of competition. These are the factors that made the bank choose franchising as the best market entry strategy. With the existence of banks in the country with similar services, this was the best strategy.

Competitor analysis is also critical in defining the success of the company in the United States. It is wise to understand the strengths of a company to expose the ability to withstand competitive pressures that are likely to occur. Factors leading to competition needs to be well understood. Competitive advantage needs to be considered as a stronghold to win against pressures from competitors. However, factors such as international operational strategies proper planning for human resource management should be well thought of and outlined.

Introduction

It is the dream of every large organization to extend its operations to foreign countries. The process of acquiring global operations is usually tedious as it involves complex processes. This report aims at analyzing the ability of a UAE (United Arab Emirates) company to extend its operations in the United States. In this case, analysis for the two countries is extremely vital in defining the possibility of the company to operate in the United States, which is a developed country with a lot of competition from domestic companies. It is worth noting that economic status of a country is massively influential to business performance. This report will aim at analyzing the economic prowess of the origin country and the foreign country. Economic status of a country is influenced by its taxation rates, openness to trade, exchange rates as well as levels of infrastructure. However, it is upon a company to determine how it may use the resources available in the foreign nation to its advantage.

The report will highly emphasize on the foreign country as it seeks to answer the question why the UAE firm should settle for business in the country. Knowledge on the legal structure, economic status, and technological situation, cultural and social situation of the foreign country will be extremely vital. The firm that will be the backbone of the report is the Emirates Islamic Bank. Understanding the financial position of the bank will also be extremely critical in determining the market entry strategy, marketing situation as well as offering the necessary recommendations to boost the performance of the bank in a foreign land.

The United Arab Emirates is a federation made of seven states that were formed in 1971. The UAE lies in the Middle East and it is the Middle East's most significant economic centre. The economy of the UAE has been mainly boosted by the discovery of oil, which became the main export for the country. The currency of United Arab Emirates is the Emirati Dirham with its most popular exchange rate being that of the INR to AED. Previously the country used the Bahraini Dinar and Gulf Rupee. The Dirham is renowned to be friendly to other currencies following the openness of the country to trade with foreign companies. The country has recently become a free trade nation where partners need to adhere with only minimal requirements with the ministry of economics and commerce in the country (Walsh, 2008).

In UAE, infrastructure has been developed extremely well as a result of rapid progress that led to construction of residential tourism, industrial and commercial facilities on an extremely high rate. The rate of construction in the country has been a major influence to activities in other countries. The country has emphasized on extension of energy capability through massive investment on electricity and nuclear energy. Ports, airports, roads and telecommunications have also received massive capital injection. It is estimated that the country has invested approximately Dh 213 billion which translates to \$58 billion on roads and bridges (Walsh, 2008).

Profile of the U. S

The United States is a nation made up of 50 states in North America. The nation occupies approximately 3.79 million square miles and has a population of approximately 316 million people. Being the third largest country by population, the United States, is a global leading ethnically

diverse as well as multicultural nations, which has resulted from large-scale immigration from various countries. The country has an extremely friendly entry for foreigners. The country requires individuals who visit for business to be fully valid traveler with all required documents such as the passport and VISA from the US embassy in the origin country. Also, the individual must be approved by the necessary commerce body with the operations of the business being verified through the US embassy in the origin nation. The country operates in Dollar as its currency whose history dates approximately 200 years back. The currency has undergone extensive changes since it became the currency of the United States. However, its influence in the global platform can never be ignored as it is the main currency of trade used by different people in the world as it is the international reserve currency. The United States is highly developed with a well formulated infrastructural network. However, economists argue that the country has not yet attained the anticipated level of infrastructure. The government is becoming reluctant of investing on world-class infrastructure that would help in sustaining the economic pressures that are likely to attack the nation. However, the nation is not badly off from the definition of infrastructural development. US Infrastructure Holdings has been at the forefront in developing mainstream service projects across the United States. These projects include natural gas gathering, processing and conditioning assets in emerging resource play with attractive midstream opportunities. The nation aims at maximizing the levels of energy as well as improving the already existing telecommunication system. The current infrastructural status of the currently is source of

influence for many investors flock the country in bid for business gains (Marcellin, 2010).

Economic situation

The United States is the best performing economy in the world. Following the economic stability of the United States, many companies are eyeing opportunities to operate in the country. Below are some of the economic indicators that may be used to determine whether the country can be supportive to foreign businesses. The table outlined below is an indication that the United States is a dynamic country with an economy that is advancing every year. These indicators are mainly used to measure the ability of a country to sustain businesses. To manufacturers as well as service lenders, these indicators are fundamental in decision making processes. Looking at the GDP of the country, it is easy to tell that the economy of the country is growing at a steady rate from one year to the other. This indicates that the financial market of the country is growing from time to time and it will be easy for an institution such as the Emirates Islamic Bank to venture the market. The rate of the consumer Price Index is an indication that the consumers in the country respond positively to changes that are being witnessed and they are ready to accept new products as they get into the market (Marcellin, 2010). For example, the Emirates Islamic Bank is a new bank in the United States and needs the motivation that in the country it will breakeven very fast as well as extend challenge to the existing banks. As indicated in the table, the levels of unemployment continue to increase even as the economy grows. This shows that the bank will extend

direct impact to the economy through offering employment opportunities to the citizens.

Political and legal situation

The United States is the world's superpower. This means that the country is in control of various political systems in the world. To be in a position to control activities in the world, the nation has to be under extremely critical political system. The politics of the United States are usually controlled by the republican and democratic parties while there still exists other minor parties, which are not usually influential on how political activities flow in the country. The American political system is well defined by the constitution of the United States, which is the governing document. The president is the head of state and the commander in chief of the armed forces. It is a democratic country where the president is elected by citizens. The candidate who gets the majority votes becomes the president and automatically his party becomes the ruling party. However, the president does not work alone as he needs the senate and the House of Representatives who define the political influence of the country. Currently, the United States is being ruled by President Barrack Obama of the Democratic Party. Also, the country operates under a federal system of governance with 50 states forming the nation (American political system, 2014). This aids in pushing for ample governance for the country, which is highly populated with a large geographical area.

Cultural and social situation

The United States is known as the most culturally and socially friendly country. This is because the country is home to different classes of people in terms of their races. The United States has been the target to different individuals who intend to find a place to settle. This is usually influenced by the migration laws of the country. The United States has the most friendly migration laws where migrants are not supposed to meet massive tedious conditions. Communication is an extremely vital element in promotion of intercultural relations. Following the presence of ample platform, in the United States it is easier to operate under critical communication as people are freely tied by intercultural elements. The United States lacks exclusive barriers that would prevent excellent communication between the parties involved (Grimwade, 2000).

The United States being a land of different religions, all parties are in a position to operate freely. However, in the UAE the case is different as the country mainly consists of Muslims who makes up to 90% of the population. This means that the minor religions in the country have no say. They do not have any platform on which they can peg their operations. They usually depend on massive processes which may delay their operations as well as success on certain activities. Thus Hall's and Hofstede's theories of cultural communication are more applicable in the United States than In the UAE, since there are no adequate social ties.

Technological situation

The United States may be described as the hub for modern technology. It is renowned as the mother to many inventors in technology. The government

of the United States has created a reliable environment that has massively invested in ability to operate any form of technology. The country has the best technological infrastructure to host all forms of innovation. In the communication technology, the country has massively invested in attraction of customers as well as their sustenance. The platform has been set such that even the most feared from of technology may be used in the country. For the Emirates Islamic Bank, massive technology is needed to allow the company to compete well with the existing banks. The country has set pace in ensuring that any form of bank system would be used within the technological platform set in the country. Also, necessary education on modern technology has been introduced to the education system of the country and it is highly supportive to innovations in technology. The country has also recognized the need for technology and it has been their businesses to ensure all parties operational in the country have exclusive respect for the same.

Financial situation of Emirates Islamic Bank

According to an audit conducted by KPMG it can be confirmed that the bank operated with assets worth 21, 483, 795, 000 Dirham. This was against a liability level of 19, 005, 709, 000. According to this information it is given that the Bank has approximately 2billion Dirham as profit in one financial year. The profit indicated by the company is a sign that the company is likely to perform better is adequate measures were taken and there will be extensive chances to attract to attract investors as well as customers to the business.

Budget

However, getting into the new market will not be that easy. There are a lot of costs that will be involved to gain operations in the United States. The initial registration for foreign banks in the United States is \$25000 and the license is renewable at \$ 25000 every year. Also, the bank has to incur legal fees of license application that ranges between \$ 15000 and \$ 25000.

The capital requirement of a foreign bank that accepts third party deposits like the Emirates Islamic Bank is at least \$2 million. Foreign banks are taxed on a reducing basis of 2. 5% to 1%. However, there is no withholding tax that has been imposed on dividends.

This breakdown shows that the bank will require extensive investment to compete with the banks in the United States targeting Muslims. For example, one of the most influential Islamic banks known as Citi Bank is already in the United States (Esty & Winston, 2006). Therefore, massive investment is required.

Market entry strategy

Entering the market is the key thing once the necessary license is given. It is the make or break point of the company. Following the existence of massive competition in the country by major Islamic banks it would be wise for the Emirates Islamic Bank to operate under the name of another bank. This is what is known as franchising. Buying into the name of another bank will help the company easily penetrate the new market. One of the merits that go with franchising is existence of ready customers and avoidance of some costs such as on advertisements. The name will also act as protection from the pain that may be caused by legal settings (Emirates Islamic Bank, 2012).

Customers will also have trust in the bank as it is housed by one of the renowned and performing banks in the countries.

Marketing Situation

This mainly refers to the analysis of the ability of the company to penetrate a new market. It focuses on factors that may be used in enhancing the ability to dominate a given market. The marketing situation is usually determined by certain factors such as competitor analysis and competitive advantage Watson, D. (2000).

Competitor analysis

The target market being the Muslim in the country, direct competition will be felt from major Islamic banks in the country. For example, Citibank which is a major bank in the UAE went to the United States to tap the business that the Muslim in the country would give. Therefore, it is upon the Emirates Islamic Bank, which is a minor bank compared to banks such as Citibank to change its strategies (BCF, 2013).

On the other hand, the bank would face indirect competition. As a bank, it offers services that are similar to almost all banks. However, there are Islamic microfinance offering financial services to Muslims and they would extend massive competition to the company. Restrictions would also discourage individuals to use the bank giving competitors an upper hand in business.

Competitive advantage

The Emirate Islamic Bank is unique in its own way. Following its connection to the UAE, which is the destination for many business people the bank,

would fetch massive gains. The name may not only be attractive to Muslims but to people from other religion too. The bank will have the ability to allow customers use their accounts in foreign lands (CPI Financial, 2012). This is an advantage that competitors may find difficult to copy as it may be expensive to them.

Product situation

The bank is aiming at extending unique financial services to Muslims in the United States. There are unique packages for Muslims that will allow them operate in both countries. The product is unique as there no many banks offering similar services.

Promotion situation

Promotions for the Emirate Islamic Bank would be easy since it is not operating on its own. It is unlikely to incur any advertising cost and if any will be required, it will be contributed according to the provisions of the franchiser. As a way to reach more clients, the franchiser would be required to use TV for advertisements.

Additional factors

The success of the company in foreign land will highly depend on exclusive factors. Some of the additional factors that the company can never ignore are operations and human resource management skills.

Operations

Since activities of the company have been extended to international grounds, it is worth analyzing the most suitable strategies for operating the

bank. A system will be installed to ensure that all transactions that take place internationally are captured in the headquarters in UAE. There must be continuous consultation between the management in the United States and that in the UAE (Watson, 2000). This is meant to bring flow in the operations of the bank.

Human Resource Management

It is upon the bank administration to ensure the right employees are hired to satisfy the labor requirements in the new line of operations. There must be adequate changes to accommodate the new duties as a result of overseas operations. Experts on franchising processes are needed to ensure the franchiser does not take advantage of the bank (Bartone, Johnsen, & Eid, 2010).

Conclusion and recommendations

It is worth noting that the banking industry is one of the most critical industries. It directly deals with finances, which are extremely fundamental in solving daily issues. Therefore, there is need to conduct exclusive research of the financial sector of a country before embarking on plans to operate in the country. To encourage higher performance in the industry, the Emirates Islamic Bank would have emphasized on joining hands with an American based Islamic bank. This would have fetched massive profit for the bank. Also, the bank should have not overemphasized on Islamic banking as other customers would have felt segregated and could have not traded with the bank.

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