

Challenges and Opportunities for Young Chartered Accountants in UAE



Over the last two decades, the business environment has expanded the horizon of professional services; and the ascent of globalisation has brought into fold the emergence of global professionals. Globalisation, throughout the world, has created world-class economies and has dramatically changed the landscape as we know it in terms of export/import opportunities. It has opened a whole vista of opportunities for young professionals and Indian Chartered Accountants are no exception to this. Initiatives toward unifying accounting standards globally have significantly contributed toward this. Without doubt, the Middle East has become an increasingly desirable location for global business and employment opportunities in recent years. However, moving into the region hasn't been without its challenges. This article seeks to provide a perspective on the opportunities and challenges for young members of the profession in the Middle East and the United Arab Emirates (UAE) in particular. Some of the underlying themes discussed herein would equally be applicable to any part of the world.



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Cultural awareness and knowledge of business considerations is necessary for professionals interested in building a more successful career and productive business relationships with colleagues and clients in the UAE. Hopefully, being aware of these considerations, opportunities and challenges; young members would be better prepared when venturing out in unexplored territories.

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About the UAE

The UAE comprises seven emirates, which occupy the southeastern corner of the Arabian Peninsula. With its liberal business environment, impressive infrastructure, high standard of living, sunny climate, affordable facilities and hospitable locals, the UAE continues to attract expats from around the world. Driven by the nation's promise to diversify away from its dependence on hydro-carbons for the last two decades, the UAE has been developing the infrastructure required to achieve its aim, creating an attractive environment for investment across a range of sectors and services.

CA and the Accounting Profession in the UAE

The accounting profession in the UAE has been growing remarkably with the growth of the UAE. Accounting service as a profession has come a long way in the UAE and Indian Chartered Accountants are highly regarded for their professional integrity and knowledge. The profession has constantly endeavored to keep pace with the ever-growing business needs stemming from the significant growth in the economy witnessed over the years. From being perceived as a peripheral service, the profession has evolved to become pivotal, in the line of services. Many international accounting firms have their presence in the UAE either directly or through their affiliates.

Opportunities and the Drivers

A number of areas are driving the recent job and business growth. Firstly, the UAE has come out of the global financial crisis faster than other parts of the world, which means that the companies are again feeling positive about the future. Secondly, the recent announcement about the UAE winning the 'EXPO 2020' has given some real 'buoyancy' in areas like construction and infrastructure. Moreover, the

imminent prospect of an upgrade to the coveted emerging market status will add dynamism to the economy that is already on an upward trajectory. Of course, the price of oil always affects UAE and the region as a whole and whilst oil prices have not returned to the heights of 2008, they are still strong, which helps to drive the economy and investment.

The UAE has spent a considerable number of years building an economy that is not reliant on oil. For example, the growth of the aviation industry in the UAE through privately held world class airlines combined with the investment in defense, aerospace, heavy metals, manufacturing, nuclear and renewable energy, railways, ports and industrial zones has added a new dimension to the economy. In addition, the hospitality industry continues to grow with new hotels opening almost every month and the desire to keep the UAE as a destination for major sporting events and exhibitions also helps with this sector. The retail sector, particularly in the area of luxury goods, has also continued to flourish. The real estate market has come back to the fore – property prices are rising and there has been much investment in the market from local, regional and international investors. According to a recent survey, an astounding nine in ten (90%) UAE finance executives are more confident in the UAE's growth prospects compared with last year, the strongest level of confidence expressed worldwide.

This worthy growth ambition requires skilled professionals be it accountants, engineers, technocrats, international partners or investors. In terms of job opportunities the Emirates is refocusing on its traditional strengths: *trade, logistics and tourism*. But professional services and advice is also sought by other sectors including banking and financial services, real estate, leisure and hospitality, retail construction, telecoms and energy. The country's free trade and industrial zones welcome foreign investment and business, thus creating further job opportunities. According to a recent report:

"Confidence levels are high amongst executives who are looking for highly strategic and commercially-focused professionals to help leverage business growth opportunities. Workloads persist and additional M&A activity is resulting in increased demand for skilled finance professionals."

Unfortunately, demand outweighs supply and the CFOs are reporting difficulties in locally sourcing the talent they require, particularly in the finance

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and compliance functions. As the Middle East region is witnessing growth across sectors, the companies are looking to hire more finance professionals that can direct strategic development. However, there is a definite lack of professionals with the right mix of skills and local awareness. Functional areas where it can be challenging to locally find skilled professionals include financial management and control, accounting, accounts payable and receivable, tax and treasury, and business or financial analysts, internal auditing *etc.* Companies are looking for a mix of solid education, experience and technical skills, supplemented with effective soft skills, such as collaboration and communication capabilities, as well as a strong sense of commerciality.

The Challenges

So, what are the challenges faced by expats and Indian CAs in the UAE and are there any specific reasons for this? In order to be able to address this question, mining out some of the challenges faced by the expat community based in UAE and around the Gulf area is necessary.

Expat vs. Local Talent

One of the many confounding ironies of the labour market in the UAE is that whilst the job market is buoyant, many companies, keen to support the ongoing growth and development of the UAE nationals, ideally try to find suitably qualified local citizens. The expat or local talent question is one we often hear. Where talent is being recruited from overseas it is important to understand motivations and manage expectations to avoid any disappointment at a later date. As such, a candidate from overseas must have skills which cannot be found locally in order to really thrive. Added to this, pressure from local governments for organisations to meet a certain quota or fill a particular percentage of their workforce with local talent; be they be Emirati, Qatari, Kuwaiti, Omani or Saudi nationals, is increasing.

Knowledge and Competition

Although there is no specific financial reporting framework required to be followed by the law, the International Financial Reporting Standards (IFRS) is widely used and accepted. The Central Bank of UAE has made it mandatory for banks to prepare financial statements based on IFRS. Subjects such as Indian Companies Law, Taxation and Indian

Accounting Standards that young professional would be conversant with has limited application in the UAE. Moreover, Indian CAs in the UAE are in direct competition with professionals from Europe, USA and other Asian countries such as CIMA, CPA, CFA, CMA, ACCA *etc.* in addition to other professionals from India *e.g.*, Cost Accountants and Company Secretaries.

Entry Barriers

In terms of establishing an accounting practice in UAE, auditors need a license from the Ministry of Economy. One of the eligibility criteria is that an individual needs to be a qualified professional accountant in addition to a graduate or post graduate and at least three years of auditing experience with a professional accounting firm within UAE which restricts newly qualified CAs to setup accounting practices in UAE. There is also a need to have a local partner to establish business, unless the business is established in one of the free trade zones.

There are also a number of regional challenges which are partly dependent on the type of role for a vacancy. For example, more front office related positions require candidates who have access to client relationships in the region often coupled with bilingual (English and Arabic) speaking skills. Whereas with more technically specific roles the key challenge is in not only having the required specific technical knowledge but also the regional experience to match. The challenge then is the ability to adapt to the local and corporate culture.

Cost of Living

The UAE and the Middle East once attracted foreign white-collar workers in droves – attracted by high salaries and appealing perks and fringe benefits. Expats who have previously worked in the region or who have known people working here have the perception that it's the land of milk and honey. But new realities in a globalised economy, pressure on cost cutting and the high cost of living have changed all that. Job seekers need to have realistic expectations when it comes to salaries, but provided they accept this and the benefits of the tax regime – or lack of it - they can have a good life.

Finances are obviously a major concern to anybody looking for a new life overseas and cost of living takes in the vast majority of expenditure. One issue which is becoming more and more apparent is the fact that too many people automatically assume

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that they are moving to a like-for-like situation with regards to the cost of living. In reality the cost of living in the UAE will be significantly higher than the vast majority of countries around the world purely and simply because it is a relatively expensive country to live in. As a rule of thumb, it really pays off to start your financial planning before moving abroad, as you can save yourself not just time and money, but unexpected disappointments.

It is very often the things which you take for granted in your homeland which may well cost the earth in your new homeland, and while UAE as a whole is very much at the top end of the technology curve it is not a cheap place to live. They may have the latest telecoms, the best Internet systems, very impressive public transport network and other such facilities at the end of the day you do pay for these. These are all issues which need to be addressed and investigated well before you seriously contemplate a move to the UAE, or indeed any other part of the world. There are literally hundreds if not thousands of comparison websites which will help you with the task of comparing the cost of living in the UAE to any other country in the world. You need to make full use of these services to ensure that you are fully briefed and fully ready for the challenges ahead – challenges which will in some cases push you to the limit in the early days.

Sustainability of the No Tax Regime

When the initial boom began in the UAE over 10 years ago, the authorities were very keen to keep any potential tax liabilities down, for those moving to the region. However, after the boom and bust scenario materialised in the region, the authorities were forced to go cap in hand to bailout fellow Emirates and effectively secure the reputation of the region. As a consequence, it is unlikely that the authorities will be able to maintain the relatively non-existent taxation system in the UAE in the medium to long term. This is not to say that business and employment opportunities will not be forthcoming in the future or will not be attractive compared to the other parts of the world, but the authorities will need to be self-financing at some point.

Cultural Difference and Home Sickness

The old saying “when in Rome do as the Romans” is certainly one to be kept in mind when moving abroad. This is not to say that any overseas country

should not be compassionate and accommodating for other cultures but the truth is that, if you choose to move to a region of the world which has a very different culture then you will need to adapt first and foremost. However wrong this may feel, however reluctant you are to make changes to your lifestyle the truth is that it is your choice to move to the region and your choice to accommodate and compromise or else move on.

Many people are tempted to move 'lock, stock, and barrel' to a new country purely and simply because of business or employment opportunities and money. However, while those who have employment in the region may well be able to integrate into a new social circle and network almost immediately, it is those left to look after children and the home who very often suffer serious bouts of loneliness. How these issues are overcome is up to the individuals and the group themselves. It is vital that you “get out and about” at a very early stage as there will be fellow expats in the region who can assist with the “settling down” period. The local Chapter of the ICAI in the region is very active and always eager to assist and provide fellow professionals with a platform to network.

Conclusion

The Middle East and in particular the UAE, have been very much at the forefront of the minds of many expats over the last decade. While there are a number of challenges to overcome, overall there is definitely a positive sentiment around talent attraction in the region. All this being said, it is important to note that the Middle East remains a fascinating business and social hub with huge growth potential. There is no doubt that the UAE has much to offer, is fairly underdeveloped with regards to the economy and has the potential for significant growth in the future. For high-skilled expatriates, the UAE has long enjoyed a reputation as a posting with a good quality of life.

Although western business culture has been embraced in the professional environment, the social and business cultures and expectations in the UAE may surprise and alienate an unprepared traveller. When planning a posting to the UAE, it is critical to familiarise yourself with the country's professional customs, culture and social expectations. Developing effective and appropriate communication is a key factor in the development of successful and productive business strategies and working relationships in the UAE. ■