

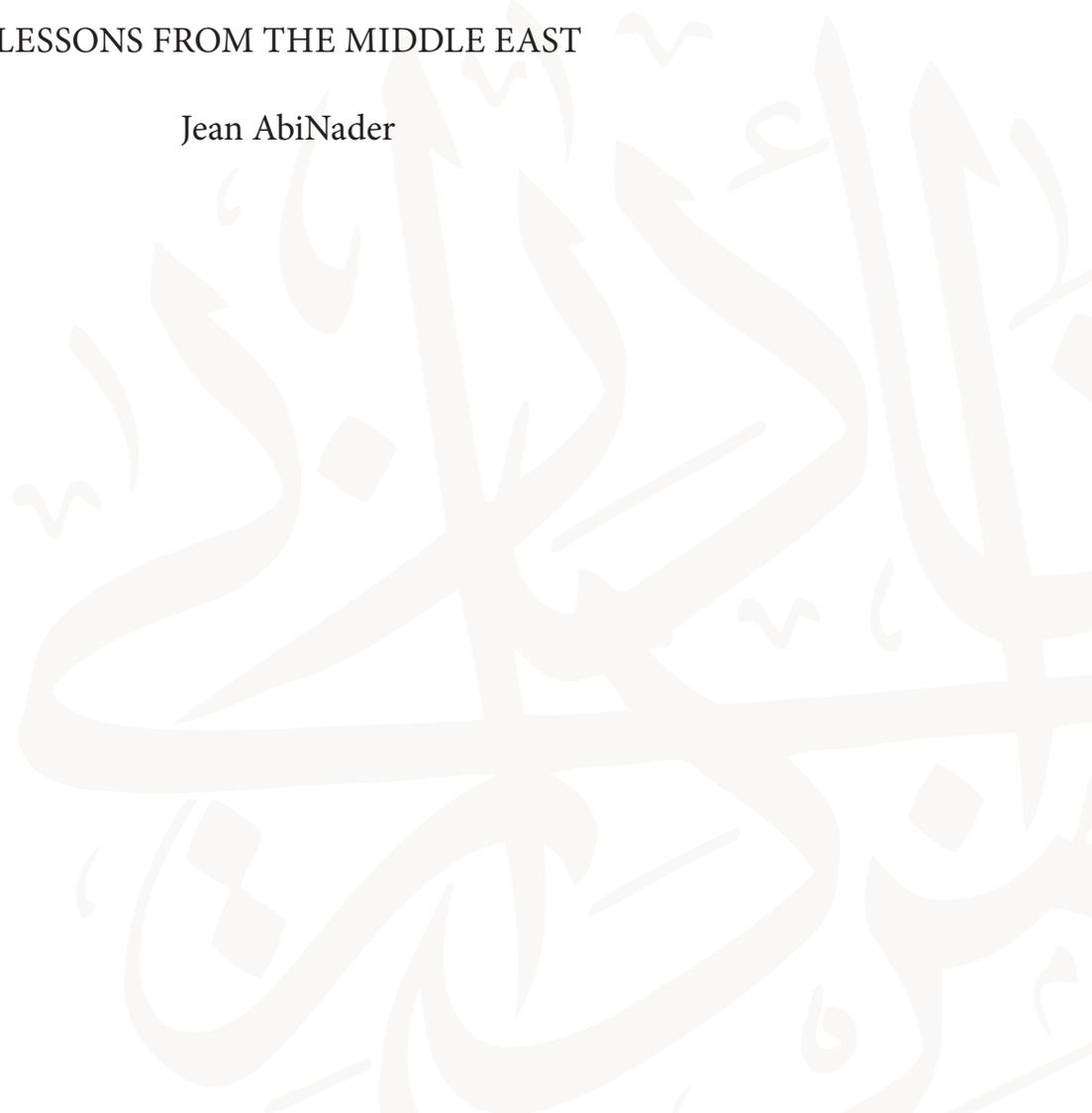


AbiNader
ADVISORY SERVICES

NEGOTIATING NUANCES IN EMERGING MARKETS

LESSONS FROM THE MIDDLE EAST

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OVERVIEW

The use of standardized mechanisms in business transactions, e.g., financial documents, customs procedures, harmonized standards, and similar commercial instruments, has not simplified or eliminated cultural differences that can impact business decisions and relationships. Standardized protocols have become widespread internationally through the use of electronic documentation in areas such as contract language, enforcement provisions, legal terminology, and shared forms and documents. The problem that continues to be encountered is in contract implementation where the parties have differing legal and administrative assumptions and commercial judicial infrastructures that lead to competing or conflicting interpretations of the deal.

Despite the growing use of English through e-commerce and the Internet, it cannot be assumed that the use of a common language itself is enough to facilitate business agreements. In fact, a backlash may occur. Companies doing transactions across cultural borders may assume that the use of a common language and shared practices leads to fewer disagreements. In practice, however, this expectation of similarity may sharpen remaining differences that exist, thus jeopardizing the results.

The proposition to be considered is whether it is possible to build effective global business communications strategies and company policies without having to continually adapt to local circumstances. The short answer is – yes, it is possible; and no, it’s a recipe for failure.

LESSONS TO BE CONSIDERED

We can understand how this possible contradiction continues today by looking at some of our more recent experiences in the Middle East region, from North Africa to the Gulf. There has been a significant increase in the region in the use of standardized practices reflecting the demands of increased participation in the global economy. English-speaking locals, once rare, can be found in sufficient numbers from Yemen and Qatar to Algeria and Morocco to represent most US companies. Despite this trend, there are still culturally determined obstacles that characterize “business as usual”. Informal surveys of business publications and travelers in other emerging markets indicate that this is also the case in much of Latin America, Africa, and Asia.

What is happening on the surface is that people are learning what Americans want and adapting their behaviors to the immediate situation, i.e., contractual agreements, control



of time, limited social interactions, and the preeminence of technology. As more and more “business” people now “wear” the same types of behaviors, American goods and services have become less distinctive and face the onslaught of global competitiveness. In pursuing their business objectives, therefore, U.S. companies need to examine their assumptions about dealing in international markets and build on their competitive advantages. This includes checking some cherished notions, such as:

“People who talk my talk, walk my walk.” If they speak English, then they should understand how to act in ways Americans can understand and trust.

“Price still drives a deal.” If it’s a level playing field, then costs, not relationships, drive results.

“Coping with individuals as distinctive personalities is the key to success. Culture manifests itself in groups. Groups don’t sign contracts, individuals do.”

MAKING NEGOTIATIONS WORK

Perhaps the area where the cultural conflict is most often observed is in business negotiations. When I want something that you have, or vice versa, the best and the worst behaviors often result. To the Arab dealing with an American, there is a range of behaviors from patronizing and rude to acquiescent and docile that I expect in the negotiations. To the American dealing with an Arab, the range is also broad, from sullen and conniving to clever and gregarious. After more than 30 years and thousands of business transactions, Arabs and Americans have, to a degree, learned what works with the other, from drinking coffee, making small talk, adding contingencies, and gestures of friendship, to being on time, respecting performance markers, and making decisions in “this lifetime”.

What has changed in the last generation is the ability of both parties to use a set of tactics that reassure the other party that these are serious discussions leading to negotiations. Tactics reflect the here and now, what I need to do to get the results I want. If the Arab or American want to make a deal, and accept the parameters that frame the possible solutions, then a deal will happen. If, for some reason, either party vacillates or is unsure, then a series of non-compliant cultural behaviors dominate and divert the negotiations. What is hard to determine, from either perspective, is when the obstacles are a tactic or the result of a decision or indecision not to proceed.



It is at this crossroads of balancing the results I want with building relationships for long-term business, that conflicts occur. Americans, in a hurry, want a quick decision from the other party, and guarantees that all conditions will be met satisfactorily. The Arabs, if they also want a decision, will evaluate the usual deal components (price, quality, service, delivery, payment terms) in a larger context that includes risk, timeliness, and collateral benefits. Most Westerners need to spend more time recognizing how these cultural variables make or break the deal. This will only happen if they spend the time to think SMART.

SMART THINKING

Regardless of the cynicism that often influences our perceptions of doing business across cultures, anyone can benefit from thinking S.M.A.R.T., i.e., understanding those local cultural conditions that come into play during negotiations, particularly contentious ones.

S: IS FOR SOCIETY

Knowing how the system works and what matters to the people you're dealing with requires more homework when you cross cultural boundaries. Generally, the other party knows more about the Americans than we know about them – a mixed blessing since their stereotypes may be no more useful than ours.

M: IS FOR MARKET

How the economy functions and how you can protect your company is critical information. Keeping up with changes occurring every day may be the difference between making money and being taken advantage of.

A: IS FOR ACTION ORIENTATION

How they make decisions is important intelligence. Ask around; visit the US Embassy; talk with those who have been successful before; then have someone as your reality check. Obviously, decisions are being made constantly. Learn how to get the answers you want.

R: IS FOR RULES OF THE GAME

Perhaps the most dynamic area in emerging markets is the growth of regulations governing transactions. And behind these regimes are local practices that still function. To make sure that you're fully protected and up-to-date, you need to invest in a little data gathering.



T: IS FOR THE WISH LIST

Simply stated, how does my product, service, proposed relationship, meet their goals – the basics of any sales approach. Too often, we approach the sale as “explaining what’s in their interests” without really understanding what the deal’s about, from their point of view. We end up sounding patronizing and glib, at best.

FOR THE CULTURALLY CHALLENGED

I have avoided, until now, the kind of do’s and don’ts list that is popular with relocation professionals who want to believe that moving people can be done as easily as moving furniture – just follow the directions! But I know you won’t be happy without some theatrical inputs, so here are some of the more reliable that are guaranteed for at least the next 10 days, subject to *insh’allah* and other reasonable caveats.

Gatekeepers, e.g., office directors, play a critical role in managing traffic for their managers; don’t expect special treatment because of your nationality, religion, affiliations, or other considerations. Show them the courtesy required to get your item on the agenda and the time needed to present it thoroughly.

Don’t take language skills for granted. Speaking English does not mean confidence in technical or specialized terms. Simplify texts and contracts, and be comfortable with small talk.

Despite what you hear, try to control your public consumption or use of alcoholic beverages, even where it’s legal.

Non-verbal behaviors still have some importance but they don’t expect you to know the more subtle eye, hand, and body gestures. Some Americans tend to over-react about non-verbals, but I suppose that’s better than being an oaf. Watch excessive hand gestures such as pointing in someone’s face; avoid the soles of your feet in someone’s line of vision; and be gracious about people sharing your personal space.

Learn how religious or cultural practices affect business transactions, e.g., work hours, prayer times, modest dress, conversations with the opposite sex, acceptable humor, gift-giving, and use of certain expressions.



Remember that the Arab sense of time and notion of accountability are probably different from yours – more relaxed, less specific, and reflect their outlook on life. That is, of course, until they want something and you can't move fast enough or get the answer quickly enough, before they move onto another topic.

Generally, Arabic culture is a low-risk, shame-avoidance culture. Don't create or encourage embarrassing situations, even with non-Arabs. As time and moods change, and as younger, Western-style work habits emerge, it is harder to discern how they perceive risk and under what conditions. The process of decision-making and giving performance guarantees are two areas of particular sensitivity.

Remember there are different social rules for you and for the Arabs. You are the foreigners, the one who is different, not the Arabs.

Learn some Arabic: greetings, forms of address, how to bargain; it's not too difficult.

Learn how to manage conflicts by using intermediaries and respected leaders.

Do not personalize conflicts with the "system" whether it's lousy drivers, work not done on time, missed appointments, pushing in lines, or other annoyances.

Everybody has the same problems; it's not just you.

Does the observance of these guidelines guarantee success? No, but they'll certainly make it easier for you to feel comfortable doing your job, and that level of confidence and the right tools are the right road to travel.