

Case Study – Negotiation

Who Goes to Saudi Arabia?

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Presentation Outline

- Background - Case & Saudi Arabia
- Environmental Audit – Trade & Political
- Impact of Culture and Values on Negotiation
- View of each Vice President (VP)
- Evaluation of each candidate
- Recommendations
- Conclusion



Background – Colorado Computing Company (CCC)

- Excellent product and good reputation
- Wish to negotiate two major computer installations in Saudi Arabia
- The deal is worth \$35 million, the largest international sale for CCC
- There are two apparent candidates to negotiate the deal
- There are advantages and disadvantages for each candidate



Who Goes to Saudi Arabia – Bill or Jane?

Candidate	Jane	Bill
Gender	Female	Male
Role in CCC	International Business	Sales & Marketing
Tenure with CCC	6 years	5 years
Strengths	<ul style="list-style-type: none"> • Excellent reputation 	<ul style="list-style-type: none"> • Excellent reputation
	<ul style="list-style-type: none"> • Broad understanding of the product line 	<ul style="list-style-type: none"> • Broad understanding of the product line
	<ul style="list-style-type: none"> • Successfully negotiated two major sales in Norway and Sweden 	<ul style="list-style-type: none"> • Successfully accompanied a senior executive negotiating a major sale in Japan



Background - Saudi Arabia

- A country that has redefined itself and opened its doors to investors
- A capital city with more than \$45 billion in first-class industrial infrastructure
- Vast natural resources at competitive prices
- Geocentric location to Europe, Asia, Africa and the Middle East
- 21st century, multi-industry business opportunities



Background – Saudi Arabia (cont)

- Islamic Society and Legal System
- Male dominated society
- Laughter and joking in public is toned down
- Greet women with words, no physical contact
- No alcohol or pork is allowed
- Dignity, honour and reputation important; one should avoid causing Arabs to lose face
- Emphasis is on loyalty to family; courteous and harmonious communications



Trade Context

- Saudi Arabia has free trade:
 - No foreign exchange control
 - Low or no tariff barriers
 - No price restrictions or quotas
- Western businesses must have a Saudi Arabian sponsor
- Saudi Arabia is:
 - A member of Inter – Arab Investment Guarantee Cooperation, Cooperation Council for Arab states of the Gulf (GCC)
 - Becoming a member of World Trade Organization (WTO)



Political Context

- Recent invasion of Iraq has escalated tensions between the US and Islamic nations
- There has been one significant terrorist attack on a Western community in Riyadh (capital of Saudi Arabia)
- America has placed all foreign nationals and travellers on high alert in the Middle East



Culture and Negotiation

- Culture will influence international negotiation behaviour
- Cultural Differences are manifested in:
 1. Language
 2. Nonverbal behaviours
 3. Values
 4. Thinking and Decision making processes



1. Differences in Language

- Miscommunication – poor translation, idioms, nuances, or body language
- Paralanguage - tone, pitch, volume, rate of speech:
E.g. “What is said is often not as important as how it is said”



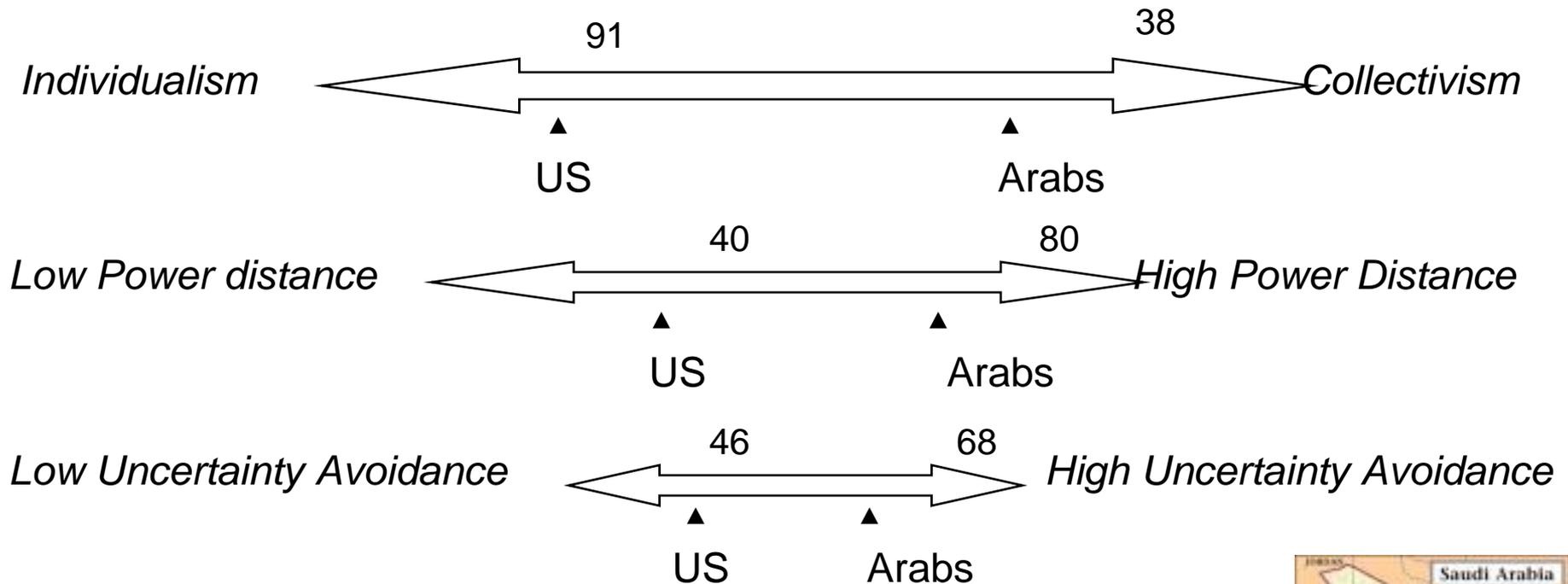
2. Differences in Nonverbal Behaviours

- Kinesic behaviour
 - Posture, gestures, facial expressions, eye contact
 - Saudis are more emotionally expressive than Americans in a business context
- Proxemics (space / distance)
 - Low-contact (U.S.) vs. High-contact (Saudi Arabia)



3. Differences in Cultural Values

- Hofstede's cultural dimensions



4. Differences in Thinking & Decision Making Processes

- First business meeting – getting acquainted
- Foreigners should follow the host's lead
- Socialisation in business is the norm
- Saudi negotiation style is both competitive and collaborative
- Negotiating and bargaining are common



4. Differences in Thinking & Decision Making Processes (cont)

- Monochronic (US) vs. Polychronic (Saudi)
- Relaxed attitude toward time
- Low-context (US) vs. High-context (Saudi)
- Saudi decision making is done in person
- Expect shrewd negotiations



Business and Social Survival Guide

- Business Dress Code:
 - Men: Suit with tie
 - Women: Suit with ankle-length or below the knee skirt with scarf (no pants)
- Westerner's should not wear Saudi Arabian clothing
- No business is conducted on Friday, the Muslim holy day
- Business cards should be printed in English on one side and in Arabic on the reverse
- When coffee is served and incense is lit, it is a signal that the meeting is about to conclude



Gender issues in Saudi Arabia

- Traditional role of women – subordinate
- Role of Saudi professional women – very limited
- There are also limitations on behaviour of western business women; even if granted a visa, they may not be able to accomplish very much
- These attitudes are changing slowly



Is Robert Donner's support for Bill justified?

- Robert is VP of International Sales - broader international experience than VP, Personnel
- \$35 million is riding on the sale – high risk
- Women rarely participate in business in Saudi Arabia
- Bill is less experienced than Jane



Is Jeannette Falcon's support for Jane justified?

- Jeannette is VP of Personnel: positive discrimination for minority groups – western view
- Jeannette recognises Jane's international experience as superior to Bill's
- Women are better at listening, gaining consensus, establishing a social, non-threatening context – true
- Jeannette needs to be aware of self-referencing
- Saudi business men are unlikely to be impressed because Jane is a woman



Jane Adams

Positives:

- Has a broad understanding of product line
- The most experienced of the two candidates
- With the firm for 6 years
- Highly motivated

Negatives:

- Likely to be disregarded/ignored by Saudi men
- May lack maturity if she perceives lack of confidence in her from management if she isn't sent on this trip
- As her experience is in Europe she may not fully understand gender roles in Saudi Arabia



Bill Smith

Positives:

- Has a broad understanding of product line
- More opportunities for social events to build business relationship

Negatives:

- Not as experienced in international negotiations as Jane
- Has not negotiated a business deal on his own
- CCC risks losing Jane as an employee



Possible view of Saudi Arabian negotiators

- Feel more comfortable in the presence of a foreign man as opposed to a woman
- Saudi culture is very expressive of emotion
- Saudi men feel they can relate better to men on a business level than to women
- May not easily trust a woman in negotiations as they have the notion that women are distracting



Possible view of Saudi Arabian negotiators (cont)

- May not know how to deal with western women in a business situation
- Have set views and expectations towards their women, so Saudi men might form a negative opinion of a western woman that does things differently
- May feel men have more credible knowledge of technological goods, such as computers



Another Alternative: Send Jane and Bill as a team

- Collective effort: combine their skills to achieve better results
- Team is better than an individual when negotiating with collective society (Saudi Arabia)
- Possibly send 3 people, one of whom (male) is senior to Jane and Bill
- Demonstrate a hierarchical company structure



Training and preparation can strengthen the negotiation process

- Not just in language, social skills and diplomacy, but also in cultural differences in negotiation and communication styles
- Knowledge specific to the culture including, eg, history, politics, religion and foreign policies
- The industry for which the deal is being negotiated
- Checklist of facts to be confirmed; best alternative to negotiated agreement; concession strategies; team assignments



Important points for success in Middle Eastern business ventures

- Patience
- Trust
- Relationship cultivated over time



Other points to be considered

- Neutral location may be preferred – no-one is conceding power. Political situation may have less impact
- Need to monitor political situation in Saudi for impact on US team
- Training for technical support could be provided to Saudis to eliminate potential need for future US support



Final Comments

- CCC can't influence the gender issue directly
- Team approach may be the preferred option, given the size of the contract
- In the long term, including senior women in a team may be more successful in promoting their acceptance in countries like Saudi Arabia



**THANK YOU
FOR YOUR ATTENTION!**

Any Questions?

