



The Lion's Tale

[Building cultural competency for business in emerging markets]

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[November 30, 2009]

As much research as has been done on capturing business opportunities in emerging markets, surprisingly little has been written about the cultural nuances one encounters, how they may challenge the best business relationships and how businesses may overcome them. This paper tackles the unspoken challenges and what is required to successfully navigate the cross cultural minefield.

The Lion's Tale: Overcoming Challenges to Cultural Competency While Doing Business in Emerging Markets

A colleague of mine told of a conference where the keynote speaker opened with a story of a man in a physical struggle against a lion. The story was a metaphor for the struggles humans must encounter with opposition and the challenges we all must overcome. At the end of the story, the man eventually bested the lion as a testimony to the triumph of the human spirit.

As the story closed, one of the participants stood and asked the speaker why every story about a man and a lion ended with the man overcoming the lion. The facilitator responded, "Man will always win until the lion can write his own story."

As much research as has been done on capturing business opportunities in emerging markets, surprisingly little has been written about the cultural nuances one encounters, how they may challenge the best business relationships and how businesses may overcome them. Let's get this straight. I'm not talking about cultural etiquette and your ability to conform to cultural norms. Anyone can learn to go through the motions and display the appropriate behaviors. We're talking about the real challenges. The unspoken ones. I've found that these challenges fall into a few categories that are consistent across many cultures.

Relational History – Impact on Indigenous Attitudes and Perceptions of Western Presence

When we study the history of other cultures, we must be aware that our perception of history may be biased by our perspectives. Facts don't change; however, depending on historical outcomes, reactions and attitudes about those outcomes influence our ability to foster sound business relationships. Coming from one of the world's most capitalistic cultures, I must always be aware of the impact that capitalism, colonialism and imperialistic cultures have had on the economic, social and cultural climate of a modern society.

These qualities may not seem consistent with a focus on profitability or maximizing shareholder value; however they are crucial to understanding the customer's willingness to engage and at what level.

One of my customers from South America developed a successful niche market for products common in that region. Many of these products would be common in western sub-cultures of people of color but not prevalent in mainstream markets. In developing a new mainstream market for the products, there was a need to develop attribute awareness for the products and target growth markets for testing. During the process, I became aware of a stall –start dynamic that was at first confusing until I dug deeper to discover the level of distrust of the market for the customer. The level of distrust was based on several factors:

- a) The products were common; however the proprietary formulas were carefully guarded so as to protect their unique value. In smaller markets in undeveloped economies, the competition for resources is fierce. When businesses are formed by individuals who are still competing economic parity, the stakes are higher.

- b) The entire economy of the emerging country was built on a platform of exploitation of labor in the form of slavery, indentured servitude and colonialism. Hence, the apprehension about the underlying business relationship. The inherent risk of asymmetrical information becomes amplified by the gaps in understanding of both parties. If every foreign business relationship to date has been one of exploitation, why should this be any different?
- c) The perception of American capitalism casts simultaneously a ray of opportunity for prosperity and ominous shadow of exploitation. The fear of usurpation is a valid one and can cripple efforts to bring good products to market. Customers may not articulate these fears but may express concern for their own proprietary rights or deflect recommendations for change based on cost or other more tangible reasons.

Media – Imagery and the Effect on Indigenous Public Perception

The perception of wealth and poverty on a spectrum of conditions in the west is controlled by the media which in turn controls disbursement of imagery about these conditions to the rest of the world. A prime example of this occurred following Hurricane Katrina when America and the world got one of a few glimpses of the extreme levels of poverty that exists within the borders of the America. Many viewed the “third world” conditions and lack of appropriate response to the emergency as a negative by product of our brand of capitalism.

Given these images juxtaposed to images of wealth and opulence, emerging markets may not openly embrace efforts to build business relationships as many of these cultures identify more closely with the 9th Ward of New Orleans than Park Avenue and while they may aspire to attain the levels of wealth portrayed in the media, they understand that if Americans can allow their own people to fall to such economic depths, how can they, as foreign entities hope to gain economic favor and prosperity given the historical evidence of colonialism?

This does little to build trust in our economic platform for those emerging countries exploring options to do business in this country.

Experience – Anecdotal References and Relationships with Cultures

Consider, for a moment, a vacation in the Caribbean. You may visualize white sand beaches, palm trees swaying in the breezes with smiling islanders in colorful clothing. These images evoke a sense of relaxation and happiness. You see happy people who live in a beautiful place with sea, and sun year round. The overt friendliness and colorful language is irresistible.

What you do not see are the long hours of often physical labor put in by the inhabitants to create the sense of relaxation that you crave. The ongoing hustle and bustle required for some of these residents to make ends meet is staggering. You also do not see the lack of resources, or the competition for the tourist industry jobs that sustain the economies of many places. You may never see the families or living conditions of those who serve because these realities are away from the beaten tourist track. You may never hear the stories about the tourists who were arrogant or demanding and difficult to please.

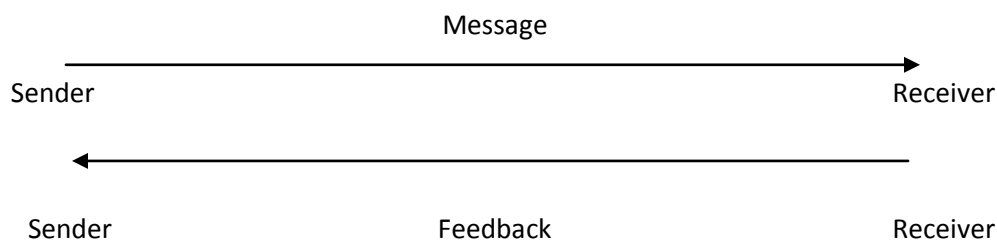
Now consider the same scenario from the perspective of those smiling islanders. They are visualizing you emerging from a beautiful hotel, possibly with your family, happy, tan and smiling also. They see people with the resources to jet away for a vacation away from economic and social stability; from well paying jobs and nice homes. They see you spending freely and enjoying the attributes their homeland affords.

What they do not see are the long hours you put in 50 weeks a year just to have a short week away with your family. They don't see your daily two hour commute on ice. They don't see you checking your Blackberry even on vacation in case something comes up that might jeopardize your numbers this month or that the oldest child is 2 years away from college and you don't know if you will still have a job to pay for that. They see your privilege and that means dollar signs for them. Needed dollar signs.

These perceptions inform the island dwellers concept of you. So while you are all in the same place in time smiling, you are worlds apart in your understanding and perception of reality. This leads to the next element.

Building Trust – Cross Cultural Communication

How then can we navigate this minefield of cultural relationships? Through open communication. First, we must establish that all of these cultural and geographic distances also create challenges to communication as well. As we learn about communication, we learn that there is a traditional sender, message, receiver, feedback process in play. That seems to work reasonably well in American business interactions because there is a common understanding of that process.



Realistically, because of some of the nuances that we previously addressed, communication may be distorted based on perceptions, experience, understanding imagery, sensitivity to proprietary information etc. Dealing with emerging markets communication contains emotional content, ideas about expectations, issues of trust as well as other elements that may arise. Because of these implications, we need a new model for communication that takes into consideration a deeper level of understanding in order to overcome some of the distortions that arise based on perceptions.

In the adapted model we posit that the traditional communication components exist; however, we acknowledge a third layer of information that is affective in nature. We describe the receiver as one who receives communication in a multidimensional format. The following diagram illustrates this multidimensional communication model.

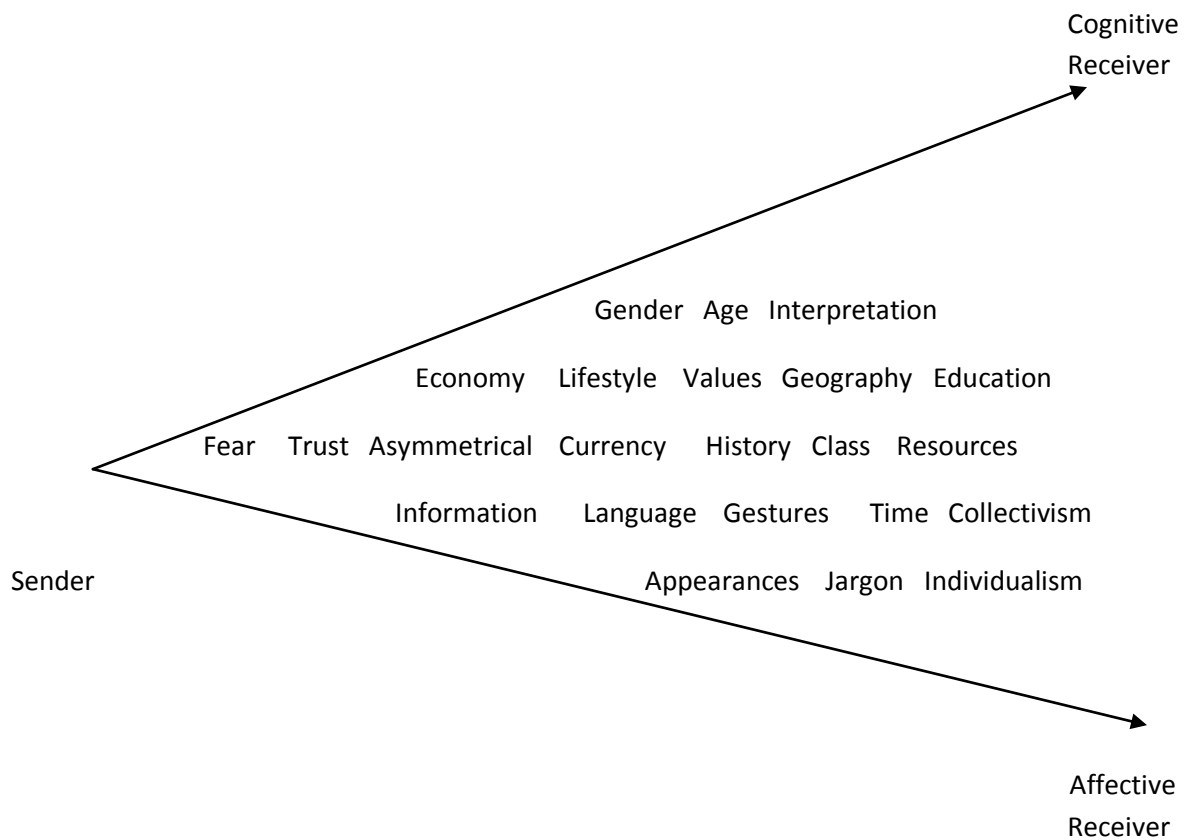
Each message is sent with a host of other subliminal messages attached. For example:

“I like the product, but I’m not happy with the packaging. Let’s change the packaging to make it more marketable.”

The message sent but not received is that the product can sell but the packaging is not appropriate for the new market.

The message received but not sent is that this person considers our products to be inferior. They will probably want to change the packaging and make it their own and we will lose all rights to the branding of this product. There is no way we will allow that to happen.

So, despite the message being sent, the message received has been distorted by a series of factors that have some historical and cultural significance even though they may appear irrelevant to the current transaction. The receiver feels distrust based on an emotional memory of past exploitation. Hence, the affective component to the communication process.



The cognitive reception processes the information through the pre-frontal cortex, the seat of our reasoning. The affective reception is processed by the limbic system which processes emotional information and assesses threats. When limbic engagement takes place it often supersedes the pre-

frontal cortex processing and the receiver may perceive the new or “foreign” concept or communication as a threat until further cognitive processing can occur.¹

Beneath the communication system are a variety of affective elements that may influence the quality of the communication and affect the ultimate outcome. The dilemma is that we are often unaware of these affective elements and may be blindsided by subrogated issues. To further complicate matters, we are unable to know what these may or may not be unless we have invested time and committed to an understanding of the people and culture first hand through immersion. Most of us do not have nor take this opportunity. We want to build trust but why should we be trusted if we cannot or will not invest time in understanding the people, the cultures and practices that drive these markets?

We must build alliances. Not the traditional exploitive alliances that have been our past methods of doing business but the type of interpersonal alliances that are genuine and that allow us to have a greater understanding and appreciation for the world economy we seek to develop. Social networking has aided this and we are in a unique position historically. We can now develop relationships abroad through use of technology that allows us each a glimpse into each other’s worlds.

Developing relationships with stakeholders is critical to working within emerging markets because the trust issue will constantly rear its ugly head. If you don’t believe this, look within the US cultural demography. The United States, with its advanced technological developments, capital markets and broad cultural and demographic scope still has much to learn about building bridges between cultural and ethnic groups based on mutual trust. A reliance on “political correctness” has replaced a genuine investment in understanding and has, in many cases, short circuited our efforts to build authentic relationships across cultures.

Forging Stronger Cross Cultural Business Relationships

Acknowledge differences and become curious about how and why groups approach business the way they do. Have and show a genuine curiosity about how work gets done. Listen long enough to ask more questions and engage the speaker and understand the benefits and challenges they face while engaging in their business practices.

Do your homework. What was the past historical and economic relationship like? Are there lingering effects that may influence your business relationship today? Are you bringing any preconceived notions to the business relationship? Be clear about the benefits afforded each party in the business engagement from your perspective and make sure you understand what their objectives are. Be authentic. If the business relationship is not right, respectfully move on.

There will always be asymmetrical information, but intentional transparency is vital to building trust.

¹ Carlos Diz, Instituto de Lideranca Executiva, Brazil

Be aware of language and avoid language that may be emotionally charged. I do not advocate walking on eggshells; however, I do believe in using language that is neutral when understanding is the goal. Seek clarification wherever possible when misunderstanding takes place.

Finally, remember that doing business across cultures can be exciting, challenging and rewarding. Mutual learning and appreciation for the value each entity brings to the relationship should be the bonus for cross cultural enterprise. Ultimately, business engagements should be a win – win proposition and overcoming cultural challenges is a significant component of business success in a global economy.

Listen to the lion's tale.