

Negotiating International Business - Egypt

This section is an excerpt from the 2017 edition of the book "Negotiating International Business - The Negotiator's Reference Guide to 50 Countries Around the World" by Lothar Katz.

Though the country's culture is quite homogeneous, Egyptian businesspeople are usually experienced in interacting and doing business with visitors from other cultures. However, this does not always mean that they are open-minded. When negotiating business here, realize that people may expect things to be done 'their way.' Business practices may show European and Arab influences.

Egyptian Muslims may practice their religion less strictly than others and the country also has a significant Christian population. Nevertheless, keep in mind that this is an Islamic country. Showing disrespect for the religion could have disastrous consequences.

Relationships and Respect

Egypt's culture expects its members to have a sense of belonging to and conforming with their group. At the same time, it leaves room for individual preferences. Building lasting and trusting personal relationships is critically important to most Egyptians, who often expect to establish strong bonds prior to closing any deals. People in this country may do business only with those they know and like. Establishing productive business cooperation requires a long-term perspective and commitment. Social interactions may be just as important as business contacts, if not more. Consequently, proceed with serious business discussions only after your counterparts have become very comfortable with you. This is usually a slow process.

Business relationships in this country exist between people, not necessarily between companies. Even when you have won your local business partners' friendship and trust, they will not necessarily trust others from your company. This makes it highly beneficial to keep company interfaces unchanged. Changing a key contact could require the relationship building process to start over. Worst case, such a change may bring negotiations to a complete halt.

Establishing relationships with others in Egypt can create powerful networks, and Who you know could determine whether people want to get to know you. Maintaining cordial relations is crucial. Third party introductions can be very helpful as a starting point to building a trusting relationship with a potential partner.

'*Saving face*' is crucial. Causing embarrassment to another person could cause *loss of face* for all parties involved and can be disastrous for business negotiations. The importance of diplomatic restraint and tact cannot be overestimated. Keep your cool and never show openly that you are upset. It may be better to accept a compromise, even an unfavorable one, if the alternative means that your counterpart loses *face*.

In Egyptian business culture, the respect a person enjoys depends primarily on his or her age, rank, and status. It is crucial to treat elderly people with the greatest respect. Showing status is important since people will take you more seriously. Carefully select your hotel and transportation. Use the services of others, such as a porter, to avoid being viewed as a low-ranking intermediary.

Communication

The official language of Egypt is Arabic. Most businesspeople speak at least some English. Since you are required to have a local agent when doing business in this country, select someone who can also assist with translations. When communicating in English, speak in short, simple sentences and avoid using jargon and slang. Never use a language to communicate within your team that your Egyptian counterparts cannot understand, since they will likely take this very negatively.

Egyptians usually speak in quiet, gentle tones. They may occasionally raise their voices to make a point. A raised voice could also indicate anger, which would be a very bad signal. People in the country generally converse in close proximity, standing only two feet or less apart. Never back away, even if this is much closer than your personal comfort zone allows. Doing so could be read as a sign that you are uncomfortable around them.

Communication is generally rather indirect. Egyptians often use circuitous language, which can make it difficult for Westerners to figure out the exact message. They love flowery phrases, exaggerations, and other rhetoric. Open disagreement and confrontation are rare, so you usually do not hear a direct 'no.' When an Egyptian says 'yes,' he or she may actually mean 'possibly.' Ambiguous answers such as 'we must look into this' or 'we will think about it' usually mean 'no.' Silence is another way to communicate a negative message. It is beneficial to use a similarly indirect approach when dealing with Egyptians, as they could perceive you as rude and pushy if you are being overly direct.

Gestures and body language can be extensive. It is rarely a good idea to imitate them. People tend to make frequent physical contact. Men may greet each other by hugging and kissing as a sign of friendship. However, never touch someone's head, not even that of a child. Using the left hand is considered improper in many situations, for instance when eating or to shake hands, so use it only if inevitable. Pointing at people or objects is impolite. Instead, wave your open hand toward the object. The thumbs-up gesture is an offensive gesture throughout the Arab world. Tapping your index fingers together is also improper. Eye contact should be frequent, almost to the point of staring. This conveys sincerity and helps build trust. However, keep it less frequent when dealing with a superior.

Egyptians enjoy showing positive emotions. They smile frequently, though this does not always indicate amusement or approval. Instead, a smile may hide feelings of distress, even anger.

Initial Contacts and Meetings

Egyptian law requires using a local agent to do business in the country. Your agent will also help bridge the cultural and communications gap, allowing you to conduct business with greater effectiveness. Without an agent who is knowledgeable and extremely well-connected, doing business in the country will be very difficult and frustrating. Choose your representation carefully to ensure that they can accomplish what you expect them to do.

Negotiations in Egypt may be conducted by individuals or teams of negotiators. Changing a team member could require the relationship building process to start over and should be avoided. Given the strong emphasis on hierarchy in the country's business culture, a senior executive should attend the initial meeting for your company and your negotiating team should include senior leaders who know your company well. There will not be an expectation for this executive to attend future meetings.

Scheduling meetings in advance is required. However, you can do this on short notice if the parties had previous business interactions. Schedules are usually loose and flexible. However, some Egyptians can appear surprisingly focused on punctuality. It is best not to be more than 10 to 15 minutes late. Displaying anger if you have to wait, which happens often, reflects very poorly on you. The most senior meeting participants usually arrive last.

Egyptian names can have several parts and may be difficult to identify. It may be best to inquire from someone upfront or politely ask the person how to address him or her correctly. In that case, make sure you do the same for your own name. Titles, such as *Doctor* or *Professor*, are highly valued. Always use them when addressing a person who carries one. Do not call Egyptians by their first names unless they offered it, which is rare. Introduce and greet the most senior person first. Introductions are accompanied by handshakes using the right hand. Men should wait for women to initiate a handshake. If they do not, just smile and nod.

After introductions, offer your business card to everyone present. Cards should be in English on one side and in Arabic on the reverse. Show doctorate degrees on your card and make sure that it clearly states your professional title, especially if you have the seniority to make decisions. Present your card with your right hand, with the Arabic side facing the recipient. Similarly, accept others' cards using only the right hand. Smile and keep eye contact while doing so, then examine the card carefully. Next, place it on the table in front of you or into your card case.

Meetings start with extensive small talk, which may include prolonged inquiries about your health, family, and so on. This could include very personal questions. It is important to be patient and let the other side set the pace. Frequent meeting interruptions are normal and do not signal a lack of interest.

The primary purpose of the first meeting is to get to know each other. Business may be discussed, but do not try to hurry along with your agenda. It is unrealistic to expect initial meetings to lead to straight decisions.

Presentations should be short and concise. Your presentation materials should be attractive, with good and clear visuals. Having your handout materials translated to Arabic is not a must but helps in getting your messages across and is thus preferable.

Negotiation

Attitudes and Styles - Leveraging relationships is an important element when negotiating in Egypt. Nevertheless, Egyptians often employ distributive and contingency bargaining. While the buyer is in a superior position, both sides in a business deal own the responsibility to reach agreement. They expect long-term commitments from their business partners and will focus mostly on long-term benefits. Although the primary negotiation style is competitive, Egyptians nevertheless value long-term relationships and look for win-win solutions. Hard bargainers are respected as long as they avoid creating direct conflict. Attempts to win competitive advantages should not be taken negatively. You will earn your counterparts' respect by maintaining a positive, persistent attitude.

Should a dispute arise at any stage of a negotiation, you may be able to reach resolution through using logical arguments and showing willingness to compromise. Patience and creativity will pay strong dividends. In extreme situations, use a mediator with whom both sides have a good relationship.

Sharing of Information - Information is rarely shared freely, since Egyptians believe that privileged information creates bargaining advantages.

Pace of Negotiation - Expect negotiations to be slow and protracted, and be prepared to make several trips if necessary to achieve your objectives. Decisions are usually made between negotiation rounds rather than at the table. Throughout the negotiation, be patient, control your emotions, and accept that delays occur. Attempts to rush the process are unlikely to produce better results and could be viewed as offensive.

Egyptians generally employ a polychronic work style. They are used to pursuing multiple actions and goals in parallel. When negotiating, they often take a holistic approach and may jump back and forth

between topics rather than addressing them in sequential order. Negotiators from strongly monochronic cultures, such as Germany, the United Kingdom, or the United States, could find this style confusing, irritating, even annoying. In any case, do not show irritation or anger when encountering this behavior. Instead, keep track of the bargaining progress at all times, often emphasizing areas where agreement already exists.

If your counterparts appear to be stalling the negotiation, assess carefully whether their slowing down the process indicates that they are evaluating alternatives or that they are not interested in doing business with you. While such behavior could represent attempts to create time pressure in order to obtain concessions, the slow decision process in the country is far more likely causing the lack of progress. People from fast-paced cultures often underestimate how much time this takes and make the mistake of trying to 'speed things up.' Again, patience and persistence are vitally important.

Bargaining – Egyptian businesspeople are often shrewd negotiators who should not be underestimated. Most of them are influenced by 'bazaar trader' mentalities and love bargaining and haggling. They expect to do a lot of it during a negotiation and may be seriously offended if you refuse to play along. The bargaining stage of a negotiation can be extensive. Prices often move more than 50 percent between initial offers and final agreement. Leave yourself a lot of room for concessions at many different stages. Ask the other side to reciprocate if you made one. It is not advisable to make significant early concessions since your counterparts expect further compromises as the bargaining continues. You can use the fact that aspects can be re-visited to your advantage, for instance by offering further concessions under the condition that the Egyptian side reciprocate in areas that had already been agreed upon.

Deceptive techniques are frequently used. This includes tactics such as telling lies and sending fake non-verbal messages, pretending to be disinterested in the whole deal or in single concessions, misrepresenting an item's value, or making false demands and concessions. Expect your Egyptian counterparts to be masters at this game. They may occasionally play stupid or otherwise attempt to mislead you in order to obtain bargaining advantages. Lies will be difficult to detect. It is advisable to verify information received from the local side through other channels. Similarly, they treat 'outside' information with caution. Do not take such tactics personally and realize that overt attempts to lie at or bluff your counterparts could backfire and might damage business relationships. Egyptians may claim limited authority, stating that they have to ask for their manager's approval. This could be a tactic or the truth.

Negotiators in the country may use pressure techniques that include making final offers or nibbling. Final offers may come more than once and are rarely final. Do not use tactics such as applying time pressure, opening with your best offer, or making expiring offers, since Egyptians could view these as signs that you are not willing to build a long-term relationship. They may choose to terminate the negotiation. Silence can be an effective way to signal rejection of a proposal.

Egyptian negotiators will avoid openly aggressive or adversarial techniques but may use more subtle versions. Making an extreme opening offer is a standard practice to start the bargaining process. Negotiators may also make indirect threats and warnings, or subtly display anger. Use these tactics with caution yourself since they could adversely affect the relationship if employed too aggressively. Do not walk out or threaten to do so as your counterpart may take this as a personal insult.

Emotional negotiation techniques, such as attitudinal bargaining, sending dual messages, attempting to make you feel guilty, grimacing, or appealing to personal relationships, are frequent and can be effective. Be cautious not to cause *loss of face* when employing any of them yourself. Also, know that Egyptians can become quite emotional during fierce bargaining. It is best to remain calm. At times, defensive tactics such as blocking or changing the subject, asking probing or very direct questions, or making promises may be used.

Corruption and bribery are quite common in Egypt's public and private sectors. However, people may draw the line differently, viewing minor payments as rewards for getting a job done rather than as bribes.

Also, keep in mind that there is a fine line between giving gifts and bribing. What you may consider a bribe, an Egyptian could simply view a nice gift. Introducing and explaining your company's policies early on might help, but be careful not to moralize or appear to imply that local customs are unethical. When in doubt, get your agent's advice and be willing to follow it.

Decision Making – Most companies here tend to be very hierarchical, and people expect to work within clearly established lines of authority. Although the pace of business is accelerating, decision making can be a very slow and deliberate process in Egypt. Decision makers are usually individuals who consider the best interest of the group or organization. They might consult with others before making the call. Subordinates may be reluctant to accept responsibility. Decision makers also rarely delegate their authority, so it is important to deal with senior executives.

When making decisions, businesspeople may consider the specific situation or follow universal principles. Personal feelings and experiences weigh more strongly than empirical evidence and other objective facts do, but they will consider all aspects. Egypt is a fatalistic culture. Since faith dictates that one's destiny lies in the hands of God, accepting the status quo is the norm. Egyptians are therefore often reluctant to take risks. If you expect them to support a risky decision, you may need to find ways for them to become comfortable with it first. You are much more likely to succeed if the relationship with your counterparts is strong and you managed to win their trust.

Agreements and Contracts

Capturing and exchanging meeting summaries can be an effective way to verify understanding and commitments. Agreements are only final when the participants part. Until then, the Egyptian side may unilaterally abrogate them, possibly even if they were already signed.

Although businesspeople in the country understand the role of contracts well, they may view them only as general guides for conducting business, expecting that both parties are willing to change terms if there is a change of conditions. Written contracts are usually kept high-level, capturing only the primary aspects, terms, and conditions of the agreement. Writing up and signing the contract is a formality. Egyptians believe that the primary strength of an agreement lies in the partners' commitment rather than in its written documentation. Accordingly, do not propose an overly detailed contract since doing so could be seen as strong mistrust.

It is strongly advisable to consult a local legal and taxation expert before signing a contract. However, do not bring your attorney to the negotiation table. Some Egyptians could read it as a sign of mistrust if you do.

Since personal honor is highly valued in Egypt, contracts are usually dependable and your partners will strive to keep their commitments. However, business partners usually expect the other side to remain flexible if conditions change, which may include agreeing to modify contract terms.

Women in Business

Many Egyptian women are working and a few have made it into leadership positions. Visiting businesswomen should have few problems in the country as long as they act professionally in business and social situations. Female business travelers need to dress in accordance with local customs, which means that collarbones and knees need to be covered at all times and that clothes should not be form-fitting.

Men should not bring up the subject of women with male business partners. Do not even inquire about a wife's or daughter's health.

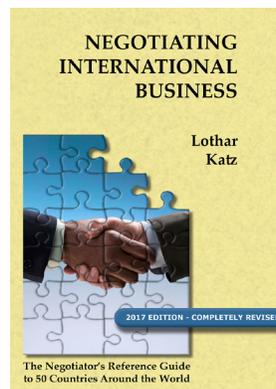
Other Important Things to Know

Impeccable appearance is very important when doing business here. Male business visitors should wear conservative suits with neckties on most occasions. Make sure shoes and suit are in excellent condition.

Avoid setting up meetings during Ramadan. During this month-long fasting period, Muslims neither eat nor drink from dawn to dusk, which often results in a lack of concentration. If you attend meetings during Ramadan, do not eat, drink, or smoke in the presence of others.

Topics to avoid in conversations include Egyptian domestic and foreign politics. Should your local counterparts bring them up, respond in a very diplomatic fashion unless you are absolutely certain that there is no risk of offending them in any way.

Social events do not require strict punctuality. While it is best to arrive at dinners close to the agreed time, being late to a party by 30 minutes or more is advisable. You should follow your host's lead when deciding whether to drink alcohol.



Negotiating International Business (CreateSpace, 2017 edition) is available from Amazon.com and other bookstores for \$29.99. A reference guide covering 50 countries around the world, the 479-page book includes an extensive discussion of the negotiation principles and tactics frequently referred to in this excerpt.

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