

Negotiating International Business - Pakistan

This section is an excerpt from the book "Negotiating International Business - The Negotiator's Reference Guide to 50 Countries Around the World" by Lothar Katz. It has been updated with inputs from readers and others, most recently in March 2008.

Businesspeople and officials in Pakistan usually have only limited exposure to other cultures except for neighboring countries. Its culture is quite homogeneous. When negotiating business here, realize that people may expect things to be done 'their way,' and let them set the pace initially until you have had a chance to determine how your interactions are most effective. Always keep in mind that this is an Islamic country. Showing any disrespect for the religion could have disastrous consequences.

Relationships and Respect

Pakistan's culture is strongly group-oriented. Asserting individual preferences may be seen as less important than having a sense of belonging to a group, conforming to its norms, and maintaining harmony among its members. Building lasting and trusting personal relationships is therefore very important to most Pakistanis, who often expect to establish strong bonds prior to closing any deals. People in this country usually want to do business only with those they know and like. Establishing productive business cooperation requires a long-term perspective and commitment. Consequently, proceed with serious business discussions only after your counterparts have become comfortable with you. This is normally 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. That makes it very important to keep company interfaces unchanged.

Third party introductions can be very helpful as a starting point to building a trusting relationship. As a necessary ritual in the process, expect to flatter your counterparts and be flattered. Praise your business partners often and exaggerate.

In Pakistani business culture, the respect a person enjoys depends primarily on his or her age 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 languages of Pakistan are English and Urdu. Most people in business speak English, often well. However, speak in short, simple sentences and avoid using jargon and slang.

Pakistanis usually speak in quiet, gentle tones. They are generally serious people who rarely smile and may seem stern. In Pakistan, humor does not have a place in business. Loud and boisterous behavior is perceived as a lack of self-control, and emotions are not shown openly. Pakistanis generally converse while standing around two to three feet 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 very indirect. Pakistanis often use circuitous language, which can make it difficult for Westerners to figure out the exact message. When responding to a direct question, Pakistanis may answer 'yes' only to signal that they heard what you said, not that they agree with it. Open disagreement and confrontation must be avoided, so you rarely hear a direct 'no.' Instead, they may give seemingly ambiguous answers such as 'we will try,' 'we will think about it,' or 'this will require further investigation.' Each of these could mean 'no,' as does a 'yes' that sounds hesitant or weak. Alternatively, a respondent may deliberately ignore your question. Silence is often a way to communicate a negative message. It is beneficial to use a similarly indirect approach when dealing with Pakistanis, as they may perceive you as rude and pushy if you are too direct.

Gestures are usually subtle. It is advisable to restrict your body language. Non-verbal communication is important, though, and you should carefully watch for others' small hints, just as they will be watching you. Avoid any physical contact with Pakistanis except for handshakes. Since Muslims consider the left hand unclean, use it only if inevitable. When pointing at people, use your thumb while keeping the fist closed rather than your index finger. Slapping the open hand over a fist can be read as a vulgar gesture. Eye contact should be very infrequent. While it is beneficial to make some eye contact when meeting a person for the first time, Pakistanis consider frequent eye contact intrusive and rude. It is generally considered respectful to look down when speaking with senior or elder people. Avoid any facial expressions that may suggest disagreement, such as grimacing or shaking your head.

Smiles rarely indicate amusement or approval. Instead, they may signal disapproval or other feelings of distress.

Initial Contacts and Meetings

Before initiating business negotiations in Pakistan, it is highly advantageous to identify and engage a local intermediary. This person will help bridge the cultural and communications gap, allowing you to conduct business with greater effectiveness. However, negotiations in Pakistan should preferably be conducted by individuals rather than teams. This is different from most Asian countries.

If possible, schedule meetings at least three to four weeks in advance. Since people want to know whom they will be meeting, provide details on titles, positions, and responsibilities of attendees ahead of time. Be prepared for meetings to be cancelled or postponed on short notice. Pakistanis have little sense of urgency about time and dislike being hurried. Meetings may therefore start considerably late. However, people generally expect foreign visitors to be punctual. Avoid being more than 15 to 20 minutes late. Displaying anger if you have to wait, which happens often, reflects very poorly on you.

Pakistani names are either given in the order of first name, middle name, and clan name, or clan name, first name, middle name. Other naming patterns exist as well. If you can clearly identify the names, use *Mr./Ms.* followed by the clan name, or the clan name followed by *Sahib/Begum*. Otherwise, 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 Pakistanis by their first name unless they offered it, which is rare. Introduce and greet older people first. Introductions are accompanied by light handshakes using the right hand. Males should not initiate handshakes with women. However, it is usually ok for a foreign businesswoman to offer a handshake to a Pakistani man.

After the introductions, offer your business card to everyone present. It is not necessary to have it translated into Urdu. 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 print facing the recipient. Similarly, accept others' cards using only the right hand. Smile and make eye contact while doing so, then examine the card carefully. Not reading someone's card can be an insult. Next, place it on the table in front of you or into your card case.

Meetings start with a lot of small talk, which may include prolonged inquiries about your health, family, and so on. This may include very personal questions. It is important to be patient and let the other side set the pace. Humor has no place at business settings, and after the initial small talk, the meeting may be rather formal and reserved. Frequent meeting interruptions are normal and do not signal a lack of interest. It is not uncommon to have additional observers sitting in on the meeting.

The primary purpose of the first meeting is to become acquainted and build relationships. Little else may happen, and you may actually not get to talk about business at all. It is unrealistic to expect initial meetings to lead to straight decisions.

Presentation materials can be simple without colorful backgrounds and fancy graphs. However, good and easy-to-understand visuals are important. Use diagrams and pictures wherever feasible, cut down on words, and avoid complicated expressions. Having your handout materials translated to Urdu is not a must.

Negotiation

Attitudes and Styles - In Pakistan, the primary approach to negotiating is to 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, Pakistanis nevertheless value long-term relationships and look for win-win solutions. They respect hard bargainers as long as they avoid creating direct conflict. Attempts to win competitive advantages should not be taken negatively. You earn your counterparts' respect by maintaining a positive, persistent attitude.

Should a dispute arise at any stage of a negotiation, you might be able to reach resolution by leveraging personal relationships and emphasizing long-term benefits. Refrain from using logical reasoning or becoming argumentative since this will only make matters worse. Patience and creativity will pay strong dividends. In extreme situations, use a mediator, ideally the party who initially introduced you.

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

Pace of Negotiation – Expect negotiations to be very slow and protracted. Be prepared to make several trips if necessary to achieve your objectives. Throughout the negotiation, be patient, control your emotions, and accept that delays occur. Attempts to rush the process are viewed as offensive.

Pakistanis 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, may find this style confusing, irritating, and 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 tend to underestimate how much time this takes and often make the mistake of trying to 'speed things up.' Again, patience and persistence are vitally important.

Bargaining – Pakistani businesspeople are often shrewd negotiators who should not be underestimated. Most of them love bargaining and haggling. They expect to do a lot of it during a negotiation and may be offended if you refuse to play along. The bargaining stage of a negotiation can be extensive. Prices often move more than 40 percent between initial offers and final agreement. Pricing usually plays a more central role in the bargaining process than services or support aspects. Leave yourself a lot of room for concessions at 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 Pakistani 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. 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. Lies may be difficult to detect. It is advisable to verify information received from the local side through other channels. Similarly, Pakistanis treat 'outside' information with caution. They may claim limited authority, stating that they have to ask for their manager's approval. This could be a tactic or the truth. Since you must avoid causing loss of face, be cautious when using the techniques of making false demands or false concessions.

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 or making expiring offers, since Pakistanis could view these as signs that you are not willing to build a long-term relationship. They may choose to terminate the negotiation. Periods of silence are frequent and usually reflect a natural inclination rather than the intentional use of a negotiation technique.

Pakistani negotiators avoid most aggressive or adversarial techniques since they affect face. The risk of using any of them yourself is rarely worth the potential gain. As an exception, extreme openings may be used as a way to start the bargaining process. Threats and warnings may also be used. However, use these tactics with caution since they may adversely affect the relationship if employed too aggressively.

As in most strongly relationship-oriented cultures, negotiators may sometimes use emotional techniques such as attitudinal bargaining, attempting to make you feel guilty, grimacing, or appealing to personal relationships. Be cautious when using any of them yourself. You might cause the other side to lose face, which could damage your negotiating position. Also, know that Pakistanis can become very emotional during fierce bargaining. It is best to remain calm.

At times, defensive tactics such as blocking or changing the subject, asking probing questions, or making promises may be used. The exception is directness, which is rare in Pakistan. People may be offended if you are overly direct yourself, which can be very detrimental.

Corruption and bribery are common in Pakistan'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, a Pakistani may view as only a nice gift, and so much as hinting that you view it differently could be a grave insult to the person's honor. It may help if you introduce and explain your company's policies early on, but be careful not to moralize or appear to imply that local customs are unethical.

Decision Making – Most companies tend to be very hierarchical, and people expect to work within clearly established lines of authority. Disagreeing with or criticizing superiors is unacceptable. Decision making is a very slow and deliberate process in Pakistan. Decision makers are usually senior executives who consider the best interest of the group or organization. They may 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, Pakistani businesspeople may not rely much on rules or laws. They usually consider the specific situation rather than applying universal principles. Personal feelings and experiences weigh much more strongly than empirical evidence and other objective facts do. Pakistanis can be very fatalistic and are 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 written understandings after meetings and at key negotiation stages is useful since oral statements are not always dependable. Never mistake interim commitments for final agreement. Any part of an agreement may still change significantly before both parties sign the final contract.

Although most 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 tend to be lengthy and often spell out detailed terms and conditions for the core agreements as well as for many eventualities. Multiple signatures may be required on the Pakistani side. Nevertheless, writing up and signing the contract is a formality. Pakistanis believe that the primary strength of an agreement lies in the partners' commitment rather than in its written documentation.

Although your legal rights may not always be enforceable, it is strongly advisable to consult a local legal expert before signing a contract. However, do not bring your attorney to the negotiation table, since this may be taken as a sign that you do not trust your counterparts.

Signed contracts may not always be honored. Business partners usually expect the other side to remain somewhat flexible if conditions change, which may include agreeing to modify contract terms.

Women in Business

Pakistan remains a male-dominated society. Although some women are working, they still have a very traditional role and rarely attain positions of similar income and authority as men. The relative

scarcity of women in Pakistani business may make local men uncomfortable in dealing with Western women, who should not expect to be met with the same respect as men.

As a visiting businesswoman, emphasize your company's importance and your role in it. A personal introduction or at least a letter of support from a senior executive within your company may also help. Even with these credentials, you may still not find sufficient attention, making it advisable to take a male colleague along for the trip. Female business travelers should exercise caution and act professionally in business and social situations. Displaying confidence and assertiveness can be counterproductive, and being overly bold and aggressive may create major issues. 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.

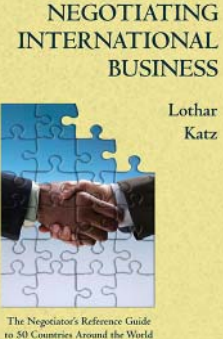
Male visitors should not bring up the subject of women with their business partners. Do not even inquire about a wife's or daughter's health.

Other Important Things to Know

Conservative attire is important when doing business here. Male business visitors should wear dark suits with neckties on most occasions. First impressions can have a significant impact on how people view you.

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 to 60 minutes or more is expected.

Topics to avoid in discussions are Pakistan's role as a nuclear power, its relationship with India, and the tensions over Kashmir, as well as issues around the U.S. war in Afghanistan.

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