

Negotiating International Business - Romania

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.

Owing to the country's history within the former Eastern Bloc until 1996, many businesspeople and officials in Romania may 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.' However, some among younger generations may have greater international experience and can be open-minded.

Relationships and Respect

Though it leaves some room for individual preferences, Romania's culture expects its members to have a sense of belonging to and conforming with their group. Building lasting and trusting personal relationships is very important and can be crucial for your business success. People in this country usually want to do business only with those they know and like. Consequently, proceed with serious business discussions only after your counterparts have become very comfortable with you. This may include asking and answering many personal questions. Romanians tend to distrust people who appear unwilling to spend the time or whose motives for relationship building are unclear. Establishing productive business relationships is a slow process that requires a long-term perspective and commitment. As a reward, they may last forever.

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. Changing a key contact may require the relationship building process to start over.

Establishing relationships with others in Romania can create powerful networks. 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, especially since people may initially not trust outsiders who are neither part of their family nor of their circle of friends. Always remain modest and demonstrate humility. Romanians dislike people who boast and brag.

In Romania's business culture, the respect a person enjoys depends primarily on his or her age and status. It is important to treat elderly people with great respect. Admired personal traits include modesty and humility.

Communication

The country's official language is Romanian. French is the most widely spoken foreign language. Many businesspeople speak at least some English, but often not well. Especially with older people, among them most high-ranking managers, it may be useful to engage an interpreter. To avoid offending the other side, ask beforehand whether an interpreter should be present at a meeting. When communicating in English, speak in short, simple sentences and avoid using slang and jargon. It will help people with a limited command of English if you speak slowly, summarize your key points often, and pause frequently to allow for interpretation.

People in this country usually speak softly. While they may occasionally raise their voices to make a point, they dislike loud and boisterous behavior. At restaurants, especially those used for business lunches and dinners, keep conversations at a quiet level. Emotions are not shown openly. People generally converse while standing around two to three feet apart.

As a rule, Romanians avoid being too direct as they view it as poor manners. At least initially, the communication can be quite indirect since people are cautious. Some may say what they think you want to hear. However, they may gradually open up and become more straightforward, which may then include direct 'no' responses.

Romanians keep physical contact infrequent. Body language and gestures may be extensive, though, and people may show emotions openly. The American OK (thumb and index finger forming a circle) sign is an obscene gesture in Romania. The thumbs-up gesture is positive as it signals approval. Eye contact should be frequent, almost to the point of staring. This conveys sincerity and helps build trust.

Initial Contacts and Meetings

Choosing a local intermediary who can leverage existing relationships to make the initial contact is useful. This person will help bridge the gap between cultures, allowing you to conduct business with greater effectiveness. In addition, the person's help in getting things organized can be very important in Romania's sometimes-chaotic business environment. Negotiations in Romania can be conducted by individuals or teams of negotiators. Although Romania's culture is generally group-oriented, meetings are often held on a one-on-one basis. You will probably not meet the top executive of an organization at the first meeting, so be prepared to deal with subordinates. They may have significant influence over the final decision.

If possible, schedule meetings at least two to three 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. Romanians tend to be relatively punctual. Being late by more than 10 to 15 minutes without having a valid and plausible excuse can be an offense. However, displaying anger if you have to wait reflects poorly on you.

Names are usually given in the order of first name, family name. Use *Mr./Ms.* or *Domnul/Doamna*, plus the family name. If a person has an academic or professional title, always use it instead, followed by the family name. Only close friends call each other by their first names. Introductions are accompanied by handshakes.

The exchange of business cards is an essential step when meeting someone for the first time, so bring more than you need. You may not always get one in return, though. While it is beneficial to use cards with one side in English and the other in Romanian, using cards that are only in English or in French is acceptable. 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. When presenting your card, smile and keep eye contact, then take a few moments to look at the card you received. Next, place the card on the table in front of you or into your card case.

Meetings usually start with some small talk intended to establish personal rapport, which could be brief. The first meeting may be very formal and reserved, but this usually gets more relaxed down the road. Its primary purpose is to become acquainted and build relationships. 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.

Romanian negotiators may try to convince you that they have the background and experience required to be successful. Businesspeople may exaggerate their capabilities or make questionable promises in order to maintain foreign contacts.

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 Romanian is not a must, but it helps in getting your messages across.

Negotiation

Attitudes and Styles – To Romanians, negotiating is usually a joint problem-solving process. While the buyer is in a superior position, both sides in a business deal own the responsibility to reach agreement. Given the current turmoil in the country, negotiators may focus mostly on the near-term benefits of the business deal. Although the primary negotiation style is competitive, Romanians nevertheless value long-term relationships and look for win-win solutions. They avoid any open confrontation as it could damage relationships. It is best to remain calm, friendly, patient, and persistent, never taking anything personally.

Should a dispute arise at any stage of a negotiation, you might be able to reach resolution by focusing on logical arguments and facts. In extreme situations, use a mediator, ideally the party who initially introduced you.

Sharing of Information – Romanian negotiators usually play their cards close to the chest, although some may share information as a way to build trust.

Keep in mind that humility is a virtue in Romanian business culture. If you make exaggerated claims in an effort to impress the other side or to obtain concessions, they will likely investigate your claims before responding.

Pace of Negotiation – Expect negotiations to be slow and protracted. Relationship building, information gathering, bargaining, and decision making may all take considerable time. Be prepared to make several trips if necessary to achieve your objectives. Throughout the negotiation, be patient, show little emotion, and accept that delays occur.

Romanians 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. More often than not, though, this behavior indicates an attempt to create time pressure or 'wear you down' in order to obtain concessions.

Bargaining – While businesspeople in the country may have learned the ground rules of international negotiations, their experience is usually limited. They are used to bargaining but not overly fond of haggling. However, Romanians can be tough and persistent negotiators, and it may be

difficult to obtain concessions from them. The bargaining stage of a negotiation can be extensive. Though concessions never come easily, prices may move by about 25 to 40 percent between initial offers and final agreement. Leave yourself sufficient room for concessions at different stages. When conceding, present this as a decision you made because you like and respect your counterpart. Ask the other side to reciprocate if you make concessions. 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 Romanian 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, or misrepresenting an item's value. Romanians may play stupid or otherwise attempt to mislead you in order to obtain bargaining advantages. 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 easy to see through; otherwise, verify information received from the local side through other channels. Similarly, they treat 'outside' information with caution. When Romanians use 'good cop, bad cop,' which is rare, they may request occasional breaks so they can re-align their approach. They 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 Romania may use pressure techniques that include silence, making final offers, or nibbling. When using similar tactics yourself, clearly explain your offer and avoid being overly aggressive. Final offers may come more than once and are rarely final. Silence can be an effective way to signal rejection of a proposal. Be careful when using pressure tactics such as applying time pressure or making expiring offers. Your counterparts may consider these inappropriate unless they are strongly interested in your offer and clearly understand the rationale behind the approach. Otherwise, while the negotiation is not necessarily over, it may become less constructive.

Romanian negotiators avoid using overly aggressive or adversarial techniques. The risk of using any of them yourself is rarely worth the potential gain. Subtle threats and warnings may be used and often turn out to be bluffs. Since Romanians may view extreme openings as unfriendly, these are best avoided.

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 not to affect relationships when using any of them yourself.

At times, Romanians may also employ defensive tactics such as blocking or changing the subject, asking probing or direct questions, or making promises.

As the country is moving from a socialist country to a free-market economy, corruption and bribery have become quite common in Romania'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 Romanian may view as only a nice gift. 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 – Companies are often very hierarchical, and people expect to work within clearly established lines of authority. Openly disagreeing with or criticizing superiors is unacceptable. Decision makers are primarily senior managers who consider the best interest of the group or organization. They rarely delegate their authority to lower levels in the hierarchy, but others are often consulted in a committee-style process in order to reach greater consensus over and support of the

decision. This process can take a long time and requires patience. Romanians usually indicate it if they are not interested in doing business.

When making decisions, businesspeople may not rely much on rules or laws. They usually consider the specific situation rather than applying universal principles. Empirical evidence and other objective facts weigh more strongly than personal feelings and experiences do, but they will consider all aspects. Romanians 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, for instance by explaining contingency plans, outlining areas of additional support, or by offering guarantees and warranties.

Agreements and Contracts

Capturing and exchanging written understandings after meetings and at key negotiation stages is useful. Oral commitments may sound stronger than what your Romanian counterparts may be willing to put in writing. However, these documents are not final agreements. Any part of an agreement may still change significantly before both parties sign the final contract.

Written contracts tend to be lengthy. They often spell out detailed terms and conditions for the core agreements as well as for many eventualities. Signing the contract is important not only from a legal perspective, but also as a strong confirmation of your Romanian partners' commitment.

Although your legal rights may not always be enforceable, you should consult a local legal expert before signing a contract. For the time being, it is wise to recognize that the country's legal system is in a transitional mode, so be prepared for laws to change on short notice. Since local financing can also be questionable, you may want to ask your counterpart for an irrevocable letter of credit from a local bank that is either a subsidiary or a correspondent of a western bank.

Signed contracts may not always be honored. This depends to no small degree on the strength of the continuing relationship between the contract partners. It is strongly advisable to continue staying in touch and maintaining the trust of your Romanian business partner. 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

Many Romanian women are working, and they are generally treated with extreme respect and courtesy. However, few have made it into senior management positions and most are still struggling to attain positions of similar income and authority. 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.

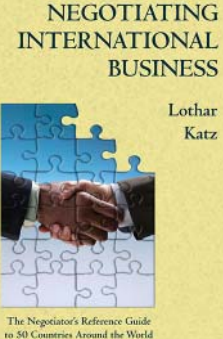
Female business travelers should exercise caution and act professionally in business and social situations. Displaying confidence and some degree of assertiveness can be effective, but it is very important not to appear overly bold and aggressive.

Other Important Things to Know

Conservative attire is important when doing business here. Male business visitors should wear suits on most occasions. While you do not want to appear 'over-dressed,' make sure shoes and suit are in good condition.

Punctuality is also expected in most social settings. It is best to be right on time for dinners, and to arrive at parties within 15 minutes of the agreed time.

During small talk and other social conversations, you may be asked very personal questions. If you do not want to answer, smile or politely explain that such topics are not discussed openly in your culture.

 <p>NEGOTIATING INTERNATIONAL BUSINESS</p> <p>Lothar Katz</p> <p>The Negotiator's Reference Guide to 50 Countries Around the World</p>	<p><i>Negotiating International Business</i> (Booksurge Publishing, second edition 2007) is available from Amazon.com and other bookstores for \$29.99. A reference guide covering 50 countries around the world, the 472-page book includes an extensive discussion of the negotiation principles and tactics frequently referred to in this excerpt.</p> <p>Please recommend this Country Section and others to colleagues who might find them useful. Country Sections are available individually at</p> <p>www.NegIntBiz.com</p>
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