Ethical dilemmas ACROSS CULTURES

As cultures collide in the world of business, and organisations seek a competitive edge in the global marketplace, executives must take care that their decisions and actions do not hurt their company's reputation for acting with integrity.

While ethical systems, such as those of the West and the Middle East, usually have much in common, there also can be significant areas of conflict when it comes to business practices.

As a result, corporate executives may find that business practices acceptable in one place may be considered questionable in another. Examples of areas in the global economy that are rife with potential ethical conflicts include hiring practices, workers' rights, women's role in the workplace, internet access and child labour.

These conflicts can arise in almost any business relationship, whether with competitors, business partners, consumers or even colleagues.

Corporate executives need to learn how to recognise and resolve or avoid such conflicts. If they do not, they may end up straining business relationships, damaging brands and reputations, derailing their careers, or, in the worst case scenario, breaking the law.

Simply going along with local practices may be the easiest approach, but it can be dangerous for a company's reputation for integrity. For example, a company that openly opposes child labour or supports workers' rights would end up looking hypocritical if it conducted business in partnership with a foreign company that used child labour or abused its workers.

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GET TO KNOW LOCAL CUSTOMS

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For instance, in Muslim countries, it is important to understand the significant role religion plays in the conduct of business, especially in areas like Shariah banking. One cannot be considered a good leader unless one is also considered a good Muslim. In order to build business relationships in the Middle East, it is critical for executives to be cognizant of Islamic laws and customs set forth in the Holy Quran.

THE ROLE OF "WASTA"

There are other important Middle East customs that are based, not on Islamic laws, but on the cultural traditions of the region. One such way of doing business that is ingrained in the social life and economy of the Middle East is called 'wasta', the Arabic word for clout, connections, influence, pull or favouritism. In many Middle Eastern companies, family relationships and social networks can take priority in business decisions, including who gets hired or promoted.

While 'connections' also play a role in Western business and hiring practices, most Western employers hire, promote and fire workers based on the individual's skills and performance. As a result, wasta is likely to be seen by Westerners as, at best, favouritism, and at worse, nepotism.

But simply decreeing a 'no nepotism' policy may be regarded as naïve or arrogant, and in either case, culturally insensitive. After all, it is important not to make implied value judgments about the practices of other cultures. In addition, such a rule could put employees in impossible situations, given that the tight-knit nature of many Middle Eastern business communities makes social or familial relationships hard to avoid. A corporate executive bent on making changes would be better off sponsoring a training programme for employees that stresses job performance, while factoring in wasta or other local customs and practices.

Meanwhile, Middle East employers may want to educate employees from different cultures on how their society values the importance of relationships, including trust and loyalty. No matter what your company's business goals are, it is important to devise an approach that can work in harmony with divergent ethical systems.

THE CHALLENGE OF CHANGING WORK CULTURES

Wasta should also be taken into consideration when it comes to the management of employee performance and development. An employee who has worked his entire career for regional companies may not fully embrace the value of performance, having grown up in a culture in which their superiors held most of the power to make decisions. As a result, these employees are unlikely to have needed advanced decision-making skills, and therefore have not developed them. Thrust into a different culture — due to expansion or joint ventures for example — such an employee may be reluctant to take charge, make decisions and be held accountable.

Before deciding to implement a more performance-driven culture, corporate executives need to consider the business climate alongside their ambitions for growth, and integrate an appropriate strategy of their choice. Executives must then marshal and culturally embed an understanding that the company's hiring and promotion practices focus on the skills and performance necessary to fulfil their strategy. Ultimately, the corporate executive needs to make sure performance objectives are established for each employee, and regularly reviewed so that employees better understand what is expected of them.

Changing a corporate culture is never easy, but it's especially daunting in a foreign country. One global company based in the Middle East was in the process of launching an ambitious growth strategy when it found, through extensive surveys and other studies, the wide-spread perception that 'favouritism', rather than performance, was the primary criterion for compensation, benefits, and rewards. The company determined that the way to change its culture to become more performance-driven was to revamp its performance management programme, train management in the setting of clear performance objectives for all employees, and move toward performance-related-pay, starting with senior management.

In making such dramatic changes within a corporation, it is wise to use local trainers who understand the culture and can make the most effective case for the change. Employees may be reluctant to change if they view the effort as simply a way to 'comply' with the corporation's standards. Instead, they may be more receptive if they understand how the new practices are important to their careers and to the overall competitiveness or business mission of the company, without violating local customs or traditions.

BUSINESS IS A TWO-WAY STREET

Doing business in a foreign culture is a two-way street. While some executives may want to introduce Western business practices to the Middle East, they must sometimes settle for adapting these practices to the way things are done. Here, leaders are responsible for the well-being of their labour force. In return, employees agree almost unconditionally to decisions made by management. As a result, a Western employee should understand the potential consequences of challenging or disagreeing with an onsite boss. In one reported situation, a contract employee refused a vice president's request for access to others' personal data, in accordance with European data privacy conventions; in the Middle East, it is unacceptable to say 'no' to a manager (especially a top-ranking one) and this employee eventually lost his job.

When values collide, it is important to understand the consequences of drawing the line and standing on principal. Rather than openly challenging their leaders, employees may be better off trying to influence their bosses through how they express themselves and what information they share — an approach known as 'impression management'.

For their part, senior executives should help their employees understand the differences in how the two business cultures operate, and what is acceptable in one but not in the other.

To maintain global repute for integrity, corporate executives need to keenly understand the business environment in which they operate; recognise cultural expectations and ethical dilemmas; avoid conflict when possible; balance the interests of various stakeholders in an ethical way; and develop strategies for influencing partners. The consequence for not doing so is severe — after all, there is no way to put a price on your reputation. CEO

Dr. Brenda Kowske is a research consultant at Personnel Decisions International (PDI), and has published on a variety of cross-cultural issues. Dr. Hannah Foldes is a consultant of leadership assessment services at PDI, and has presented research on leadership and integrity. PDI is a global human resources consulting firm, with offices in Abu Dhabi. For nearly a decade, PDI has served a portfolio of leading organisations in the Middle East, helping them to identify, develop, and deploy superior leaders. Personnel Decisions International · Al Ghaith Holding Tower, Airport Road · PO Box 128 161 ·Abu Dhabi UAE
www.personneldecisions.com