

SASMA Portal 2010

The most common mistakes of European and Asian business on the example of Middle-East Asia Countries - SASMA ASIA TEAM



Certainly, each of you have seen beautiful beaches, wonderful landscapes, marvellous hotels and restaurants in the media. Travel agencies from the whole World tempt us by offering unforgettable impressions. Many people from the whole World have visited Thailand and Vietnam or other countries from this region. Information about an increase of economic index of Asian markets constantly stuns us. Economic forecasts pinpoint Asia as the best area for investment for the following 10-15 years. Many entrepreneurs from Europe or the USA think about transferring to or developing business in Asia. They start business there ... and very often suffer huge losses. Why?

Below, you can find a short review of the most common business mistakes:

1. Ignorance of the market

Market analysis, done by usage of known methods and index, conducted earlier very often are not good enough for the Asian market. Using consulting agencies from Europe or the USA for such analysis – if you do not have large budget – is not also a good idea. In case of possessing large funds we may hire well-known global companies that have their branches in Asia.

2. Lack of cultural-historical knowledge

The crucial mistake in contacts with Asia is knowledge of entrepreneurs which is outdated and copies out of date or false stereotypes. In the best case, it is a tourist knowledge gain during a two-week holidays in the tropics connected with couple of business meetings. An entrepreneur experience those meetings as an encouragement for immediate entering on the market and immediate conquering it. The reality very often is quite different. In most cases, Asian people present us the reality from their point of view that is comfortable for them. They do not speak about problems or existing rival companies.

3. Time pressure

Companies from Europe/the USA treat business according to a rule ‘time is money’ and they try to do business and issues as fast as possible, including signing a contract. The last point is treated as reaching a conclusion and achieving a desired goal. For Asian people according to ‘spiral time’ a contract is the beginning of negotiations. Understanding that fundamental rule should help us avoid unnecessary stress and loss of funds.

4. Lack of knowledge about law

Despite documents issued on official websites (governmental and local) the business practice is quite different. Even the most well-known law offices hire local lawyers for conducting cases on this market since they would have serious problems with understanding the ‘jungle’ of law solutions and informal contracts. A cheaper solution is to hire a local law office (with a help of reliable advisor).

5. Different rules of savoir-vivre

The most common mistakes made during contacts with Asian people:

- - showing impatience
 - too vivid gestures and raising voice (very badly perceived)
 - showing dissatisfaction (even in justified cases)
 - paying attention to being late for meetings (punctuality is not a feature represented by Asian people)

- so called 'rumbustious behaviour' under influence of alcohol
- showing 'superiority of knowledge' in business contacts

6. First friendship then business

This is the most crucial rule in business in Asia. Lack of limits in private and business contacts is a huge challenge for entrepreneurs from West where after leaving an office all business contacts are finished. In Asia – in various countries (at diverse level of economic and social development, such as Japan and Vietnam) – finished working day is a beginning of meetings in restaurants, karaoke pubs or discos. In practice there is no possibility to do business without changing way of working to the Asian one. The biggest companies from the USA and Europe became convinced about it in Asia.

7. Do business in a family

The general rule of business in Asia for us – guests from far continents – means accepting them as a part of our family, group etc. Then the business in Asia will open for us. Unfortunately, it means changing our habits (food, music, restaurants) and cultural openness (language). The majority of business world do not want to accept it (restaurant – yes, if it is connected with signing a contract at the same time). (see point 3).

8. Caste system business

Asian people want to do business with people better than they are and higher in hierarchy, in their opinion. That is why they elevate their prestige in their opinion and their business friends and relatives. That is why it is important for them to understand what position they/our company have (an example of extreme caste system is seen in Japan companies in their giving business cards and bowing, and in Middle-East Asian companies in Confucian behaviour in the north Vietnam). Asian people want to become acquainted with our intentions (business and private) in the future. What in the European culture is seen as inquisitiveness here is normal.

9. Local advisor

A choice of a local advisor seems to be a crucial issue. This person prepares initial recognition on the market, as well as, helps us in overcoming first problems connected with opening business and office. Without the last one we would not be perceived as a serious company which wants to establish a stable business on the Asian market.

We kindly invite you to consider development of your business in Middle-East Asia.

SASMA TEAM

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