Bridge the cultural divide

Agencies coming to the Middle East need real knowledge and understanding of the region

The Arab world doesn't like bad news. For a range of historical and cultural reasons, regional public and private-sector organisations are generally uncomfortable admitting any shortcoming – even when they are a clear consequence of external market forces.

Unlike in the West, and in the United States in particular, where the culture of entrepreneurship is deeply ingrained and business failure is widely accepted as an opportunity to learn from past mistakes, Middle Eastern firms are mostly loathe to confess when their best-laid plans have gone wrong.

This attitude is understandable: in the Arab world, admitting any shortcoming is seen as a loss of face. Further, there are few structural mechanisms in place to help individuals and companies cope with downturns.

Regional bankruptcy laws, for instance, are mostly underdeveloped or non-existent, while retail investor sentiment is driven by day-to-day trends. The long-term reward for transparency is often outweighed by the short-term pain it causes – to both management egos and share-price performance.

Yet this attitude remains regrettable: customers, investors and employees, even here, are more forgiving of shortcomings when they understand why they have occurred. Media take a more benign view of organisations that address challenges. And studies have shown investors are willing to pay a premium for companies with high standards of corporate governance. Indeed, investors generally say they put corporate governance on a par with financial performance when making investment decisions. That's true even here, especially among institutional investors.

The impact of the global financial crisis on the Middle East is real, no matter what some here have said over the past 12 months. Real estate and financial services, in particular, have been hit very hard. The national economies of the region have taken a major hit – and the long-term imperatives of economic diversification and job creation have become more acute than ever.

For regional PR firms, 2009 has been a hard year. We have struggled to align global best practice with the local reality; we have done our best to balance the demands of the market and the requirements of our clients.

Over the past year, the Middle East PR industry has witnessed consolidation. We have also seen more foreign PR firms enter this market.

Unfortunately, some arrived in the region with little understanding of its unique dynamics and historical context and little regard for its cultural sensitivities. Such firms have done the industry a disservice by making very large promises but delivering very little.

Familiarity with global best practices is a prerequisite for PR firms operating in this region, especially now. But it is no substitute for real knowledge of the Middle East – including an understanding of the complex web of the sometimes very personal relationships that informs all communications here.

Foreign firms that don't know the decision-makers here – including senior corporate executives, government stakeholders, regulators and, of course, the media – simply cannot wield influence on their clients' behalf.

Locally based firms, such as Asda'a Burson-Marsteller, take a different approach. Our commitment to the region, built over a decade of experience, allows us to build enduring relationships.

We must work to protect and enhance the reputations of the companies we represent – in a way that is compatible with their distinct needs. We can only do that if we understand our clients, and the Middle East itself.

Sunil John is chief executive of Asda'a Burson-Marsteller and national chairman of the International Public Relations Association, UAE Chapter

Views in brief

Tell us about one organisation that has enhanced its reputation this year by remaining open in its communications.

Saudi-based Kingdom Holding Company, one of the largest companies in the Middle East, has enhanced its reputation by directly addressing the impact of the financial crisis on the company's operations – especially as they relate to its investments in the global financial services sector. While KHC has faced challenges over the period, the company and its chairman, Prince Alwaleed bin Talal, have remained relatively transparent about the scope of those challenges, while providing a clear vision for long-term, sustainable growth.