

Cross-cultural business behavior

PART 3

Patterns of cross-cultural business behavior

- Deal-Focus vs. Relationship-Focus
- Informal vs. Formal Cultures
- Rigid-Time vs. Fluid-Time Cultures
- Emotionally Expressive vs. Emotionally Reserved Cultures

Group A: Relationship-Focused – Formal – Polychronic – Emotionally Reserved

- **Examples:** India, Bangladesh, Vietnam, Thai, Malaysia, Indonesia, Philippines,

Group B: Relationship-Focused – Formal – Monochronic – Emotionally Reserved

- **Examples:** Japan, China, Korea, Singapore

Group C: Relationship-Focused – Formal – Polychronic – Emotionally Expressive

- **Examples:** **Arabs**, Egypt, Turkey, Greece, **Brazil**,
Mexico

Group D: Relationship-Focused – Formal – Polychronic – Variably Expressive

- **Examples:** Russia, Poland, Romania, Slovakia

Group E: Moderately Deal-Focused – Formal – Variably Monochronic – Expressive

- **Examples:** Hungary, Spain, Italy, France

Group F: Moderately Deal-Focused – Formal – Variably Monochronic –Reserved

- **Examples:** Baltic States

Negotiating in the Baltic states

Business Approach. Compared to relationship-focused Asians, Arabs and Latin Americans, most Latvians and Lithuanians are deal-focused. That is, in Vilnius and especially in Riga you can expect to get down to business fairly quickly. Small talk and preliminaries are not as drawn-out as in southern Europe or the Mediterranean region. Business discussions tend to move along point by point in a linear fashion as in Germany, rather than take off in unexpected directions as often happens in France.

Negotiating in the Baltic states

Formality, Status, Hierarchies and Respect. Danish visitors remark that their Baltic counter-parts dress and act more formally than most Scandinavians. Reflective of their hierarchical cultures, Latvians and Lithuanians conduct business in a more formal manner than Americans and the egalitarian Canadians, Australians and Scandinavians. It is important to show a certain degree of respect to older and senior persons.

Negotiating in the Baltic states

Punctuality and Scheduling. Business meetings generally start on time; visitors are expected to be punctual. As opposed to more polychronic societies, meetings in Lithuania and Latvia tend not to be interrupted. This is another facet of business behavior which is more Germanic than Latin. Schedules and deadlines are generally adhered to -- of course, always within the limitations imposed by the underdeveloped infrastructure which is characteristic of both countries. As in Scandinavia, if you are invited to someone's home for dinner be sure to arrive on time: no more than five or ten minutes late.

Negotiating in the Baltic states

Nonverbal Communication

Voice volume. Like Scandinavians, most Balts speak relatively softly in business situations.

Silence. Long pauses during discussions are found more commonly in Estonia than in Latvia and Lithuania.

Conversational overlap. Interrupting another speaker in mid-sentence is considered rude behavior, especially in Estonia and Latvia. Wait until your counterpart has finished talking before speaking up.

Interpersonal space. Expect the typical northern European-sized space bubble, about an arm's length between people in a business situation, whether standing or seated.

Touch behavior. Little physical touching in a business situation. Expect somewhat more expressiveness after a relationship has been established.

Negotiating in the Baltic states

Eye contact. It is polite to maintain a steady (but not intense, “in-your-face”) gaze across the conference table, much as one would in Germany or Scandinavia.

Gestures. Especially in Latvia and Estonia, expect controlled facial expressions and few gestures. Avoid hands in pockets while conversing. Chewing gum in public is considered impolite in all three Baltic states.

Negotiating Behavior

- Negotiating an agreement is likely to take longer than it would in Western Europe or North America. It takes time to build a climate of trust.
- Expect older Latvians and Lithuanians to show the influence of decades of Soviet influence. Many younger Balts are less bureaucratic, more open and more deal-focused.
- When you do reach agreement, expect it to be formalized in a detailed contract. Take the time to review the document carefully before signing, and insist that the English-language version be the binding one.

Group G: Deal-Focused – Moderately Formal – Monochronic –Reserved

- **Examples:** Denmark, Norway, Britain, Sweden, Finland, Germany, Czech Republic

Germany



The basic characteristics of German business culture are:

- *Time.* A **monochronic** attitude toward the use of time; for example, a desire to complete one action chain before embarking on another;
- *Direct style of communication.* A strong belief that Germans are honest, straightforward negotiators;
- *Hierarchy.* The German boss is an extremely private person, normally sitting isolated in a large office behind a closed door. American and Scandinavian senior executives prefer an open door policy and like to wander round the corridors and chat with colleagues.



- Germans have great respect for possessions and property. Solid buildings, furniture, cars and good clothing are important for them and they will try to impress you with all these things.
- Working life and private life are usually kept strictly separate. Privacy is important.



Space and Time

- Germans are the most punctual of all peoples. Foreigners arriving late for appointments will be reminded of their lateness, which will be seen as a sign of unreliability by Germans. “Arriving late” may mean a delay of only two or three minutes. Schedules, action plans and deliveries are strictly observed.
- Meetings on Friday afternoons, when many offices close early, are not popular.

Communication Pattern

- The German communication style is frank, open, direct and often loud.
- Truth comes before diplomacy.
- Their speech style is serious.

Behavior at Meetings and Negotiations

- ◆ Germans will arrive at the meeting well dressed and with a disciplined appearance. You must match this.
- ◆ They will observe a hierarchical seating and order of speaking.
- ◆ They will arrive well informed as to the business to be discussed, and they will expect you to be also.
- ◆ They have often thought over your possible counterarguments and have their second line of attack ready.
- ◆ Like the Japanese, they like to go over details time and time again. They wish to avoid misunderstandings later. You must be patient.

Behavior at Meetings and Negotiations

- ◆ They are willing to make decisions within meetings, but they are always cautious.
- ◆ They can be very sensitive to criticism themselves; therefore you must go to great lengths to avoid embarrassing them, even unwittingly.
- ◆ They will write up their notes carefully and come back well prepared the next day. It is advisable for you to do the same.

The Czech Republic



Space and Time

- Czechs are not particularly tactile people. Handshaking, however, is mandatory on greeting and taking leave.
- The “distance of comfort” 60-80 centimeters.
- Czechs arrive on time for appointments and often early for dinner. They are early risers.

Communication Pattern

- Rushing headlong into discussion is not their style, and rapid conclusions are rare.
- Their humor is dry.
- The Czechs are dutiful listeners, always polite and courteous. They rarely interrupt and give little feedback.
- Their response, if they are unhappy, can be ironic and contain sarcasm.

Behavior at Meetings and Negotiations

- Czech negotiations are practical and rational. They do not like confrontation.
- They have a gradualistic approach to problem solving. Decisions can be deferred until tomorrow, but not indefinitely.
- Brusque confrontation is taboo and they like an approach that leads to calm discussion and the discovery of solutions that suit all concerned.

Sweden



- In the world at large, and especially in the English-speaking world, the Swedes seem to be universally popular. Their clean-cut profile as honest, caring, wellinformed.



Behavior in the Business Environment

- Swedish management is decentralized and democratic; the hierarchical structure of the typical Swedish company has a decidedly horizontal look about it.
- Power distance is small and the manager is generally accessible to staff and available for discussion.

- This **collectivist form of decision making** bears an interesting comparison with the Japanese system. In both countries it is seen as important that all colleagues have ample opportunity to discuss projects thoroughly, since the right to debate and express one's opinion is paid for by strict adherence to the company policy once it has been settled.

- The Swedish model is not without its critics.
- Swedish weaknesses in the implementation of business:
 - ◆ avoidance of conflict and taking sides
 - ◆ fear of confrontation
 - ◆ reliance on the team for initiatives
 - ◆ avoidance of competition with others in the company

When dealing with Swedes, remember:

- ◆ They don't like to contradict their own colleagues.
- ◆ They believe strongly in their group consensus, so don't ask them for quick, individual decisions.
- ◆ They are extremely informal in address, so use first names.

Motivating Factors

- ◆ Be diplomatic rather than frank.
- ◆ Promote harmony over the cold truth.
- ◆ Wait for them (patiently) to reach decisions by consensus.
- ◆ Remember that they will follow accepted procedures, even if you think you are close to them personally (universalistic culture).
- ◆ Always try to compromise.

Avoid

- ◆ Confrontation.
- ◆ Rushing them.
- ◆ Talking tough; always be consultative and understanding.
- ◆ Being overly assertive or appearing overconfident.

Finland





- Today Finland raises its head in the development and conduct of international business.



Finnish managers in the Sauna :)



- Foreign managers in Finland will find that the informal business climate gives them freedom of action.
- Finnish employees are honest, reliable, punctual and generally loyal.
- Bureaucracy is kept at a minimum.

Space and Time



- In Finland, the concepts of space and time are clear-cut and unambiguous. A Finn needs ample physical space— 47 inches (1.2 meters).
- As for the use of time, you do not waste any and you arrive for meetings and appointments on the dot.

Motivating Factors

- ◆ Be open, direct.
- ◆ Do not talk too fast, raise your voice.
- ◆ Use first names, dress casually and be relaxed about protocol and hierarchy.
- ◆ Be punctual.
- ◆ Listen carefully to what they say—it's not much, but they really mean it.
- ◆ Be faithful and solid. Remember that in Finnish eyes a statement is often regarded as a promise.

Group H: Deal-Focused – Informal – Monochronic – Variably Expressive

- **Examples:** Australia, Canada, USA

Australia



The Australian Negotiator

Deal Focus. Australians are usually ready to get down to business shortly after meeting a prospective business partner for the first time.

Communication Style

Verbal Language. Australian men tend to be less talkative and less demonstrative than their U.S. counterparts. Whereas American salespeople may be proud of their silver tongues, the Australians in contrast regard silence as golden. Aussies often employ understatement, and their dry humor features irony

- Direct

The Australian Negotiator

Informality and Egalitarianism. This may be the only culture in the world where business people interact even more informally than in Scandinavia, the Midwestern United States, or Western Canada. Australians perceive many Americans as overly concerned with status distinctions based on academic degrees, wealth and position in the corporate hierarchy.

Business visitors should avoid trying to impress Aussies with titles and accomplishments.

The Australian Negotiator

Orientation to Time. While definitely more time-conscious than most South and Southeast Asians, Australians tend to be less obsessed with time and schedules than Germans, Swiss, Americans, and Japanese. This somewhat relaxed attitude towards time is especially noticeable outside of Sydney. Sure, visitors are expected to be roughly on time for meetings, but few Aussies will get upset if you are a few minutes late.

The work pace in this part of the world is slower than that of New York, Hong Kong, Tokyo or Singapore. Local business people are likely to resent foreigners who try to hurry things along.

The Australian Negotiator

Interpersonal Distance. As with northern Europeans, North Americans and East Asians, Aussies generally stand or sit about an arm's apart in a business situation. The normal interpersonal distance tends to be larger than it is with Arabs, southern Europeans and Latin Americans.

Touch Behavior. Expect less physical contact than is the case with Latin and Mediterranean cultures, but more than those of East and Southeast Asia.

Eye Contact. Maintain steady eye contact when conversing with your counterparts across the bargaining table. Good eye contact indicates interest and sincerity.

Gestures. Australians typically use fewer and smaller gestures than most Americans and southern Europeans.

The Australian Negotiator

Bargaining Range. Since Australians tend to dislike bazaar haggling, visiting negotiators will get better results by opening discussions with a realistic bid. The negotiating process may take more time than it would in the U.S., though less than in strongly relationship-focused markets such as China, Japan or Saudi Arabia.

